Impact of Leader’s Change-Promoting Behavior on Readiness for Change: A Mediating Role of Organizational Culture

Muhammad Shahnawaz Adil*

Abstract: This study investigates the impact of the leader’s behavior on employee’s readiness for change and whether the organizational culture mediates this relationship. A sample of 205 responses is drawn from employees having either junior or senior level of managerial responsibilities in Karachi. The method of both exploratory and confirmatory factor analyses is employed to evaluate the reliability and validity of the measurement model. The structural equation modeling method was then applied to examine the theoretical framework with the help of seven frequently reported goodness-of-fit indices. The results indicate that leader’s change-promoting behavior has a significant positive impact on change readiness and the organizational culture partially mediates the positive relationship between the leader’s change-promoting behavior and change readiness. The present study supports the theory of one of the six conceptual formations of change readiness which is referred as an employee’s capacity to change. Therefore, managers should clearly advocate the desired change with the help of their own change-prompting behavior as well as establishing a trusting culture in their organization. Future studies may ascertain the impact of employees readiness for change on their commitment to change in the context of Pakistan, which could further lead to passive or active change-related behaviors.

Keywords: Leader’s change-promoting behavior, readiness for change, organizational culture, organizational change, mediation, structural equation modeling, Pakistan.

Introduction

The strategic change in an organization involves a variety of transformation efforts in order to ensure its survival and sustained growth. For instance, a strategic change is needed due to merger and acquisitions, revitalizing an established brand, introducing new one large integrated enterprise-wide technology, shaping corporate culture, restructuring processes, outsourcing non-core activities, etc. Therefore, it is becoming very difficult for a ‘for-profit’ organization to gain and

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then sustain their competitive advantage against rivals in today’s era of hyper-competition (d’Aveni, 1995). In this scenario, the transformational leadership plays a pivotal role through its change-promoting behavior in order to escalate readiness for change among employees. The organizational culture either facilitates or hinders the smooth transformation during this time-consuming process. The top management often dictates the desired change across the organization which are further communicated and reinforced by middle-level managers. But, senior management has been found reluctant to communicate why these changes are necessary for the organization and what could happen if the change is not implemented on time.

Although, a great deal of emphasis has been given so far to the study of workplace commitment (Abreu, Cunha, & Rebouças, 2013) in Pakistan in addition to review of the related literature on workplace commitment from 1960 through to 2005 by Tufail, Zia, Khan, and Irfan (2005) but a very little evidence is available regarding its pre-requisite i.e. leader’s change-promoting behavior (henceforth, LCPB) and its impact on employee’s readiness for a specific change initiative that, in turn, leads to workplace commitment which has been studied sufficiently in Pakistani scenarios. Moreover, Santhidran, Chandran, and Borromeo (2013) urged that acceptance of on-going change is now an integral part of an organization which requires an immediate attention among all of its stakeholders in Asian countries. A higher rate of successful change is only possible if it is secured from learners (Mazmanian, Waugh, & Mazmanian, 1997).

In short, the impact of LCPB on change readiness and whether the organizational culture mediates this relationship have been largely overlooked so far in Pakistan. Therefore, the present study aims to answer the following two research questions in order to investigate this unaddressed area in the context of Pakistan:

1. What is the impact of LCPB on employee’s readiness for a specific change in organizations operating in Karachi?

2. How does the organizational culture mediate the relationship between LCPB and employee’s readiness for a specific change?

Theoretical Background and Hypotheses

Leader’s Change-Promoting Behaviors

The notion of organizational change can stimulate intense psychological feelings related to employees’ self-esteem and achievement which in turn, cause a low level of motivation and performance of employees (Carnall, 2007). Therefore, the employees perceive and relate the importance of a change initiative if it is strongly communicated and reinforced by the change-promoting behavior of their leaders (Herold, Fedor, Caldwell, & Liu, 2008). These behaviors (towards the change initiative) communicate with all concerned stakeholders so that lead-
ers enable their followers to have the right directions for their different activities (Pheysey, 2002).

Interestingly, seventy to eighty percent change, transformation efforts fail because of eight major errors (Kotter, 1995). Therefore, to ensure a successful change, leaders should firstly develop a clear vision for what was going to be achieved, clarifies the importance of change by creating enough sense of urgency, then built a broad coalition up front to support the change, empower people (within capacity) to reduce a sense of apathy and remove obstacles that hinder the effective implementation of the required change (Kotter & Cohen, 2002; Welch et al., 2005). People resist change because they believe that their interests will be damaged (Allison, 1969; Pettigrew, 1988). The personal credibility of leaders causes followers to build trust in the leadership (House, 1977; Yukl, 1989). The intellectual imitation of followers and attention to followers’ occupational needs are some of the other essential points for a successful change (Bass, 1985). The transformational behaviors of a leader greatly appeal followers in their deeper understanding of the strategic vision of a specific change as well as in stimulating their highly-motivated and focused efforts in achieving that vision (Burns, 1978).

Moreover, there are three sets of attributes the successful change leaders possess and also put into practice, namely, outlook, mindset, and interpersonal ability (Kee & Newcomer, 2008). It is unclear so far in the organizational change literature, whether leadership makes a significant contribution towards organizational change. Since we have a large amount of mounting evidence on the impact of leadership on organizational performance in general, it is quite latent that the leadership has an impact on change, in particular (Burke, 2013). As supporting evidence, the results of Groves (2005) study has, however, revealed the impact of charismatic leadership on organizational change.

In fact, charisma has been one of the enigmatic abilities of a leader through which s/he not only catches the attention of subordinates, but also effectively communicates desired values and assumptions in an intense and clear manner (Bennis & Nanus, 1985; Conger, 1989; Leavitt, 1986; Schein, 2004). The LCPB is important for establishing a charismatic perception among followers (Antonakis, Fenley, & Liechti, 2011). Employees perceive and follow a change initiative if their leaders practice change-promoting behavior in the following three chronological stages. Firstly, the leaders analyze the resource strengths and needs of employees. Second, they communicate compelling goals for majority of the employees. Third, the leaders build trust in these goals and exemplify different cost-effective ways through which these goals may be achieved without threatening the personal relationships of employees. After these three sequential stages, followers interpret the leader’s behavior in the form of charisma (Conger & Kanungo, 1988). In previous studies, charisma has been taken as both team-level e.g. Wu, Tsui, and Kinicki (2010) as well as individual-level variables e.g. De Cremer and Van Knippenberg (2002); Hunt, Boal, and Dodge (1999); Walumbwa, Avolio, and Zhu (2008); Yorges, Weiss, and Strickland (1999).

In fact, during the change, transformation phase, followers are largely influenced by the charismatic personality of their leaders who provide meaningful
support and enable employees to modify their basic values, beliefs and working attitudes. Consequently, employees understand and accept the organizational change efforts (Eisenbach, Watson, & Pillai, 1999; Manz & Sims, 2001; Podsakoff, MacKenzie, & Bommer, 1996). With the help of organizational support and their commitment, they are less likely to leave their organization (Hussain & Asif, 2012). Therefore, follower readiness for change mainly depends on how extensively a leader promotes the change (Nohe, Michaelis, Menges, Zhang, & Sonntag, 2013).

**Readiness for Change**

Employees perceive organizational changes in the form of a new working environment and theoretically generate possible outcomes which could affect their job roles and descriptions. In search of the extent of this impact, they tend to advertently encourage themselves in seeking information to clarify latent assumptions, expectations and impressions they may hold about the change process (Choi, 2011; Ford, Ford, & D’Amelio, 2008; Gioia, Thomas, Clark, & Chittipeddi, 1994).

The employee’s readiness for change has been elucidated by different authors in different perspectives. For instance, the notion of *readiness for change* refers to the employee’s beliefs, feelings and intentions about the required change initiative and organizational capacity to institutionalize the change. In fact, they lean towards developing a rational-based supporting precursor whether to resist or support the change (Armenakis, Harris, & Mossholder, 1993; Backer, 1995; Bouckenooghe, Devis, & Van den Broeck, 2009; Jansen, 2000; Madsen, John, & Miller, 2006; Rafferty & Simons, 2006). Moreover, it is added that employees also develop their beliefs regarding the appropriateness and promised value of the change (Armenakis & Bedeian, 1999; Holt, Armenakis, Feild, & Harris, 2007; Neves, 2009). In addition, Eby, Adams, Russell, and Gaby (2000) argued that the term readiness for change represents a holistic framework of the organization in which its members perceive the degree to which the organization is ready to implement a large-scale change initiative. Furthermore, it has been contended that members of the organization hold positive views regarding the need for organizational change and they also have a belief that the changes, if successfully and effectively implemented on time, could bring positive and sustainable implications both for themselves as well as for the organizations in the long run (Jones, Jimmieson, & Griffiths, 2005; Kwahk & Lee, 2008; Kwahk & Kim, 2008).

There are several factors which contribute to increasing employee’s readiness for change. These factors are classified into the group-level and individual-level variables. There are different antecedents under group-level variables. For instance, the level of employee’s readiness for change may be increased if they believe that their organization is capable enough to accommodate the required change situations (Eby et al., 2000; Jones et al., 2005), trust in leadership (Walker, Armenakis, & Bernerth, 2007) and co-workers (Rafferty & Simons, 2006), employees’ participation in workplace (Jones et al., 2005), and corporate
policies which reinforce the proposed organizational change (Eby et al., 2000; McNabb & Sepic, 1995; Rafferty & Simons, 2006).

Moreover, individual-level variables which include employee’s job satisfaction (McNabb & Sepic, 1995), workplace commitment (Kwahk & Kim, 2008; Kwahk & Lee, 2008; Madsen, Miller, & John, 2005), employee’s personal proficiency in adapting the changing (Kwahk & Kim, 2008), and their self-efficacy (Cunningham et al., 2002; Kwahk & Lee, 2008; Rafferty & Simons, 2006) can enhance their individual readiness for change.

In addition, it is very important to develop a right and supporting mindset for a successful change transformation effort (Santhidran et al., 2013) by removing every potential resistance (Lewin, 1947, 1951). For this, there is a need to prepare the employees for the proposed organizational change (Armenakis et al., 1993) with the help of transparent, honest and open communication (Walker et al., 2007) because companies have faced a failure in change, transformation efforts due to lack of readiness to change (Alas, 2004). In short, it is argued that employees’ readiness for change largely influences their individual commitment to change which is beyond the scope of the present study.

Remarkably, Weiner, Amick, and Lee (2008) critically analyzed 106 peer-reviewed articles and concluded that there has been various conceptual vagueness and dissimilarities in the actual understanding and writing about the phenomenon of readiness for change. Besides, after inspecting 43 instruments that were used to measure readiness for change, they further reported that there is limited evidence of different types of validity and reliability for most of the publicly-available research instruments. Importantly, Weiner et al. (2008) showed that there are over 20 different studies including Holt et al. (2007) which did not specify the change process they investigated. Nevertheless, Weiner et al. (2008) also highlighted that the instrument used in Holt et al. (2007) was the only empirical study which proved face, content, predictive, concurrent, convergent, and discriminant validity as well as reliability. As a result, it is advised to measure the construct of readiness for change through four sub-variables, namely, appropriateness of the change, management support for the change, change-specific efficacy, and personal benefit of the change (Holt et al., 2007).

According to Holt et al. (2007), the appropriateness of the change was the first measure of readiness for change which is largely influenced by LCPB. The concept of appropriateness of the change was firstly evidenced in Kepner and Tregoe (1965). The aim of their study was to develop the sensing capability of managers so that they could not only identify different organizational situations but also devise situation-specific (i.e. appropriate) corrective actions. Moreover, Harrison (1970) studied the appropriateness of a change initiative with respect to organization development and urged that OD practitioners should methodically decide the appropriate depth of OD interventions for the organizations which are currently experiencing change. In addition, Bowers, Franklin, and Pecorella (1975) have explained different ways to establish a strategic fit between organizational problems and appropriate change solutions including precursors and OD interventions. Killman (1984) elucidated the notion of “quick fix” as a wide-spread attitude of managers to address the underlined issue with the or-
ganization and argued that managers normally tend to direct their action plans based on the actions of other marginally-successful managers instead of carrying out a thorough and critical analysis of their unique situation (Abrahamson, 1996; Ghoshal & Bartlett, 1996). It is further argued that the complacent behavior of these types of managers, usually negatively influences the readiness for change of their subordinates. More recently, Rousseau and Tijoriwala (1999) and later on, Bartunek, Rousseau, Rudolph, and DePalma (2006) as well as Rafferty and Griffin (2006) have argued that a deliberate and consistent LCPB would help them minimize the level of anxiety and uncertainty among followers because the leadership not only emphasizes the necessity of the change but they also answers a number of intricate queries at different social forums. Therefore, based on the above literature, the following hypothesis is suggested:

- Hypothesis 1a: LCPB will have a significant positive impact on the employee’s perception about the appropriateness of a change.

In addition, according to Holt et al. (2007), management support for the change was the second measure of readiness for change which is significantly influenced by LCPB. In fact, the social learning theory Bandura (1986) proposed that people learn through their direct experience and observation with the help of their social networks. Similarly, the change agents (may be either the head of the organization or even the immediate manager) should genuinely facilitate the entire process of change. However, the notion of “walking the talk” is also associated with this management support. In fact, this is the behavioral integrity (Simons, 2002) of change agents towards the followers of the change. On one side, if leaders keep emphasizing the need for the change, but on the other side, they do not either emotionally or financially support the change, then the successful implementation of the change initiative would merely serve as an imaginary thus an unattainable goal.

The organizational change demands to address the discrepancy between the actual and desired work performance of organizational members. Therefore, it is imperative for the leadership to explain the need for the change to all concerned. While using the term “Social Accounts”, Bies (1987) provided a series of evidences regarding how this discrepancy can be explained in the organization by justifying their motive to support the change at the management level. As a result, the followers or more accurately the change recipient will scrutinize the behavioral integrity of the leadership in term of ‘word-deed’ alignment. In fact, employees must believe that the required change is indispensable (Rousseau & Tijoriwala, 1999).

Moreover, it is also very important to interpret organizational change in social contexts (Salancik & Pfeffer, 1978). In fact, an opinion leader can also play a very useful role in effective change management (Lam & Schaubroeck, 2000; Ryan & Gross, 1943). An opinion leader facilitates the implementation of the change management process with the help of his/her professional competence, an ability to communicate the total values to be gained from the said change initiatives, and an extensive social network (Katz & Lazarsfeld, 1970). In practice, all members of the organization develop their understanding about
the need for the change in a holistic framework which includes LCPB in the form of a principal support as well as prevailing nonverbal cues and explicit information roaming around in the organization (Armenakis, Bernerth, Pitts, & Walker, 2007). Therefore, the following hypothesis is posited:

- **Hypothesis 1b:** LCPB will have a significant positive impact on management support to employees to develop their readiness for change.

Besides, according to Holt et al. (2007), change efficacy was the third measure of readiness for change which specifies the perceived capability of change recipients whether the change will be implemented. In reality, people tend to shirk those tasks which they believe that they could not cope with their existing competencies (Bandura, 1986). In other words, employees prefer to motivate themselves to perform only those tasks for which they are capable. In the light of this concept, it is evident why people resist change. Therefore, it is essential to make them understand that they could not only cope with the change but also learn new desired behavior. Otherwise, the leadership could observe the outcomes of the desired change initiative less than expected. Numerous authors e.g. Jansen (2004); Jimmieson, Terry, and Callan (2004); McGuire and Hutchings (2006); Amiot, Terry, Jimmieson, and Callan (2006); Eby et al. (2000) have empirically proved that change efficacy drives individual’s adjustments towards organizational change which is positively influenced by LCPB. Hence, the following hypothesis is formulated:

- **Hypothesis 1c:** LCPB will have a significant positive impact on change efficacy.

Finally, according to Holt et al. (2007), personal benefit was the fourth measure of readiness for change which was reflected by the term valence in the expectancy theory of motivation by (Vroom, 1967). In fact, there may be either intrinsic or extrinsic benefits to the change recipient. For instance, the gain-sharing plans will drive a motivation towards readiness for change (Bullock & Tubbs, 1990). Even if the operational staff are more empowered to make related decisions, they will be motivated enough to perform better than the existing ones. Therefore, Morse and Reimer (1956) have concluded that the organization change initiative can also provide change recipients with the intrinsic rewards which was also urged by (Bandura, 1986). There is no doubt that employees will welcome the change initiative if they believe that their new desired behavior will bring anticipated intrinsic and/or extrinsic rewards. Again, it is fairly important for the management to communicate this message to all concerned employees. An appropriate medium should be used for this purpose to mitigate the potential changes of rumors causing latent resistance.

More recently, different authors e.g. Bartunek et al. (2006) and Fedor, Caldwell, and Herold (2006) have studied the importance of valence or personal benefit towards change readiness. Dam (2005) analyzed the relationship between job changes and the perception of hospital employees about the personal benefits they would gain in the form of either intrinsic or extrinsic rewards.
She revealed that different job changes (e.g. relocation, job characteristics, and voluntary turnover) have been found significantly related with both types of rewards. Similarly, Bartunek et al. (2006) also revealed that change recipients usually perceive potential gains and losses in response of accepting the change. Once again, it is the responsibility of the leaders to communicate the potential benefits of the change initiative to all concerned employees so that their readiness for change may be reasonably enhanced. Based on the empirical evidence, the following hypothesis is advised:

- **Hypothesis 1d**: LCPB will have a significant positive impact on employee’s views that change is personally beneficial.

**Organizational Culture**

Pettigrew (1979) defined culture as “…the system of such publicly and collectively accepted meanings operating for a given group at a given time. This system of terms, forms, categories, and images, interprets a person’s own situation to themselves” (p. 574). In fact, a culture of an organization comprises of shared expectations which are required to practice as an officially approved behavior (Schwartz & Davis, 1981; Silverzweig & Allen, 1976). Traditionally, qualitative methods were used to assess organizational culture (Xenikou & Furnham, 1996) however, systematic comparisons cannot be established through these research methods (Siehl & Martin, 1988). Therefore, quantitative approaches such as survey instruments provide more useful insights for cross-sectional organizational research and cultural change programs (Cooke & Rousseau, 1988). Previous studies have also assessed organizational culture with combined qualitative and quantitative approaches e.g. Siehl and Martin (1988).

Collectively, there are four extensively-used questionnaires to measure organizational culture in the form of corporate values and behavioral norms. Corporate values have been measured through Organizational Beliefs Questionnaire (OBQ) developed by Sashkin (1984) and an Organizational Culture Survey (OCS) developed by Glaser, Zamanou, and Hacker (1987). In contrast, behavioral norms have been measured through Organizational Culture Inventory (OCI) developed by Cooke and Lafferty (1983) and Culture Gap Survey (CGS) developed by Kilmann and Saxton (1991). Besides, three other questionnaire measures have also been developed: Organizational Culture Profile (OCP) developed by O’Reilly, Chatman, and Caldwell (1991), Norms Diagnostic Index (NDI) by Allen and Dyer (1980) and more recently, Organizational Culture Assessment Instrument (OCAI) by Cameron and Quinn (2011). Previous studies have reported little overlap between the subscales of both OBQ and OCS (Xenikou & Furnham, 1996) therefore, this study used OCS for measuring the organizational culture.

In addition to creating economic value for shareholders, trusting corporate culture can radically transform the ways businesses operate (Beer & Nohria, 2000; Mintzberg, 1991). The work system of an organization is comprised of employees (including leaders) and technologies that they use. They have differ-
ent controversies between them, which may dilute the deeper understanding how these constituencies think and perceive about one another (Hofstede, Hofstede, & Minkov, 2010). Understanding the organizational culture serves a critical role in the effective and smooth implementation of a change program (Beer, Eisenstat, & Spector, 1990; Gelaidan & Ahmad, 2013; Kanter, 2008; Meyerson, 2001; Stadler, 2007). Past literatures have also confirmed the direct link between employee attitudes and organizational culture which is necessary to institutionalize a successful organizational change (Fralicx, Spreier, & Vestal, 1997).

Organizational culture has previously been reported as a mediating effect between leadership style and affective commitment to change (Ahmad & Gelaidan, 2011). Previous studies have also revealed that anchoring a large-scale change permanent in the roots of an organization is fairly a very challenging process in the long term (Huq & Martin, 2001; Narine & Persaud, 2003). This change process may be smoothened if the desired behavior is consistent with the organizational culture (Narine & Persaud, 2003; Silverthorne, 2004). Therefore, this study intends to investigate the mediating role of organizational culture in the relationship between LCPB and follower readiness for change. Hence, the following hypothesis is posited:

• Hypothesis 2: Organizational culture positively mediates the positive relationship between LCPB and individual’s readiness for change.

Figure 1 shows the hypothesized model of the present study.

Methodology

Sample and Data Collection

A sample of 205 responses was collected in early 2014 on a self-completion questionnaire written in English. Thirty one univariate outliers were detected and removed from the dataset by using Standard Z-score absolute value 3.0. Moreover, two multivariate outliers were also detected and removed from the dataset.
by using Mahalanobis distance (D2) critical Chi-square CDF.CHISQ function at p<.001. Tabachnick and Fidell (2007) explained “A very conservative probability estimate for a case being an outlier, say, p<.001 for the Chi-square value, is appropriate with Mahalanobis distance” (p. 74). Thus, after removing a total of 33 outliers, the sample size of the useable responses was 172.

Measures

Leader’s Change-Promoting Behaviors (LCPB)

To measure LCPB, the study used seven items adapted from Herold et al. (2008). There were no sub-scales for this measure. Each of the respondents was asked to rate how extensively they have found their leaders engaged in these seven behaviors. Sample items include my leader “developed a clear vision for what was going to be achieved by our work unit,” “created a sense of urgency of this change prior to its implementation,” and “gave individual attention to those who had trouble with the change implementation.” These seven items were rated on a five-point Likert scale from 1 (strongly disagree) to 5 (strongly agree). The internal consistency coefficient of the measuring scale (i.e. Cronbach Alpha) was 0.75.

Readiness for Change

The employees readiness for a specific change was measured through nineteen (19) items adapted from Anjani and Dhanapal (2012). These items were classified into four sub-scales as follows: appropriateness (six items), management support (five items), change efficacy (five items), and personally beneficial (three items). One sample item from each sub-scale includes “I think that the organization will benefit,” “Our organization’s top decision makers have put all their support behind this change effort,” “I do not anticipate any problem adjusting to the work I will have when this change is adopted,” and “I am confident that I will improve my status in the organization when this change is implemented” respectively. All of these items were rated on a five-point Likert scale from 1 (strongly disagree) to 5 (strongly agree). The internal consistency coefficient (Cronbach Alpha) for appropriateness, management support, and change efficacy was 0.76, 0.85, and 0.75 respectively. The overall Cronbach Alpha for readiness for change scale was 0.84.

It is important to note that albeit, Figure 1 shows ‘personally beneficial’ as the fourth sub-scale to measure readiness for change, it was removed from the analysis because of its very low factor loading after factor analysis.

Organizational Culture

Organizational culture was measured by adapting thirty (30) items for Organizational Culture Survey developed by Glaser et al. (1987). The measure had six sub-scales including Teamwork and Conflict (six items), Climate and Morale
(five items), Information Flow (four items), Involvement (four items), Supervision (six items), and Meetings (five items). One sample item from each subscale includes “People I work with accept criticisms without becoming defensive,” “This organization motivates people to be efficient and productive,” “When changes are made, the reasons ‘why’ are made clear,” “I have a say in decision that affect my work,” “My supervisor gives me criticism in a constructive manner,” and “Meetings tap the creative potential of the people present” respectively. The Cronbach Alpha for Teamwork and Conflict, Climate and Morale, Information Flow, Involvement, Supervision, and Meetings was 0.88, 0.83, 0.83, 0.81, 0.74, and 0.82 respectively. The overall Cronbach Alpha for the organizational culture scale was 0.92.

Ethical Considerations

There was no tangible or intangible harm coming to any participants of the study. The necessary steps were taken to ensure that the identification of the respondents should not be discernible through any means. All participants of the study understood the aims and objectives of the research, there was no sponsor to this research, the nature of involvement of each participant and how long their participation would take. Each participant also knew that their participation was voluntary, however, deeply requested, but they could withdraw from participation at any time. They were also intimated that their privacy shall not be violated. Moreover, it was also mentioned how the collected data was going to be retained and no audio or video aids would be used for data collection. These ethical measures were consistent with the guidelines of (Dillman, 1978).

Data Analysis and Results

Data were analyzed through Statistical Package for Social Sciences (SPSS) version 22 and Analysis of Moment Structure (AMOS) version 22. Table 1 displays the composition of the data used in this study.
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</table>
Descriptive Statistics

Table 2 shows the means, standard deviations, zero-order Pearson correlations and reliabilities among the ten variables used in this study. Furthermore, to check for the multicollinearity between predictors, Hair, Black, Babin B, and Anderson (2010) argued that multicollinearity problem will be assumed if Pearson’s r-value exceeds 0.90. As indicated in the Table 2, the highest coefficient value, namely the Appropriateness and Teamwork and Conflicts, is 0.580, which is still less than 0.90. Hence, it confirms that no multicollinearity problem exist among the constructs in the measurement model (Hair et al., 2010; Lin & Lee, 2004).

Exploratory Factor Analysis (EFA)

The study used principal components type of factoring to reduce a total of 56 questionnaire Likert-based items into the required 10 components based on the idea that these ten components theoretically would estimate the relationship between LCPB and employee’s readiness for a specific change having a mediating effect of organizational culture. The value of Kaiser-Meyer-Olkin measure of sampling adequacy was 0.844 which is more than 0.70 which clearly reflects that there are enough items to predict each component. In other words, the sample is sufficient enough to run factor analysis (Barkus, Yavorsky, & Foster, 2006; Leech, Barrett, & Morgan, 2005). The Bartlett’s test of sphericity (Approx. Chi-Square = 27914.250, df = 1081, p<.000) depicts that the correlation matrix is significantly different from an identity matrix, in which correlations between variables are all zero (Leech et al., 2005). Tabachnick and Fidell (2007) stated “In the Bartlett method, factor scores correlate only with their own factors and the factor scores are unbiased (that is, neither systematically too close nor too far away from “true” factor scores)” (p. 651). These ten components explained over 63.8 percent of the total variance.

For improving readability of the solution, the initial solution was then rotated through varimax orthogonal rotation with Kaiser Normalization method. Tabachnick and Fidell (2007) explained “Varimax is a variance maximizing procedure. The goal of varimax rotation is to maximize the variance of factor loadings by making high loadings higher and lower ones lower for each factor”. Factor loadings less than |0.40| were omitted, thus, a total of 47 items were loaded into their respective variables having a very strong convergent validity (Tharenou, Donohue, Cooper, et al., 2007) as shown in Table 3. According to the general rule of thumb, factor loadings in excess of 0.55 are considered good (Tabachnick & Fidell, 2007; Hair et al., 2010).
Table 2: Means, Standard Deviations, Pearson Correlations, and Reliabilities

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
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<th>3</th>
<th>4</th>
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<th>6</th>
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</tbody>
</table>

Overall reliability of the measuring scale = 0.94 (47 loaded items)

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

* Correlation is significant at the 0.05 level (2-tailed).

Notes: CNM = Climate and Morale; LCPB = Leader’s Change-Promoting Behavior; MS = Management Support; Supv = Supervision; Metg = Meetings; TNC = Teamwork and Conflicts; CE = Change Efficacy; App = Appropriateness; IF = Information Flow; Inv = Involvement.

Cronbach Alpha coefficients for multi-item scales are listed on the diagonal in parentheses.
### Table 3: Rotated Component Matrix a, b,c

<table>
<thead>
<tr>
<th>Factors</th>
<th>CNM</th>
<th>LCPB</th>
<th>MS</th>
<th>Supv</th>
<th>Metg</th>
<th>TNC</th>
<th>CE</th>
<th>App</th>
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<th>Inv</th>
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<tbody>
<tr>
<td>Eigenvalues</td>
<td>12.40</td>
<td>3.87</td>
<td>2.77</td>
<td>2.07</td>
<td>1.90</td>
<td>1.75</td>
<td>1.55</td>
<td>1.31</td>
<td>1.19</td>
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<tr>
<td>% of variance</td>
<td>8.56</td>
<td>7.82</td>
<td>7.37</td>
<td>6.84</td>
<td>6.64</td>
<td>6.43</td>
<td>6.14</td>
<td>5.25</td>
<td>4.79</td>
<td>3.96</td>
</tr>
<tr>
<td>Cumulative % of variance explained</td>
<td>8.56</td>
<td>16.38</td>
<td>23.75</td>
<td>30.59</td>
<td>37.23</td>
<td>43.66</td>
<td>49.80</td>
<td>55.05</td>
<td>59.84</td>
<td>63.80</td>
</tr>
</tbody>
</table>

- **Climate and Morale**
  - Climate and Morale_2: .764
  - Climate and Morale_4: .693
  - Climate and Morale_3: .685
  - Climate and Morale_1: .552
  - Climate and Morale_5: .546

- **LCPB**
  - LCPB_4: .752
  - LCPB_6: .658
  - LCPB_7: .654
  - LCPB_1: .626
  - LCPB_5: .612
  - LCPB_2: .611
  - LCPB_3: .559

- **Management Support**
  - Management Support_2: .765
  - Management Support_3: .744
  - Management Support_4: .739
  - Management Support_5: .615
  - Management Support_1: .604

#### Notes:
- CNM = Climate and Morale; LCPB = Leader’s Change-Promoting Behavior; MS = Management Support; Supv = Supervision; Metg = Meetings; TNC = Teamwork and Conflicts; CE = Change Efficacy; App = Appropriateness; IF = Information Flow; Inv = Involvement.
- Extraction Method: Principal Component Analysis.
- Rotation Method: Varimax with Kaiser Normalization.
- a. Rotation converged in 8 iterations.
- b. Under each factor, items are listed according to the descending order of their factor loading.
- c. Factor loadings less than |0.40| were omitted.
Table 3: Rotated Component Matrix a, b,c(Continued)

<table>
<thead>
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<th>Components (N = 172)</th>
<th>CNM</th>
<th>LCPB</th>
<th>MS</th>
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<th>Metg</th>
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<tr>
<td><strong>Eigenvalues</strong></td>
<td>12.40</td>
<td>3.87</td>
<td>2.77</td>
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<tr>
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<td>8.56</td>
<td>16.38</td>
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<td>37.23</td>
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Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.
b. Under each factor, items are listed according to the descending order of their factor loading.
c. Factor loadings less than |0.40| were omitted.

Notes: CNM = Climate and Morale; LCPB = Leader’s Change-Promoting Behavior; MS = Management Support; Supv = Supervision; Metg = Meetings; TNC = Teamwork and Conflicts; CE = Change Efficacy; App = Appropriateness; IF = Information Flow; Inv = Involvement.
<table>
<thead>
<tr>
<th>Components (N = 172)</th>
<th>CNM</th>
<th>LCPB</th>
<th>MS</th>
<th>Supv</th>
<th>Metg</th>
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<tr>
<td><strong>Eigenvalues</strong></td>
<td>12.40</td>
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<td><strong>% of variance</strong></td>
<td>8.56</td>
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</table>

**Extraction Method:** Principal Component Analysis.
**Rotation Method:** Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.
b. Under each factor, items are listed according to the descending order of their factor loading.
c. Factor loadings less than |0.40| were omitted.

Notes: CNM = Climate and Morale; LCPB = Leader’s Change-Promoting Behavior; MS = Management Support; Supv = Supervision; Metg = Meetings; TNC = Teamwork and Conflicts; CE = Change Efficacy; App = Appropriateness; IF = Information Flow; Inv = Involvement.
The discriminant validity was also checked through two different simple ways. Firstly, there were no cross-loadings in the rotated component matrix (see Table 3) and secondly, all values are less than 0.70 thresholds (Tharenou et al., 2007) in Component Transformation Matrix (see Table 4).

After exploratory factor analysis, the reliability (Cronbach Alpha) of each of the factors was computed as shown in parenthesis in Table 2. The overall reliability of 47 items loaded after exploratory factor analysis was 0.94.

Confirmatory Factor Analysis (Measurement Model)

To evaluate the construct validity, confirmatory factor analysis (henceforth, CFA) was performed. In contrast with EFA, the CFA (measurement model) consists of 31 items that explains ten latent constructs, namely climate and morale, LCPB, management support, supervision, meetings, teamwork and conflicts, change efficacy, appropriateness, information flow, and involvement.

In contrast to Cronbach Alpha, the composite reliability has been found to be a more suitable indicator of construct validity, which measures the overall reliability of a collection of heterogeneous but similar items (Fornell & Larcker, 1981; Lin & Lee, 2004; Molina, Lloréns-Montes, & Ruiz-Moreno, 2007). Table 5 shows the results of costruct and convergent validity, including Cronbach Alpha (after EFA), composite reliability (henceforth, CR) of the scale, and average variance explained (henceforth, AVE) separately for each of the 10 latent constructs. Overall CR and AVE of each variable as shown below reflect a good measurement model (Molina et al., 2007):

- Leader’s Change-Promoting Behavior (CR = 0.82; AVE = 0.43)
- Readiness for Change (CR = 0.91; AVE = 0.47)
- Mediating Variable: Organizational Culture (CR = 0.94; AVE = 0.55)

The CFA measurement model projects the links between the observed and unobserved variables (Byrne, 2010). Seven goodness-of-fit (GoF) measures were used to test the measurement model. According to (Bagozzi & Yi, 1988; Bentler, 1990; Byrne, 2010; Segars & Grover, 1998; Jöreskog & Sörbom, 1992; Kline, 2011; Loehlin, 2004; Marcoulides & Schumacker, 2001), the widely-used measures are the ratio of χ² statistics to the degree of freedom (CMIN/DF), goodness-of-fit index (GFI), adjusted goodness-of-fit index (AGFI), normed fit index (NFI), Tucker-Lewis Index (TLI) also called non-normed fit index (NNFI), comparative fit index (CFI) and root mean square error of approximation (RMSEA) with PCLOSE.
### Table 4: Component Transformation Matrix (Discriminant Validity)

<table>
<thead>
<tr>
<th>Component</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNM</td>
<td>0.461</td>
<td>0.390</td>
<td>0.381</td>
<td>0.357</td>
<td>0.286</td>
<td>0.297</td>
<td>0.193</td>
<td>0.187</td>
<td>0.263</td>
<td>0.224</td>
</tr>
<tr>
<td>LCPB</td>
<td>-0.087</td>
<td>0.129</td>
<td>0.278</td>
<td>-0.346</td>
<td>-0.482</td>
<td>-0.097</td>
<td>0.561</td>
<td>0.464</td>
<td>-0.007</td>
<td>-0.084</td>
</tr>
<tr>
<td>MS</td>
<td>-0.399</td>
<td>0.542</td>
<td>0.139</td>
<td>0.075</td>
<td>0.368</td>
<td>-0.605</td>
<td>-0.044</td>
<td>0.054</td>
<td>-0.125</td>
<td>-0.003</td>
</tr>
<tr>
<td>Supv</td>
<td>0.086</td>
<td>-0.347</td>
<td>-0.501</td>
<td>0.198</td>
<td>0.318</td>
<td>-0.310</td>
<td>0.540</td>
<td>0.210</td>
<td>0.115</td>
<td>0.193</td>
</tr>
<tr>
<td>Metg</td>
<td>-0.451</td>
<td>0.205</td>
<td>-0.127</td>
<td>0.399</td>
<td>-0.137</td>
<td>0.405</td>
<td>0.446</td>
<td>-0.367</td>
<td>-0.250</td>
<td>0.007</td>
</tr>
<tr>
<td>TNC</td>
<td>-0.009</td>
<td>-0.498</td>
<td>0.547</td>
<td>0.148</td>
<td>0.231</td>
<td>-0.029</td>
<td>0.063</td>
<td>0.076</td>
<td>-0.603</td>
<td>0.050</td>
</tr>
<tr>
<td>CE</td>
<td>-0.230</td>
<td>-0.036</td>
<td>-0.170</td>
<td>0.437</td>
<td>-0.043</td>
<td>0.196</td>
<td>-0.293</td>
<td>0.678</td>
<td>-0.016</td>
<td>-0.374</td>
</tr>
<tr>
<td>App</td>
<td>-0.222</td>
<td>-0.010</td>
<td>-0.013</td>
<td>-0.517</td>
<td>0.612</td>
<td>0.422</td>
<td>0.153</td>
<td>0.068</td>
<td>0.086</td>
<td>-0.309</td>
</tr>
<tr>
<td>IF</td>
<td>0.183</td>
<td>0.299</td>
<td>-0.374</td>
<td>-0.254</td>
<td>0.020</td>
<td>0.196</td>
<td>-0.124</td>
<td>0.268</td>
<td>-0.595</td>
<td>0.440</td>
</tr>
<tr>
<td>Inv</td>
<td>-0.523</td>
<td>-0.192</td>
<td>0.152</td>
<td>-0.060</td>
<td>-0.016</td>
<td>0.144</td>
<td>-0.166</td>
<td>0.163</td>
<td>0.337</td>
<td>0.689</td>
</tr>
</tbody>
</table>
Table 5: Construct validity, composite reliability, and total variance explained

<table>
<thead>
<tr>
<th>Latent Construct</th>
<th>Indicator on CFA model</th>
<th>Items</th>
<th>Standardized loading</th>
<th>Alpha CR b</th>
<th>AVE c</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leader’s Change-Promoting Behavior (LCPB)</td>
<td>LCPB6</td>
<td>Related to the specific change being studied, my leader carefully monitored and communicated progress of the change implementation.</td>
<td>0.772</td>
<td>Alpha= 0.75</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LCPB3</td>
<td>developed a clear vision for what was going to be achieved by our work unit.</td>
<td>0.705</td>
<td>CR= 0.82</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LCPB5</td>
<td>empowered people (within capacity) to implement the change.</td>
<td>0.694</td>
<td>AVE= 0.43</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LCPB4</td>
<td>built a broad coalition up front to support the change.</td>
<td>0.676</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LCPB7</td>
<td>gave individual attention to those who had trouble with the change implementation.</td>
<td>0.529</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LCPB2</td>
<td>made it clear why the change was necessary.</td>
<td>0.519</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Readiness for Change (CR = 0.91; AVE =0.45)</td>
<td>Appropriateness Appropriateness2</td>
<td>This change will improve our organization’s overall efficiency.</td>
<td>0.840</td>
<td>Alpha= 0.76</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Appropriateness1</td>
<td>I think that the organization will benefit from this change.</td>
<td>0.747</td>
<td>CR= 0.76</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Appropriateness3</td>
<td>The time we are spending on this change is valuable.</td>
<td>0.579</td>
<td>AVE= 0.52</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Management Support Support2</td>
<td>Our senior leaders have encouraged all of us to embrace this change.</td>
<td>0.780</td>
<td>Alpha= 0.85</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Support2</td>
<td>Our organization’s top decision makers have put all their support behind this change effort.</td>
<td>0.721</td>
<td>CR= 0.82</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Management Support Support2</td>
<td>Management has sent a clear signal that this organization is going to change.</td>
<td>0.709</td>
<td>AVE= 0.48</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Management Support Support2</td>
<td>This organization’s most senior leader is committed to this change.</td>
<td>0.644</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Management Support Support2</td>
<td>Every senior manager has stressed the importance of this change.</td>
<td>0.611</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Change Efficacy Efficacy2</td>
<td>When we implement this change, I feel I can handle it with ease.</td>
<td>0.702</td>
<td>Alpha= 0.75</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Efficacy2</td>
<td>I have the skills that are needed to make this change work.</td>
<td>0.705</td>
<td>CR= 0.75</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Change Efficacy Efficacy2</td>
<td>There are some tasks that will be required when we go for a change that I think I can do well.</td>
<td>0.600</td>
<td>AVE= 0.43</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Change Efficacy Efficacy2</td>
<td>I do not anticipate any problems adjusting to the work I will have when this change is adopted.</td>
<td>0.578</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mediating Variable: Organizational Culture (CR = 0.94; AVE = 0.55)</td>
<td>Teamwork and Conflicts Conflict1</td>
<td>People I work with function as a team.</td>
<td>0.804</td>
<td>Alpha= 0.88</td>
</tr>
<tr>
<td></td>
<td>Teamwork and Conflicts Conflict1</td>
<td>People I work with accept criticism without becoming defensive.</td>
<td>0.510</td>
<td>CR= 0.68</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Climate and Morale Morale2</td>
<td>The organization respects its workers.</td>
<td>0.857</td>
<td>Alpha= 0.83</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Climate and Morale Morale2</td>
<td>The organization motivates people to be efficient and productive.</td>
<td>0.797</td>
<td>CR= 0.83</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Climate and Morale Morale4</td>
<td>There is an atmosphere of trust in this organization.</td>
<td>0.606</td>
<td>AVE= 0.62</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Information Flow Flow2</td>
<td>I get the information I need to do my job well.</td>
<td>0.662</td>
<td>Alpha= 0.83</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Information Flow Flow2</td>
<td>I get enough information to understand the big picture here.</td>
<td>0.633</td>
<td>CR= 0.59</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Information Flow Flow2</td>
<td>AVE= 0.42</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Supervision Supervision4</td>
<td>My supervisor delegates responsibilities.</td>
<td>0.761</td>
<td>Alpha= 0.74</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Supervision Supervision4</td>
<td>My supervisor gives me criticism in a constructive manner.</td>
<td>0.658</td>
<td>CR= 0.67</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Meetings Meetings4</td>
<td>Time in meetings is time well spent.</td>
<td>0.887</td>
<td>Alpha= 0.82</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Meetings Meetings4</td>
<td>Our discussions in meetings stay on track.</td>
<td>0.664</td>
<td>CR= 0.76</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Meetings Meetings4</td>
<td>AVE= 0.61</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Involvement Involvement2</td>
<td>I am asked to make suggestions about how to do my job better.</td>
<td>0.860</td>
<td>Alpha= 0.81</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Involvement2</td>
<td>I have a say in decisions that affect my work.</td>
<td>0.873</td>
<td>CR= 0.74</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Involvement2</td>
<td>AVE= 0.64</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
- Items are listed according to the descending order of their standardized loadings.
- Composite Reliability (CR) of scale = Σ (standardized loading)^2 / Σ (standardized loading)^2 + Σ indicator measurement error where, indicator measurement error = 1 - squared standardized loading.
- Average Variance Explained (AVE) = (Σ squared standardized loading) / (Σ squared standardized loading + Σ indicator measurement error).
As indicated in Table 6, the ratio of the minimum discrepancy to the degree of freedom (CMIN/DF) for the CFA measurement model was 1.22 which is smaller than 5 \( (p<0.05) \) as recommended by Byrne (2010) however, Hair et al. (2010) identified that the CFA model may have a “significant p-value [of CMIN/DF] even with good fit” (p. 647) if the sample size is less than 250 with 12 to 30 observed variables. Other model fit indices include GFI = 0.86; AGFI = 0.82; NFI = 0.81; NNFI (also called TLI) = 0.95; CFI = 0.96; and RMSEA = 0.04 (PCLOSE = 0.99). All of the GOF measures have satisfied the suggested cut-off level described by different authors (shown in the Table 6). The combination of these results suggests that the CFA (measurement model) appears to show a very good fit between the observed and unobserved variables (Byrne, 2010).

Structural relationship between LCPB and readiness for change

![Figure 2: Structural relationship between LCPB and employee’s readiness for change](image)

The structural model highlights relations among the unobserved variables (Byrne, 2010). Table 6 also shows the overall results of the structural model analysis using SEM. The structural model has a very good fit, determined by the Chi-square index (CMIN/DF) \( (1.6; p\text{-value} = 0.111) \) and other indices (GFI = 0.92; AGFI = 0.89; NFI = 0.89; TLI = 0.98; CFI = 0.98; RMSEA (PCLOSE) = 0.03(0.95)). All of these models-fit indices exceeded their recommended value, suggesting that the structural model portrays a very high goodness of fit (GOF) to the sample drawn (Bagozzi & Yi, 1988; Browne & Cudeck, 1993; Lin & Lee, 2005; Sit, Ooi, Lin, & Chong, 2009). Figure 2 shows the structural relationship between LCPB and employee’s readiness for change.

Both measurement and structural models are recursive in nature. In fact, the recursive model is a kind of structural models which has two rudimentary features: a) it specifies the direction of cause from one direction only (Byrne,
Hypotheses testing

The statistical significance of all the structural parameter values was estimated in order to determine the validity of the hypothesized regression paths. The critical ratio was calculated by dividing the unstandardized regression weights by its standard error. Byrne (2010) explained that the critical ratio “operates as a z-statistic in testing that the estimate is statistically different from zero” (p. 68). She added that the value of critical ratio should be $>\pm 1.96$ to make the hypothesis supported.

Table 7 provides details of SEM regression paths, their standardized regression weights (in isolation), standard error, critical ratio, p-value, remarks (whether the particular hypothesis is supported). The results show that LCPB has significant positive impact on Appropriateness (Standardized Regression Weights = 0.39, $p<.001$), Management Support (0.75, $p<.001$), and Change Efficacy (0.34, $p<.001$). The probability of getting a critical ratio as large as 3.385, 5.232, and 3.191 in absolute value respectively is less than 0.001. In other words, the regression weight for LCPB in the prediction of Appropriateness, Management Support, and Change Efficacy is significantly different from zero at the 0.001 level (two-tailed). When LCPB goes up by 1 standard deviation, Appropriateness, Management Support, and Change Efficacy go up by 0.39, 0.75, and 0.34 standard deviations respectively. In short, the hypothesis which holds that “LCPB will have a significant positive impact on employee’s readiness for a specific change” is supported.

Hypothesis testing for mediation in AMOS

To test the second hypothesis, i.e. to check the mediating effect of organizational culture between LCPB and employee’s readiness for change, direct and indirect effect of Beta with and without the mediator were calculated in AMOS version 22. As shown in Table 8, without the mediator, when LCPB goes up by 1 standard deviation, readiness for change goes up by 0.52 standard deviations at the 0.001 level ($p=.001$ two-tailed). The standardized direct (unmediated) effect of organizational culture (mediator) on readiness for change is 0.26. That is, due to the direct (unmediated) effect of organizational culture on readiness for change, when organizational culture goes up by 1 standard deviation, readiness for change goes up by 0.26 standard deviations. This is in addition to any indirect (mediated) effect that organizational culture may have on readiness for change.
Table 6: Measures of model fit (CFA and SEM models)

<table>
<thead>
<tr>
<th>Goodness-of-fit measures</th>
<th>CMIN/DF</th>
<th>p value</th>
<th>GFI</th>
<th>AGFI</th>
<th>NFI</th>
<th>TLI</th>
<th>CFI</th>
<th>RMSEA (PCLOSE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommended Value</td>
<td>&lt;5&lt;sup&gt;a&lt;/sup&gt;</td>
<td>Insignificant</td>
<td>≥ 0.85&lt;sup&gt;a&lt;/sup&gt;</td>
<td>≥ 0.80&lt;sup&gt;c&lt;/sup&gt;</td>
<td>Close to 1&lt;sup&gt;d&lt;/sup&gt;</td>
<td>Close to 1&lt;sup&gt;d&lt;/sup&gt;</td>
<td>≥ 0.95&lt;sup&gt;c&lt;/sup&gt;</td>
<td>≤ 0.05(&gt;0.05)&lt;sup&gt;e&lt;/sup&gt;</td>
</tr>
<tr>
<td>CFA Measurement Model&lt;sup&gt;f&lt;/sup&gt;</td>
<td>1.22</td>
<td>0.00&lt;sup&gt;b&lt;/sup&gt;</td>
<td>0.86</td>
<td>0.82</td>
<td>0.81</td>
<td>0.95</td>
<td>0.96</td>
<td>0.04 (0.99)</td>
</tr>
<tr>
<td>SEM Structural Model&lt;sup&gt;f&lt;/sup&gt;</td>
<td>1.16</td>
<td>0.11</td>
<td>0.92</td>
<td>0.89</td>
<td>0.89</td>
<td>0.98</td>
<td>0.98</td>
<td>0.03 (0.95)</td>
</tr>
</tbody>
</table>

Notes: a = Byrne (2010); b = (Hair et al., 2010) at p. 647 stated that a significant value may be expected (even with good fit) if the sample size is less than 250 with 12 to 30 observed variables; c = Bagozzi and Yi (1988); d = Bentler (1990); e = Browne and Cudeck (1993); f = The model is recursive. All values are rounded to two decimal places.

Table 7: Hypothesis testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Regression Path</th>
<th>SRW</th>
<th>SMC</th>
<th>SE</th>
<th>CR</th>
<th>Sig</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a</td>
<td>LCPB → Appropriateness</td>
<td>0.39</td>
<td>0.15</td>
<td>0.081</td>
<td>3.385</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>H1b</td>
<td>LCPB → ManagementSupport</td>
<td>0.75</td>
<td>0.56</td>
<td>0.157</td>
<td>5.232</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>H1c</td>
<td>LCPB → ChangeEfficacy</td>
<td>0.34</td>
<td>0.12</td>
<td>0.094</td>
<td>3.191</td>
<td>***</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Note: SRW = Standardized Regression Weights; SMC = Squared Multiple Correlation, *** P<0.001
The standardized direct (unmediated) effect of LCPB on readiness for change is 0.38. That is, due to the direct (unmediated) effect of LCPB on readiness for change, when LCPB goes up by 1 standard deviation, readiness for change goes up by 0.38 standard deviations. This is in addition to any indirect (mediated) effect that LCPB may have on readiness for change. Similarly, the standardized indirect (mediated) effect of LCPB on readiness for change is 0.14. That is, due to the indirect (mediated) effect of LCPB on readiness for change, when LCPB goes up by 1 standard deviation, readiness for change goes up by 0.14 standard deviations. This is in addition to any direct (unmediated) effect that LCPB may have on readiness for change (Kline, 2011). The standardized direct (unmediated) and indirect (mediated) effects of LCPB on readiness for change is significantly different from zero at the 0.001 level (p=.001 two-tailed) and p=.002 two-tailed) respectively.

These are a bootstrap approximation obtained by constructing two-sided bias-corrected confidence intervals. In short, the results show that the organizational culture positively, but partially mediates the positive relationship between LCPB and readiness for change. Therefore, the second hypothesis is also supported. Figure 3 shows the mediation effect.

![Figure 3: Effect of Mediation](image)

Table 8: Mediation Effect

<table>
<thead>
<tr>
<th>Hypothesis Two</th>
<th>Direct Beta without Med</th>
<th>Direct Beta with Med</th>
<th>Indirect Beta</th>
<th>Mediation type observed</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCPB → OC → Readiness</td>
<td>0.52***</td>
<td>0.38***</td>
<td>0.14**</td>
<td>Partial Mediation</td>
</tr>
</tbody>
</table>

*** (p<.001) ***(p<.01)
Discussion

This study examines the impact of LCPB on employee’s readiness for change and whether this positive relationship is positively mediated by organizational culture. The results of the study indicate that LCPB has a positive and significant impact on all of the three sub-scales of readiness for change namely appropriateness, management support, and change efficacy. This finding has been found consistent with the findings of Santhidran et al. (2013) that “leadership has a positive and significant relationship with change readiness” (p. 359). It was also determined from the results that the culture of an organization also positively, but partially mediates the positive relationship between LCPB and change readiness.

While emphasizing on effective and successful change management process, Kotter (1995), Kotter and Cohen (2002), and Beer and Nohria (2000) have argued that there are eight major errors because of which about 70 percent of all change transformation efforts fail. The very first widely-observed error is not creating enough sense of urgency well before the implementation of the required change initiative. With this underlined aim, the leadership not only intends to obtain the desired outcome of the change initiative by making improvement in the leadership team, but also gives less importance on the issues of preparing their employees for the change which ultimately leads to failure of change efforts. As a result, senior management often pays the price for a series of bad decision (Heifetz & Linsky, 2002). Therefore, after a case study, Neal (2008) advised a very useful practical guide for leaders as well as change agents and argued that a clear and consistent communication from the top management and change agents will certainly boost the morale of their followers towards adapting the desired change. This reflective behavior of the leadership will also motivate the typical change- and risk-averse employees in favor of the change thus minimizing the level of intra-departmental resistance. Moreover, employees readiness for a specific change may be enhanced if the leadership precisely shows them how the current plans for change are different from the predecessors (Garvin & Roberto, 2005).

It was found that LCPB has the greatest positive impact on the management support (regression weight = 0.75, \( p < .001 \), squared multiple correlation = 0.56) among the three measures of readiness for change. By virtue of the change-promoting behavior of the leadership, they not only encourage employees to embrace the change but also put all of their efforts behind the change initiative. As a result of this behavior of leadership, every senior manager also stresses the importance of the specific change thereby demonstrate their commitment to the change. In short, the management sends a clear message to all of its stakeholders that this organization is going to change. It will not only benefit the business but also the employees too. The research findings elaborate that LCPB has the second greatest positive impact on the appropriateness of change (regression weight = 0.39, \( p < .001 \), squared multiple correlation = 0.15). The appropriateness encompasses the employees’ beliefs that the change will benefit the organization. It will not only improve the overall efficiency of the
organization but also make their jobs easier. Employees tend to believe that they will gain a lot once the change is implemented. They also believe that the time they are spending on the change is valuable hence it matches the priorities of the organization too.

It was determined from the results that LCPB has a significant positive impact on change efficacy element of employee readiness (regression weight = 0.34, \(p<.001\), squared multiple correlation = 0.12). Change efficacy reflects employee’s perception that they will not face any considerable difficulty in adjusting to the change. In addition, they have a strong belief that they possess necessary skills required to make the change work therefore, they could easily handle the change when it is successfully implemented. This perception gets strengthened when they have proven track record of adjusting well of the past change initiatives. Moreover, this study analyzed organizational culture with the help of six measures namely, teamwork and conflicts, climate and morale, information flow, involvement, supervision and meetings as they are the foundation blocks in developing an organizational culture (Glaser et al., 1987). There is a strong relationship between leadership and cultural change Trice and Beyer (1993) which results in a diverse range of ideas and beliefs. Employees usually remain more comfortable in a family-like culture in an organization (Cameron & Quinn, 2011) which improves the climate of better communication among all of its stakeholders. They not only share meaningful information but also generate competitive knowledge for the better growth of the business. If this situation prevails and is further reinforced by the leadership on a consistent basis, the dynamic capability may emerge (Chien & Tsai, 2012; Dutta, Narasimhan, & Rajiv, 2005; Teece, 2007).

In the past, management has been mainly concerned either to create economic value for shareholders (hard side of change management) or develop a trusting corporate culture for a long run (soft side). Beer and Nohria (2000) urged that now both hard and soft sides should be taken into consideration in order to radically transform the business in the 21st century.

The results provide strong evidence that organizational culture partially mediates the positive relationship between LCPB and change readiness. This study adopts the normative definition of organizational culture which holds that organizational culture comprises of shared beliefs and expectations of organizational elements for unanimously-approved behavior in that organization. This definition has been adopted in different studies in the past e.g. Schwartz and Davis (1981); Silverzweig and Allen (1976); Glaser et al. (1987). Organizational culture is largely influenced and shaped by its new members and leaders (Schein, 2004).

Moreover, it is noted that approximately 69 and 30 percent male and female respondents respectively of the sample hold different level of responsibilities i.e. 15 percent were supervisors, 33 percent operational managers, 28 percent middle managers, and 6 percent senior managers including member of the board having over 70 percent full time employment. Besides, 82 percent of these managers work in the private sector of Karachi (see Table 1). They believe that leaders mainly bring in their past experiences, beliefs, and working aptitudes
and practices in their organizations and make a series of decisions to lead the business mainly through their charisma which refers to an ability to catch the attention of their subordinates and communicate major assumptions and desired corporate values in a vibrant and clear manner (Alvesson, 2002; Bennis & Nanus, 1985; Conger, 1989; Leavitt, 1986; Schein, 2004).

Research limitations and future research

The contributions of this empirical research should be viewed in the light of the following limitations:

- First, the fourth construct of change readiness (i.e. personally beneficial) has to be removed from the analysis because of its very low factor loading after Principal Component Analysis. This variable could have been included in the analysis if either further large sample is drawn or number of items is increased. Therefore, the impact of personally beneficial is not included in the analysis.

- Second, organizational culture is measured through six sub-scales namely, teamwork and conflicts, climate and morale, information flow, involvement, supervision and meetings. Albeit, they reflect the normative definition of culture in an organization followed by a very good model fit indices in the current study, future studies may consider other variables in association with organizational culture. For instance, idiocentrism, allocentrism, person-job fit, person-organization fit (e.g. Aktaş (2014)), competencies, social and cultural intelligence (e.g. Sharma (2012)), cultural intelligence (e.g. Herrmann, Call, Hernández-Lloreda, Hare, and Tomasello (2007)), Organizational identification (e.g. Drzensky, Egold, and van Dick (2012)), Individual attitude and preferences, work group and job attitude (e.g. Eby et al. (2000)) in the context of the developing countries like Pakistan.

- Third, the study collected data on a self-completion questionnaire which may suffer from response bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). In fact, it is a situation when a research instrument has a number of items so few respondents show a tendency to reply a fairly large number of items in the same manner, usually agreeing, because of fatigue or psychological predilection (Neuman & Robson, 2004). Therefore, in addition to quantitative surveys, future studies may consider phenomenological research design with comprehensive structured or semi-structured qualitative interviews.

- Last, there are a number of researchers who have studied the antecedences and consequences of workplace commitment (i.e. affective, continuance, and normative) in different organizational contexts in Pakistan as stated in the statement of the problem. Therefore, in spite of exploring workplace commitment (Meyer & Allen, 1991), future studies should investigate the impact of readiness of change on employee’s commitment to change.
(Herscovitch & Meyer, 2002) in the context of Pakistan. A very little is known in this domain e.g. Kalyal with her colleagues have studied the similar kind of relationship in Pakistan (Kalyal, Berntson, Baraldi, Näswall, & Sverke, 2010).

Conclusion and Implications

The purpose of this study is to investigate the impact of LCPB on employee’s readiness for a specific change and whether organizational culture positively mediates the positive relationship between the two in Karachi (-the largest business hub of Pakistan). The empirical findings have shown that LCPB has a significant positive impact on readiness for change. Apart from this, the results show that the leadership behavior in reinforcing the change has been significantly associated with the management support, appropriateness, and change efficacy constructs of change readiness. In addition, the research findings elaborate that organizational culture positively but partially mediated the positive relationship between LCPB and change readiness.

Theoretical implications

One of the major theoretical contributions of this study is the development of theoretical framework which includes the most influencing constructs to predict the three main variables used in this study. For instance, it is found that only three items of personally beneficial (the fourth construct of change readiness) needs improvement in the form of more items to better fit with both the theory as well as the sample to be drawn in future studies. With the help of structural equation modeling in this study, seven different goodness-of-fit indices offer a clear insight whether the model was properly constructed and fit with the theory of change readiness ‘as capacity’—one of the six conceptual formations of change readiness as reviewed by Stevens (2013) and supported by different proponents of this school-of-thoughts e.g. (Campbell & Campbell, 2009; Eby et al., 2000; Oreg, 2003; Soumyaja, Kamalanabhan, & Bhattacharyya, 2011; Worley & Lawler, 2009).

Managerial Implications

In the context of Pakistan, a very little is known regarding the impact of LCPB on employee’s readiness for a specific change initiative therefore, findings from this study should be beneficial for all departmental heads who intend to bring in a major change in their department. This change may be caused by any economic downturn, strategic alliances, outsourcing, brand revitalization or technological advancement in the industry in which they operate. With the help of empirical analyses, it is however, noted from this study that LCPB leads to the management support in successfully implementing the required strategic change. Managers can clearly understand that the moral and monetary support
as well as a serious but continual communication from the leadership across
the board about the usefulness of the change could play a fundamental role in
developing readiness among their employees. In fact, the more the employees
are ready to accept the change; more chances will be observed in the form of
anticipated results.

Furthermore, keeping in view the economic downturn in all of the industrial
estates of Karachi, it is very important for business managers to avoid being a
victim of *boiled-frog syndrome* which leads to *active inertia* largely due to their
complacency in recognizing the potential threats in the economy (Sull, 1999).
For this, there is a need to eliminate the confusion among all of the stakehold-
ers regarding the strategic change. Quite convincingly, this may be achieved
by effectively communicating the need for the change before its implementa-
tion straightaway. It will create a sense of urgency by constructing a pathway for
the employees to share their limitations which often hinder them in fully ac-
commodating with the change. Effective communication across all platforms
from all managers and leadership would not only kill the potential chances of
rumors but also reduce the repercussion of the lack of basic education at the
worker class level in the manufacturing business, in particular. This would serve
an opportunity for the managers to help employees mitigating these limitations
causin effective management of the change initiative.

Moreover, empirical findings of the study suggest that the organizational
culture partially mediates the relationship between LCPB and change readi-
ness. Organizational culture is composed of teamwork and conflicts, climate
and morale, information flow, involvement, supervision, and meetings. It is
therefore, important for managers to understand they need to instill a corporate
culture which could enhance the *strategic fit* between leadership’s vision and the
follower’s attitudes. In order to obtain a close fit, departmental heads in Karachi
should accentuate teamwork as well as creating positive conflicts among employ-
ees. These types of occupational conflicts increase a sense of competitiveness
among employees which usually lead to better overall firm performance. Simi-
larly, they need to create a healthy climate at workplace and heighten morale to
achieve optimum employee’s performance. It is equally important for managers
to share all necessary information down the hierarchy well before the time so
that unit managers and supervisors could perform well according to the qual-
ity standards. Departmental heads should also involve all relevant authorities
in the decision-making phase to enhance its better acceptance among all stake-
holders. Besides, in-time supervision with constructive feedback and meaningful
meetings should constitute the culture of an organization.
References


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