

**LEADERSHIP STYLES AND ORGANIZATIONAL CHANGE IN
DEVELOPMENT BANK OF NEPAL**

A Dissertation submitted to the Office of Dean, Faculty of Management in partial
fulfillment of the requirements for the Master's Degree

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CERTIFICATION OF AUTHORSHIP

I hereby confirm that I have researched and submitted the final draft of dissertation entitled 'Leadership styles and organizational change in development bank of Nepal'. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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REPORT OF RESEARCH COMMITTEE

Mr. Ganesh Aryal has defended research proposal entitled “**Leadership Styles and Organizational Change in Development Bank of Nepal**” successfully . The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Dinesh Basnet and submit the dissertation for evaluation and viva voce examination.

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ACKNOWLEDGEMENTS

This study entitled “Leadership styles and organizational change in development bank of Nepal” has been conducted for the partial requirements for the degree of Master of Business studies (MBS) of Tribhuvan University. I extend my special thanks and sincere appreciation to my honorable supervisor, Dinesh Basnet Sir for his close supervision and professional advice and encouragement during the research work. I am highly indebted and very thankful for his continuous support and constructive suggestions that have enabled this research work to achieve its present form. He were not only the reviewed my work but also suggested valuable advice and insights. I would like to express my gratitude to employees of development bank of Nepal for cooperation they showed me during the process of data collection and I also want to express my gratitude Dr. Sajeeb Kumar Shrestha (Head of the Department) for his inspiration and support to complete this research work.

Finally I am grateful to my parents and family for their full encouragement and support in order to make this study come fruitful. Their continuous motivation towards the path of my academic pursuit, constant financial and moral support has steered me to complete my Master’s Degree

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ABBREVIATIONS

BFI s	: Bank and Financial Institutions
LS	: Leadership Style
S.D.	: Standard Deviation
C.V	: Coefficient of Variance
MLQ	: Multifactor Leadership Questionnaire
ANOVA	: Analysis of Variance
N	: Number of Respondents
R	: Regression Coefficient
SPSS	: Statistical Package for Social Studies
S.E	: Standard Error

ABSTRACTS

The objective of this research was to investigate how different leadership styles impact organizational change within the development bank of Nepal. In the study, transactional and transformational leadership style were independent variable, organizational culture were moderate variable and organizational change were dependent variable. Four research questions and five hypotheses were formulated to meet the research objective. The research study employed a qualitative and explanatory methodology to investigate the leadership style and organizational change, taking organizational culture as a moderate variable. The study was conducted by obtaining the necessary data through the use of structured questionnaires. 8 national level development bank has selected as sample from out of 17 development bank and 206 responded has collected from employees working 8 development banks. SPSS software has used for statistical data analysis (i.e. frequency, percentage, mean, standard deviation correlation and regression analysis). The study found that transformational leadership style less effect for organizational change, where transactional leadership has higher effect for organizational change and organizational culture has moderate influence for organizational change.

Keyword: Leadership style, organizational culture, Organizational Change, Development Bank, Regression

CHAPTER I INTRODUCTION

1.1 Background of the study

Change refers to any modification that takes place in the work environment and impact is the behavior of the employees. And organizational change is a way of modifying an existing organization. From a broader perspective, change refers to a system of continuous transformation that take place in one or more organizational domain such as organizational technology, structure and human resource (Sofat, Kiran, & Kaushik, 2015). In order to increase organizational effectiveness, such modifications must be undertaken. When management of the organization is not happy and discomfort with current situation, change inside the organization is necessary. Organizational change can be either planned or unplanned, but both cases, it holds significant importance and can sometimes become critical in managing the change. According to Gwaka et al. (2016) there is continuous pressure on organizations to adopt new technologies, be competitive and revise strategy for their survival. With new technologies, new products, new competitors, new regulations. And new people with values and experience is the order of the modern origination so organization must aware about change for betterment. Change can have an impact on an organization's personnel, structure, technology, working conditions, working process, organization policies, and other components of the organizations. And change is an important characteristic of organization. An organization must adopt with environment otherwise it is left behind. It is important for organization to assess the dynamics of external environment as well as internal environment. In today's dynamic business environment, every organization must plan and implement change effectively to remain competitive (Odor, 2018). An organization's ability to execute a change may greatly influence its employee's ability to accept change. Whither the changes are sudden or take place over a longer period of time, they can required the management to adopt new policies and adjust to new different. If organizations do not prepare themselves for rapidly changing conditions and circumstances, they may lose their reputation and market share (Boston, 2000). Although different authors describe the significance of organizational change differently, it's widely accepted that organizational change is important to long-term success and sustainability.

The leadership of a leader impacts and directs others in the pursuit of collective goal or vision (Northouse, 2018). Leadership is the ability and strength to guide, inspire and

influence others people towards a common goal and objectives. It involves a combination of skills, traits, and behaviors that enable individuals to motivate teams, makes decisions, and navigate challenges effectively. According to Luedi (2022), leadership is an infinite and tremendously complex journey along with paradoxes that cannot be captured comprehensively and he also address that leadership is a dedicated position, about oneself, about people, about process, about enterprises, about individuals, about societies, about demanding, about serving, about learning to trust oneself and others, about conflict, about followership, about change, about purpose and it is straightforward and full of paradoxes. Currently, the topic of leadership and its role is of utmost importance for business and organizations. In order to understand leadership, there are multiple and different views and perspectives can be follow. Leadership has traditionally been defined as a set of characteristics owned by a leader, or as a group phenomenon that emerges from relationship with others. Leadership provides direction for a company and its workers. Employees need to know the direction in which the organization is headed and who to follow to reach the destination. Leadership is also about setting a positive example for staff to follow, by being excited about the work, being motivated to learn new things, and helping out ass need to both individual and team activities. Leadership skills is very important of any business or organization. According to Nizarudin (2017), Leadership involves a broad spectrum of abilities, characteristics, and actions, such as decision making, effective communication, strategic planning, empathy, and establishing a vision, all of which are essential for any leader. Therefore, only people who can manage other people of differently, who are highly creative and innovative, and can successfully handle pressure in hardest situations and in case of emergencies are called leaders. The personnel's traits will enable the leaders to make informed decisions on the type of leadership style to be adopted, so as to yield the desired results that will enhance the growth and sustainability of the organization. In this research, different leadership styles and attempts to explain how leadership is important in change process in the organization. Organizational culture is like the personality of an organization, shaping how employees interact with each other and with stakeholders, influencing decision-making, and ultimately affecting performance and success. It has shared values, beliefs, attitudes, and behaviors that characterize an organization. Different organization has different patterns and customs. According to Lubis (2020), Organizational culture in the institutions is very important to improve achievement and become a discipline that directs every human resource to develop effective, creative, synergic, productive and ethical work methods in

spirit and responsibility of providing quality services to stakeholders. Organizational culture refers to the unspoken norms and practices that shape how individuals and groups behave and think within an organization. Knowing of the organizational culture is important and crucial for effective leadership. Leaders will have a better change of successfully executing their plans and reaching their objectives if they have a deep understanding of the culture within their organization. And it is important to understand the existing culture of an organization when thinking of introducing changes. Organizational culture influencing organizational change-task orientation and relationship orientation and have a different impact on the formation of attitudes toward change depending on the level of institutional development (Alas & Vadi, 2006). Positive culture may extend throughout the workplace and improve the morale of all employees with the correct leadership. It specifies the behaviors and actions employees may adopt to improve workplace satisfaction and effectiveness. An effective leader has the ability to inspire and propel the organization towards achieving success. Hence, It is essential to grasp the characteristics that contribute to being a successful leader. Leadership plays a crucial role in any change program, making it one of the most significant aspects to consider. A competent leader often plays an important role in maximizing the potential for success in the organization (Yukl, 2012). In this study various leadership styles will be examined in order to seek clarify the concept of leadership and its connection to the process of change. Nepal's financial industry has experienced substantial growth and undergone significant reforms in recent years. The Banking system is vital for the country's economic growth as it facilitates the movement of funds and offers credit for productive activities. The Banking sector's expansion leading to client happiness is critical for a country's economic development because it contributes to large amount of capital resource for the country (Karmacharya, 2022). In last few years with the introduction of the merger by-laws, the number of banks and financial institutions (BFIs) has gradually declined in Nepal. Until the end of Ashadh end 2080 BS, the number of BFIs has declined to 112. And the total number of BFIs (A, B & C) were 54. Altogether 20 commercial bank, 17 development banks and 17 finance company are currently operating (as of Ashadh end 2080 BS) in Nepal. And development banks in Nepal are also divided into different categories based on the working area, i.e. National level development bank, 4-10 districts development banks and 1-3 districts development banks. Until Ashadh end 2080 BS there are 17 development banks in Nepal. In this changing environment to face ad tackle those challenges bank management or leader roles is important. And this research paper is

conduct to highlighting leadership style and organizational change in development bank of Nepal.

1.2 Problem statement

In order to stay ahead in a rapidly evolving world, businesses frequently undergo various organizational changes to surpass their competitors, enhance productivity, and boost revenue. Organizational change is a major challenge for leader in the organization. A skilled and proficient leader has the ability to effectively oversee an organization or facilitate the process of change as a change agent. In order to gain a competitive advantage or to simply survive in a market that is changing quickly, organizations must undergo changes over the time (Denning, 2005). Organizations must constantly evaluate their operations and make changes to their business model in response to evolving market conditions, high expectations, and rapid technological progress. Adapting to change is a necessity for organizations to thrive in today's fast-paced world. Nowadays, organizations are serious about preparing for to face current and future trends in order to achieve a level of sustainability. However, in addition to the significance and all of its implications, organizational change is also a very difficult and complex process. The rise in competition within the banking industry, along with the growing emphasis on adapting to change and maintaining a sustainable business, has led to a demand for this study among leaders and employees in the banking and financial sector. The organizational change will be directly affected by the manager's leadership style. Hence this study examines the issues and challenges related to leadership style and organizational change in development banks of Nepal.

1.3 Research questions

There is no empirical evidence available on the leadership style and organizational change in Nepal however some research has done in other countries, hence there is still lack of sufficient study or evidence on this topic. Therefore, this study deals with the following issues in the context of development bank of Nepal.

- i. What are the status of transformational leadership, transactional leadership, organizational culture, and organizational change in development banks of Nepal?
- ii. What is the relationship among transformation leadership, transactional leadership, organizational culture and organizational change in development banks of Nepal?

- iii. What is the effect of leadership style and organizational culture on organizational change?
- iv. Does organization culture moderate the effect of leadership style on organizational change?

1.4 Objectives of the study

The primary aim of the research study is to investigate the leadership style and organizational change with support of moderating variables with reference to development banks of Nepal. The study outlines the following specific objectives as follows.

- i. To identify the status of transformational leadership, transactional leadership, organizational culture, and organizational change in Nepalese development bank.
- ii. To examine the relationship among transformational leadership, transactional leadership, organizational culture and organizational change in Nepalese development bank.
- iii. To examine the effect of leadership style and organizational culture on organizational change in Nepalese development bank.
- iv. To analyze the moderating role of organizational culture on the relationship between leadership style and organizational change.

1.5 Hypotheses

H1: Transformational Leadership positively affects organizational change.

H2: Transactional Leadership positively affects organizational change.

H3: Organizational Culture positively affects organizational change.

H4: Organizational culture moderates the relationship between transformational leadership and organizational change.

H5: Organizational culture moderates the relationship between transactional leadership and organizational change.

1.6 Rationale of the study

Nepalese banking sector is challenging now days, due to rapid change in digital technology, workforce diversifications, different culture and employees attitude towards the banking. This research survey aims to investigate how Nepalese development bank leaders comprehend, formulate, and execute the best changes for their organizations in

order to achieve long term success. It is also crucial to understand how leadership styles related to the accomplishment of organizational change? So this area will be the main focus of this research study.

1.7 Limitations of the study

The sample is taken from employee only who works in national level development bank in Nepal. Which tries to explore the attitude of the employees towards the role of and effects of leadership for organizational change in development bank in Nepal. And here are some couple of the limitations of the study:

- i. This study covers the leadership practice such as transformational and transactional only.
- ii. This study was mainly based on relationship between leadership and organizational change.
- iii. The study has been conducted based on the primary data through questionnaire.
- iv. The respondents of this study are only the national level development bank's employees.

CHAPTER II LITERATURE REVIEW

This section evaluates the relevant literature for the study. And the topics covered encompass theory and concepts related to leadership style (i.e. transformational leadership and transactional leadership only.). Concept of leadership and leadership style, organizational change with support of moderating variable organizational culture will review here.

2.1 Theoretical review

i. Trait theory of leadership.

According to the trait leadership theory, some people are either born with or develop certain traits that will enable them to succeed in leadership positions. According to Kanodia and Sacher (2016) Leadership is both an art and a science, it involves the application of unique skills and techniques, which can be either innate or acquired through experience. Traits like self- assurance, honesty, emotional stability, and the ability to handle pressure are qualities that contribute to an effective leader. According to this theory, a leader's effectiveness is dependent on whether their qualities and style fit the specific needs of given environment (Lamb, 2013). A leader's mental, physical, and social attributes are examined by the trait theory of leadership. The trait theory of leadership posits that leaders can enhance their success by cultivating and acquiring those essential traits, marking a notable divergence from the earlier Great Man Theory. One was born a leader or they were not (Malakyan, 2014). In the late 1940s, researchers examined the characteristics of military and non- military leaders separately and highlighted the importance of specific traits emerging at specific stages.

ii. Behavioral theory of leadership

The behavior theory acknowledges the significance of certain necessary leadership skills that serve as enabler for leader who performs an act while drawing its parallel with previous capacity of the leader, prior to that particular act while suggesting that every person has a unique leadership style that best suits their needs and preferences. According to Mehan (2021), Behavioral leadership theories prescribe observing and evaluating a leader's actions and behaviors when they are responding to a specific situation. Just as a one-size-fits –all approach does not work for every leader and single style cannot be

universally effective in all situation. Behavioral theory suggests that leaders are not inherently born with their leadership qualities, but rather they can be developed through learning and gaining experience. It implies that individuals can develop leadership skills through training and by observing others (Amanchukwu et al., 2015). An effective leader's abilities and qualities are primarily highlighted and reflected by their behavioral propensity. According to Purohit (2021) asserts that the behavioral approach places a strong emphasis on the actions and methods of leaders when implementing new ideas. This behavioral theory approach shows the commitment which is combined with excellence gets positive impact from the followers reflecting the leadership skills.

iii. Contingency theory

This theory suggests that there is no universally correct approach to leadership since the internal and external factors of the environment necessitate the leader to adjust their strategies accordingly. The contingency theory of leadership accurately describes the leadership styles enacted by the industry (Waters, 2013). Typically, leaders are not the only ones who change the dynamics and environment, employees within the organization also undergo change in most cases. Generally, the theories of contingency suggest that there is no universally superior approach to leadership, and what works in one situation may not work in another (Greenleaf, 1977). Contingency theorists argue that regardless of a leader's level of success there will inevitably arise a specific situation that will test their abilities. Thus, it is imperative for leaders to recognize that their achievements are influenced not only by their own abilities but also by external factors. Therefore, leaders must be willing to acknowledge the fact that their success depends partially on their circumstances in addition to their personal skill. According to Bass (1997) the situational leadership theory suggests that the leadership style should be adjusted according to the maturity level of the subordinates. In order to effectively manage a team, managers and supervisor may have to modify their leadership approach to fit the current situation assign certain leadership task to key employee. In order to effectively lead a team, managers and supervisory may need to modify their leadership style to fit the current situation or entrust some of their leadership responsibilities to key workers.

2.2 Leadership and leadership style

Scholars have varying perspectives on the concept of leadership. According to McCleskey (2014), the quest for a sole definition of leadership may prove futile, as the appropriate

definition of leadership varies based on researcher's interests and the specific problem or situation being examined. Leadership and its role are very important issues for the business and organizations in today's competitive world. Leadership plays a crucial role in determining the success or failure of any organization. Khajeh (2018) stated that leadership style is the manner in which people are directed and motivated by a leader to achieve organizational goals. Leadership can be perceived and defined in various manners and from various viewpoints. Leadership is typically associated with certain characteristics or qualities that are possessed by leader, or it is a social phenomenon that arises from the dynamics of relationships. Conger (1992) stated that the leaders are those who set the direction for a working group of people, win the group's commitment to the direction, and inspire the group members to accomplish the direction's goals. Shrestha (2019) stated that leadership and leaders matters effectively and confidently effect on outcomes of the organizations. Certain leadership characteristic and qualities are important to improve leadership effectiveness and organizational performance. Leadership plays important role within an organization, whether experiencing stable operations or undergoing significant change (Aarons, Sommerfeld & Willging, 2011). An organization's success is directly proportional to the quality of its leadership (Soerdi et.al. 2022). The success of organizations is greatly influenced by the leadership skills of their leaders. And leadership is crucial for the overall performance and achievement of the organization's goals. There are different theories presented by scholars to explain and identify the characteristics of leadership in an organization, in terms of their effectiveness. Leaders as storytellers, have the capacity to articulate visions, values, and aspiration, fostering a sense of shared purpose among their follower (Groenewald, et al., 2023). The leadership style showcases the leader's unique approach to leading and mirrors their personal values and preferences in order to effectively guide and inspire others (Bwalya, 2023). There are various leadership styles, and each style can have a significant impact on the dynamics, productivity, and culture within an organization or group.

i. Transformational leadership

The main objectives of transformational leadership is on the personal development and growth of followers, alongside the improvement of the organization. According to Bader et al., (2023), follower who experience episodes of transformational leadership experience need fulfillment and a change in positive affect that results in an increase in work engagement. Transformational leadership empowering the employee to encouraging

inspiration, idealized power intellectual stimulation and individual judgement (Kotamena, Senjaya & Prasetya, 2020). It involves employees through participation, encouragement of fresh ideas, and a high level of flexibility and autonomy to take initiative and take risks and also places a strong emphasis on relationships and communications. Transformational leadership satisfies the fundamental psychological needs of followers and as a result, changes their positive outlook, allowing them to engage with their work. Organizations are established with the aim of achieving the required productivity of the organization performance. Therefore, the main responsibility for the organization leaders to implement the transformational leadership style is for the purpose of nurturing the organization function, effectively (Atan & Mahmood 2019). This transformational leadership approach emphasizes on fostering the growth and advancement of employee values, motivation, and ethical principles. Transformational leadership, as defined by Bass (1994), aims to genuinely change individuals and organizations, expanding their vision, insight, and understanding, aligning their behavior with values and concepts, and creating lasting, self-sustaining, and momentum building changes. And According to Deng et al. (2023) transformational leadership had medium to large effect sizes on a range of outcomes, demonstrating its consistent and strong links with individual, team, and organizational outcomes. Leaders who show the transformational leadership behavior of emotional, inspirational, and motivation are more suitable for engaging employees at work place (Milhem, Muda & Ahmed, 2019). According to (Robbins & Judge 2015) there is a strong agreement between top-level management to gain targeted goals, which increase the performance of the organization and these leaders are capable to motivate followers with self- efficacy, deliver the group message “can do” attitude.

ii. Transactional Leadership

According to Muthoni (2024) transactional leadership can be highly effective in organizations as it promotes goal achievement and job satisfaction among employees. Hence, transactional leadership, also known as managerial leadership, is a leadership style where leaders rely on rewards and punishments to achieve optimal job performance from their subordinates. The transactional executive leadership model is based on an exchange transaction. The leader acknowledges and appreciates employees who meet the designated performance expectations and take appropriate action towards those who fail to meet those standards. According to Northouse (2016), transactional leadership involves various leadership models that emphasize the interactions between leaders and followers.

Transactional leadership is a leadership approach and style that emphasizes the exchange of rewards, where the leader provides incentives in return for the accomplishments of their followers. Rewards within organizational environments may manifest in various ways, such as advancements in position, chances for further education, assessments of performance, raises in salary, or new responsibilities. According to Chuang et al.,(2022) Transactional leadership is a kind of bartering leadership in which leader and the subordinate achieve their respective interests and goals in accordance with the prior contract. Transactional leadership aims to eliminate any obstacles that hinder the achievement of goals. And employees must meet the management-established targets in order to be eligible for rewards. Karki and Maharjan (2022) leaders of commercial banks of Nepal provide subordinates with material and rewards contingent on fulfillment of contractual obligations, monitored deviation from norms and provide corrective action, frequently implement punishment or corrective approaches are most important factors to transactional leadership styles. Transactional leadership involves elements such as providing rewards based on performance, actively monitoring progress, and intervening only when necessary (Hellriegel & Slocum, 2006). Contingent rewards are provided to subordinates in exchange for achieving short-term and measurable targets, ensuring that they stay on track with the established goals and this process is closely monitored by the leader as part of management by exception (Obiwuru et al., (2022).The transactional leadership style entails establishing clear standards of compliance and disciplining followers for failing to meet those standards. Researchers have suggested the advantages and drawbacks of transactional leadership within an organization, where the advantages includes the clarification of employees roles and responsibilities, performance-based evaluations by transactional leaders, and the frequent success of employees motivated by reward such as compensation in a transactional leadership working environment. Alan (2013) along with Zervas and David (2013) stressed the weakness of transactional leadership lies in the fact that employees have limited opportunities to enhance their job satisfaction, ultimately leading to a decrease in morale and an increase in turnover within the organization. This leadership style highlights the importance of interactions and exchanges between leaders and their followers.

2.3 Organizational Culture

According to Abawa and Obse (2024), Organizational culture play a crucial role in determining organizational performance. Organizational culture refers to the collection of

values, beliefs, attitudes, systems, and rules that shape and guide employee conduct within a company. According to Belias and Koustelios (2014), Organizational culture refers to a series of attitudes and behaviors adopted by employees of a certain organization, which affect its function and total well-being. In a corporate group organizational culture can be considered as an essential ingredient of organizational performance and a source of sustainable competitive advantage (Pathiranage, Jayatilake & Abeysekera, 2020). The culture represents how employees, customers, vendors, and stakeholders perceive the organization and its brand. Kenny (2012) stated that culture has always been regarded as having a profound influence and significance on the diversity of organizational processes, employees, and performance, making it a crucial component in unifying different company cultures within the corporate group structure. It is a critical success factors that connects the organization to the process of change management. Organizational culture plays a significant role in shaping individuals within an organization and also impacts these individuals in return. Culture encompasses the practices, assumptions, and values that developed and changed over time within an organization. Organizational culture, although it can be interpreted in different ways and plays crucial role in the process of change management within every organization. It plays a significant role in shaping the organization's direction when it comes to development. Bryson (2008) emphasized that organizational change and development is inextricably intertwined with organizational culture. Establishing a shared set of norms, beliefs, and meaning among members is a crucial aspect of organizational culture. Culture forms the foundation of shared understanding and effective communication among members of the organization. Organizational culture also greatly impacts the organization's efficiency and its capacity to handle change. According to Colleen & Kline (2008), the characteristics of an organization's culture and the groups within that culture can influence how work groups and individuals experience and interpreted organizational change initiatives. Akpa, Asikhia and Nneji (2021) stated that the importance of organizational culture within a company has been the subject of numerous studies aimed at understanding its impact on organizational performance and long term viability. In particular, it is important for organizations to understand and adapt to the various organizational cultures that are conducive to their operations. Culture in an organization is very important, playing a large role in whether or not the organizations is a happy, healthy place in which to work (Urrabazo, 2006). Organizational culture will empower the organization to handle change and achieve sustainable change management practices.

2.4 Organizational change

Various authors and scholars have varying perspectives on the significance of organizational change. According to Gwaka, Gidion and Mayianda (2016) theories and approaches to change management are often conflicting, lacking in empirical evidence and based on unchallenged assumption about the nature of modern organizational change management. Many scholars view it as beneficial for long term viability and prosperous business, while some believe it can provide a competitive advantage in today's competitive environment and others contend that embracing change is essential for survival. Accepting of change is important for the long term success of every organization. Odor (2018), a good planning and genuine implementation of change is something that every organization must do to remain competitive in the ever dynamic business environment. It can be argued that effectively managing change is vital for any organization to not only survive but also thrive in the current fiercely competitive and constantly changing business world (By, 2005). The organization and its members must be dedicated to the process of change and actively work towards achieving new heights, sustainability, and profitability. Research has indicated that organizational change is often initiated by internal and external factors, leading to the development of new products, services, or business strategies to fulfill customer requirements. Change has always been a challenge for organizations, just as it has always been a common trait of human existence. Change is undoubtedly difficult for people to accept because it forces them to step outside of their comfort zones, which causes them great discomfort and forces them to change their habits (Lorenzoni, Nichoison, & Whitmarsh, 2007). Organizational change is the process of moving from the current state of an organization to the desired future state, with the goal of increasing its strength. Change is a crucial process if a company wants to avoid becoming stagnant and is likely to expand even more in the near competitive business environment (Kavita, 2005). Change can occur as a result of others doing things differently and dealing with increasing changes in the business environment. The change in any part of the company can have an impact on the entire organization. Change management in an organization can be defined as an approach to dealing with change in two different areas, the organization and the individual, whereby individuals and the entire organization adapt to change at their own pace and style (Rouse, 2014). Change management enables the organizations to seize a change to gain a competitive edge, as long as the organization successfully implements and adjusts to the changes in the market (Du Plessis, 2007). Organizational change involves participation of leaders,

employees, structures, and systems as a strategy in anticipating and adapting to environmental change (Adda Natsir & Rossanty, 2019). In order to survive in today's globalized world, companies must grasp the importance of embracing innovative methods and incorporating innovation into their business strategies and models to ensure their competitive edge and long term success by turning their innovative ideas into reality (Camerio, 2008). As a naturally experience rapid change as a result of living in an information society, and leading becomes even more important as we attempt to adapt to this change. Organizations can only survive, remain competitive, and meet societal expectations by acting in line with the times and adjusting to change. In this sense, it is inevitable that the organizations will be impacted by changes in their immediate surroundings (Ikinici, 2014). As change offer several benefits i.e. it leads the company toward continuous development and boosts employee and customer satisfaction, competitiveness, financial presentation, and employee satisfaction.

2.5 Empirical Review

An empirical review refers to analysis of existing research studies, data, or evidence on a related research topic. Empirical review conducted to summarize and evaluate the findings of multiple studies in order to make conclusions, identify trends, gaps in knowledge, or areas needing further investigation. Empirical reviews plays a important role in advancing knowledge within a particular field by providing a comprehensive summary and synthesis of existing research evidence. Some of the existing research studies related to this research is presented below.

Table 3.1

Empirical Review

Author	Objectives	Methodology	Findings
Shrestha (2024)	To review of literature of corporate culture and organizational performance.	Compare, contrast the previously published articles.	The analysis found that research on the subject is still inconclusive due to the many unexplored cultural variables that have yet to be fully investigated. Hence, the research suggests that

			organizational management leadership should strive to create a culture that is embraced and valued by its member to promote ongoing success and growth.
Pokharel (2020)	Investigate the influence of leadership styles on the efficiency of commercial banks in Nepal.	Data has collected from Nepalese commercial bank by questionnaire method. And the researcher has chosen to utilize a quantitative research method, resulting in the methodical arrangement of collected data into tables and the presentation of results through statistical analysis, accompanied by justification.	There are different styles of leadership present in the banking sector of Nepal, including autocratic, democratic, laissez-faire, and affiliative leadership. The researcher has outlined the influence of leadership on the effectiveness of commercial banks to enhance understanding of appropriate leadership strategies.
Moosa, Moosa and Faheem (2023)	To study the evidences from existing research regarding the prevailing leadership styles in change management	The secondary literature used with the help of Google Scholar. The final group of publications for analysis was screened using the “Preferred Reporting Items for Systematic Reviews and Meta-Analysis-PRISMA” guidelines.	The findings of this research indicate a correlation between the two styles of “change management”: transformational and transactional leadership. And research also finds the employee motivation is a key aspect in every successful business.

Bautista (2023)	The aim of this research is to investigate how organizational culture and leadership style impact organizational performance.	The employee's perception of the company's culture, leadership style, and organizational performance was illustrated through descriptive statistics.	It is essential to foster an appropriate organizational culture that promotes resilience among the members of the organization during times of crisis, as well as to adopt a leadership style that allows the organization to not only survive, but also thrive.
Cahyadi and Cahyadi (2023)	This study aims to determine the effects of transactional and transformational leadership styles on the commitment of employees with compensation as moderating variable	The quantitative data method used for data analysis. Data was collected through questionnaires form respondents. The multiple linear regression model has used for method of data analysis.	The act of providing compensation enhances the connection between leadership style and organizational commitment, it is anticipated to continue providing compensation to support employee performance, which will also have a positive impact on productivity.
Mariaceline (2023)	The Objective of this study is to explore the impact of different leadership styles on an organization's performance, specially focusing on the effects of transformational,	The study utilized secondary data sources and employed descriptive analysis as the research methodology. Situational theory served as the analytical framework.	Various leadership approaches lead to different levels of employee motivation, which ultimately impacts the overall performance of the organization. It is recommended that leaders adopt transformational,

	transactional, and laissez-faire leadership style.		transactional, and laissez-faire leadership styles, as they have a substantial influence on the overall performance of an organization.
Ezimora, (2022)	This study explored the role of leadership in organizational change.	The study utilized a qualitative methodology, utilizing secondary sources such as journals, textbooks, and various forms of literature to analyze the perspectives of experts in the field of leadership change and organizational leadership roles.	Leaders are perceived as the ultimate providers of direction and have thoroughly examined the various dimensions of competencies, including skills and adaptability potentials, in a very serious manner. Suggestions have been made to emphasize that leaders may need training and reevaluation to maintain their skills, mindset, and their relational strength to fit into today's trends.
Zainol, Kowang, Fei and Kadir (2021)	This paper seeks to assess the approach taken by previous studies in addressing change management in recent years, with a focus on the leadership styles of managers.	The secondary sources of data was used. Review and analyzed of related literature used with the help of Google Scholar.	The study recognize one of the factors to manage change in the organization that could be practically used to steer the top management, leading to corporate future direction in progressive society and vibrant economy,

			worth fully for further study.
Gilbert (2021)	How organizational leaders play important roles in achieving change implementation.	Primary data was collected through a questionnaire and empirical research was conducted.	A combination of the values of democratic and transformational leadership styles contribute to change implementation.
Ozcan and Ozturk (2020)	The objective of the study is to examine the impact of organizational culture on leadership styles and explore how employee performance is influenced by the connection between these two factors.	This study employs a quantitative approach to research. The data gathered from the employees of the private bank's main office has been examined using SPSS 24.	The organizational culture significantly influences leadership styles and employee performance. The performance of employees can be greatly affected by the leadership styles displayed in an organization.
Purwanto, Bernarto, Asbari, Wijayanti and Hyun (2020)	This study aims to analyze the effect of transformational and transactional leadership style on the performance of Health Center or Puskesmas in Pati Central Java.	The data was collected by distributing an electronic questionnaire to the participants. And SEM(Structural Equation Model) LISREL program version 8.70 used as tool for data analysis	The Leadership style of the Puskesmas head should incorporate transactional and transactional styles, including giving instructions, seeking consultation, encouraging participation, and delegating tasks. This will help improve the performance of Puskesmas staff in terms

			of attendance, cooperation, quality of work, attitudes, and knowledge related to their tasks, enabling them to effectively address daily challenge.
Atasoy (2020)	The aim is to examine how the leadership styles of school principals, school culture, and organizational change management capacity are interrelated based on the perceptions of teachers.	Data collection and analysis were conducted using a quantitative research methodology. The data collection tools include the leadership style scale for school principals, the scale for school culture, and the scale for organizational change management. Person correlations, regression, and path analysis were used for analysis data in addition to descriptive statistics.	School principals exhibit characteristics of transformational leadership, teachers have a clear understanding of the school culture, and there is a moderate level of perception of the organization as a whole. It was also found that there are significant relationships between leaders style, school culture, and organizational change, along with transformational and transactional leadership style of school principals, which significantly predicted school culture, and school culture, which significantly predicted all sub-dimensions of organizational change.
Mansaray	To investigate the	Several leadership styles	Leadership plays a

(2019)	role of leadership style in organizational change management.	were review in this paper: ranging from authoritarian leadership, transformational leadership, laissez-fair leadership, servant leader, transaction leadership, democratic leadership, strategic leadership, bureaucratic leadership, to consultative and participative leadership.	crucial role in driving positive transformation within organizations. The leader steers employees in the direction necessary to accomplishes organizational objective.
Kitana (2019)	The study aims to identify and examine the role of transactional and transformational leadership styles in the organizational change process.	Data has taken form different organizations such as banks, hospitals, and universities through interviews questionnaire and collected data has examined and suitably modified in discussion with experts and consultants.	The study showed that employees in the private sector prefer the transformational style rather than the transactional style for organizational objectives concerning change and restructuring.

2.7 Research Gap

Few studies have been conducted about how leadership style affect the organizational change in the internationally and rarely in the Nepal. There is limited research available on how leadership style impact change management within the banking industry. There is lack of study in the leadership style, culture and change management in Nepalese banking sector. Most of the researcher have conducted research in leadership but there is few study in leadership and change management. To fill in the existing research gap, this study try to provide the information about effect of leadership style in organizational change.

CHAPTER III RESEARCH METHODOLOGY

This section covers the comprehensive layout of the research; methodology employed, sources of data, study population, sampling methods, tools for data collection, validity and reliability, as well as the procedures, and statistical approaches applied in the analysis of the gathered data.

3.1 Research design

In terms of research design causal and descriptive research design has been used. The study aims to effect leadership in organization change in development bank of Nepal. Specific data was gathered/collected from a sample of employees working at national level development bank of Nepal.

3.2 Population, sample and sampling design

In this study, the source of population was employee who are working in 8 national level development bank. In order to draw conclusions from the research, it is essential to carefully consider the sample, through there is limitation of time. The study was conducted with a purpose to investigate the effect of leadership in organizational change in development bank. 8 national level development were taken out of 17 development bank of Nepal. A total 250 questionnaires were distributed through google forms and 206 valid responses were collected. For regression analysis, 200 samples are required as suggested by Wiley, Cooley, and Lohnes (1971). Hence, the collected sample were sufficient for this study. The data were collected from employees working in banking, hence there no more diversified in population and almost same types of work and position they have hence having no diversified population we was collected 200 sample for this study which is also required number for regression analysis.

3.3 Nature and sources of data

This study was mainly based on primary sources of data. And primarily data were collected through google form questionnaires from national level development bank.

3.4 Data collection procedure

This research used both primary data. The primary data were collected from the survey questionnaire. The data were collected from employees who working in 8 national level development bank.

3.5 Data processing procedure

Data were collected from various sources in unprocessed state. The raw data is processed and transformed into necessary format by the helps of statistical tools like percentage, bar diagram, tabulation, trend line etc. And other required analysis has worked out with the help of computer programmers like, Microsoft Office, SPSS, and some financial tools.

3.6 Data analysis tools

To get reliable and valid result data are analyzed by using different types of tools and formula. As per the requirement of the research, statistical tools are followed rather than financial tools. The following statistical tools are used for this study.

Arithmetic mean:

The arithmetic mean, also called the mean. It represents the average value of set of numbers. It is one of the most common ways to summarize a set of data, providing a single value that gives an indication of the typical value in the dataset. In this research it has been used to calculate the average for demography. It is computed by using following formula:

$$\text{Mean } (\bar{X}) = \frac{\sum x}{n}$$

Where,

$$(\bar{X}) = \text{Mean}$$

$$\sum x = \text{Sum of all variables}$$

$$n = \text{Variables}$$

Standard deviation:

Standard deviation is a statistical tools that we can measure the risk. It tells us how spread out the values in a dataset are from the mean (average). A low standard deviation indicates that the data points tend to be close to the mean. And a high standard deviation

signifies that the data points are distributed over a wider range of values. The formula for standard deviation is:

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{1}{n} \sum (x - \bar{x})^2}$$

Where,

(σ) = Standard deviation

X = represents each individual data point

\bar{X} = mean of the dataset

n = number of data points.

Coefficient of correlation

Coefficient of correlation measures that how closely the values of two variable are related to each other. The coefficient of correlation is used in various fields such as statistics, economics. Psychology and biology to analyze relationships between variables and to make predictions based on relationship. Correlation coefficients range from +1 to -1, with a value of +1 representing a positive correlation and -1 representing a negative correlation.

Coefficient of variation

The coefficient of variation (CV) is a statistical tools utilized to evaluate the relative variability of data set compared to its mean. A lower coefficient of variation indicates that the data points are closer to the mean, while a higher coefficient of variation suggests greater variability relative to the mean.

Regression analysis

Regression analysis is a statistical method used to study the relationship between dependent variable and independent variables. It aims to understand how changes in the dependent variables are associated with changes in the dependent variable.

Linear regression model

$$\hat{y} = \alpha + \beta_i X_i + e_i$$

Where,

\hat{y} = Dependent variable (organizational change)

α = constant

X_i = Independent variable (Transformational, transactional leadership)

β_i = Coefficient of slope of regression model

e_i =Error term

3.7 Research Framework

A research framework is an analytical tool with several verifications and contexts. Conceptual framework describes the systematic explanation of the relationship among the dependent variables and independent variables for the proposed of knowing leadership style and organizational change in the context of Nepalese development banks. Based on empirically studies and the literatures, a research model for the study is developed as under:

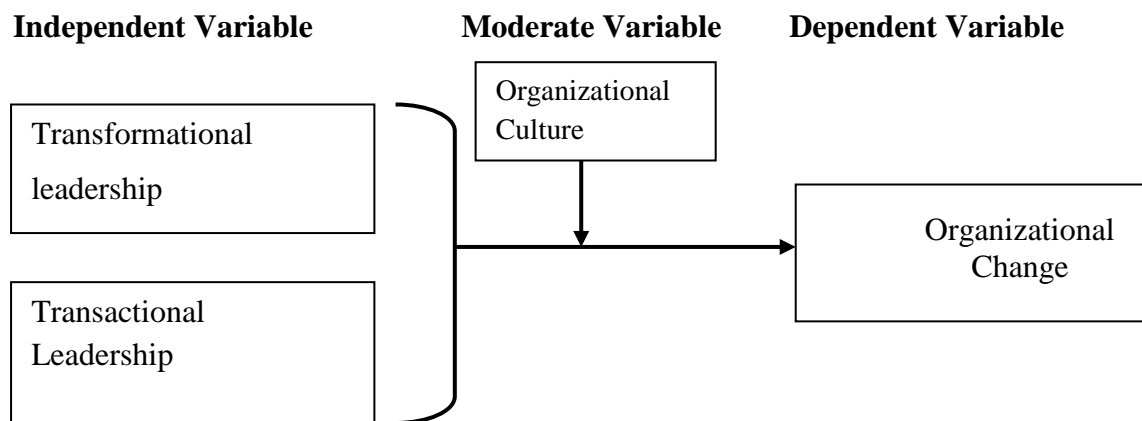


Figure 3.7. Research Framework

CHAPTER IV RESULTS AND DISCUSSION

The main objectives of this chapter is to express systematic presentation and analysis of data collected from secondary data to deal with the various issues related leadership and organizational change in development bank of Nepal. The analysis part helps result to make clearer and more understandable. It provides the systematic and organized presentation and analysis of data that will put light upon the identifying impact of independent variables on dependent variables. Various statistical tools described in chapter three have been used for this purpose. The total 206 data were collected through questionnaires distributed to employees who working in development bank. Therefore, the data analysis was based on only 206 collected questionnaires.

4.1 Respondent's profile

This section analysis and interpretation of primary data. Eight national level development bank were selected for data collection and respondents were selected and all selected respondents are employees who are working in the bank. In le respondent's profile includes, age group, position in the current employment (Bank), education status, and experience.

Table 4.1

Age group of respondents

Age	Frequency	Percent	Valid Percent	Cumulative Percent
Below 20 Years	2	1.0	1.0	1.0
20-25 years	41	19.9	19.9	20.9
26-30 years	108	52.4	52.4	73.3
31-35 years	43	20.9	20.9	94.2
Above 35 years	12	5.8	5.8	100.0
Total	206	100.0	100.0	

Source. survey, 2023

Table 4.1 shows the age group of respondents, where majority of them is 20-25 years age groups which was 52.4 %. Similarly 20.9 % respondent were 32-35 years age group, 19.9% respondent were 20-25 years age group, 5.8 % respondent were 5.8 % age group and 1.00% were below 20 years age group.

Table 4.2

Position in the organization (bank) of respondents

Position	Frequency	Percent	Valid Percent	Cum. Percent
Assistant Level	141	68.4	68.4	68.4
Officer Level	58	28.2	28.2	96.6
Above Officer Level	7	3.4	3.4	100.0
Total	206	100.0	100.0	

Source: *survey*, 2023

In above table no 4.2, it can be seen that most of the employees working position were assistant level. 68.8 % were assistant level, 28.2 % were officer level and 3.4 % were above officer level. We found that assistant level employees are about twice than combine of officer and above officer level.

Table 4.3

Education status of respondents

Education	Frequency	Percent	Valid Percent	Cumu. Percent
10+2	11	5.3	5.3	5.3
Bachelor	95	46.1	46.1	51.5
Masters	97	47.1	47.1	98.5
Above Masters	3	1.5	1.5	100.0
Total	206	100.0	100.0	

Source: *survey*, 2023

Table 4.3 shows the education status of respondents. Most of the respondents were having bachelor and master's level education degree. Master's level respondents were holding 47.1 %, Bachelor's level respondent were holding 46.1% and 10+2 level respondents were holding 5.3 %.

Table 4.4

Working experience of respondents

Experience	Frequency	Percent	Valid Percent	Cumu. Percent
Less than 5 years	133	64.6	64.6	64.6
5-10 years	63	30.6	30.6	95.1
11-15 years	8	3.9	3.9	99.0
More than 15 years	2	1.0	1.0	100.0
Total	206	100.0	100.0	

Source: *survey*, 2023

Table 4.4 shows the banking experience of respondent. It found that most of respondents have less than 5 years banking experience, which was responded by 133 respondent. Having less than 5 years' experience were 64.6 %. 5-10 years' experience were 30.6 %, 11-15 years' experience were 3.9 % and more than 15 years were 1 %.

4.2 Descriptive analysis

This section focuses on analyzing the data gathered from the questionnaires distributed. The Descriptive analysis includes the calculation of statistical parameters like such as mean, standard deviation, correlation assessment, and the identification of maximum and minimum values. These values are used by the researcher to analyze the data on frequencies and aggregation in relation to the research questions and variables. For this purpose, "Five Point Likert Scale" questions were asked to the respondents which scaled from 5 (strongly agree), 4 (agree), 3 (neutral), 2 (disagree) and 1 (strongly disagree). The number of respondents in each statement was 206. The main goal of this study is to investigate how the independent variables are related to the dependent variable with moderating variable. In this research study, the independent variables are transformational leadership and transactional leadership, dependent variable is organizational change and moderating variable is organizational culture. Hence, the relationship among these independent variable, the dependent variable and moderating variable will be analyzed and several hypotheses will be tested.

Transformational leadership

Transformational leadership is one of the independent variables of this research. Respondent were asked to present their view on transformational leadership within their working organization. And below table presents the opinions of respondents regarding transformational leadership.

Table 4.5

Transformational leadership

Descriptive Statistics	N	Minimum	Maximum	Std.	
				Mean	Deviation
Leaders influence the followers to accept the change	206	1.00	5.00	3.8204	1.06463
Leaders increase the motivation to change	206	1.00	5.00	3.8641	1.08244
Leaders articulate clearly the future	206	1.00	5.00	3.5728	1.02269
Leaders build genuine trust between team and followers.	206	1.00	5.00	3.7913	1.07300
Leaders adjust the culture to meet the long term needs for change.	206	1.00	5.00	3.7476	1.03799
Leaders develop skills of employees to meet the requirement of change	206	1.00	5.00	3.8107	1.04908

Source: *survey*, 2023

In Table 4.5 show the descriptive statistics of perception about transformational leadership. There are six statements used to measure it. Each of 206 respondents presented their responses or views in the five-point Likert scale. The range value of mean is higher than 3 hence, respondent were positive on the statement. Among the six statements, highest mean is 3.8641(SD 1.08244) and lowest mean is 3.5728(S.D.

1.02269). It indicates that most of the respondent are agreed in the statement ‘Leaders increase the motivation to change’

Transactional Leadership

Transactional leadership is also independent variable for this study. Respondent were asked to six statement about the transactional leadership and they show their view relating their current working organization. Below table is present respondent opinion six transactional leadership statement.

Table 4.6

Transactional leadership

Descriptive Statistics		Minimu	Maximu	Std.	
N		m	m	Mean	Deviation
Leader offer reward for achievement of change	206	1.00	5.00	3.5049	1.07634
Leader use punishment when change objectives are not achieved.	206	1.00	5.00	2.9806	1.11294
Leader sets clear goals	206	1.00	5.00	3.7670	1.03786
Leaders motivate followers towards achievement of change	206	1.00	5.00	3.7718	1.08712
The leader dominates the change process by command and control procedures.	206	1.00	5.00	3.3447	1.10989
Overall success of the change depends on whether the leader has the power.	206	1.00	5.00	3.4563	1.10676

Source: *survey*, 2023

In table 4.6 respondent opinion about transactional leadership in their working organization. Most of respondent are agree on statement ‘Leadership motivate followers toward the achievement of change’ as per descriptive statistics. Mean of maximum value is 3.7718 with S.D. 1.08712 and the minimum value of the mean is 2.9806 with S.D.

1.07634. It shows that respondent are disagree on the statement ‘Leader offer reward for achievement of change.

Organizational culture

Organizational culture is moderate variable in this research. A moderate variable is type of variable that affects the relationship between a dependent variable and independent variable. In the organization organizational culture also effects for the change. Hence we ask about organizational culture to employee who working in bank. 6 statement were asked and their opinion is presented below.

Table 4.7

Organizational culture

Descriptive Statistics	N	Minimu m	Maximu m	Mean	Std. Deviation
Organization has norms, beliefs and values that help change.	206	1.00	5.00	3.8350	1.02264
Organization members are collaborative with change.	206	1.00	5.00	3.6650	1.03568
Organization culture affects leadership.	206	1.00	5.00	3.8350	1.07836
There is a culture of refusing change	206	1.00	5.00	3.1845	1.10208
Organization member have a way of their views.	206	1.00	5.00	3.7233	.98582
Change in the organization is communicated early.	206	1.00	5.00	3.4175	1.04554

Source: *survey*, 2023

In the above table, most of the respondent are sowing positive attitude toward the statement ‘Organization has norms, beliefs and values that helps change’ and Organization organizational culture’. It shows that having max mean were 3.8350

(S.D.1.02264) and 3.8350 mean and 1.02264. Which we found that bank employee satisfy that organizational culture is play positive about Organizational Change.

Organizational Change

Organizational change is dependent variable in this study. Six statement about organizational change was distributed to respondent and they provide their opinion about organizational change. Which is presented below.

Table 4.8

Organizational Change

Descriptive Statistics	N	Minimum	Maximum	Mean	Std. Deviation
Change leads to organization improvement.	206	1.00	5.00	3.7767	.96709
Change leads organization sustainability.	206	1.00	5.00	3.4612	1.12443
Change achievement is difficult	206	1.00	5.00	3.7184	1.00649
There is resistance to change	206	1.00	5.00	3.5049	1.04414
Leaders are responsible for the change process.	206	1.00	5.00	3.7330	.98356
Change helps organization to become more effective	206	1.00	5.00	3.9175	.98178

Source: *survey 2023*

In table 4.8 206 respondent show their opinion in provided six statement of organizational change. As per descriptive calculation most of the respondent were agreed on the statement. The statement 'Change helps organization to become more effective' has maximum mean 3.9175 with S.D. 0.98178. It shows that Organizational change is necessary for organization effectiveness and improvement.

4.3 Reliability Analysis

The cutoff point of reliability is 0.7. In the Table no. 4.9 it can be seen the alpha values of transformational leadership is 0.92, transactional leadership is 0.828, organizational culture is 0.842, and the organizational change is 0.866. Hence, all the Cronbach alpha values meets the threshold values of 0.7. Therefore, in this study, there is no issue of reliability and can proceed for further analysis.

Table 4.9
Reliability Analysis

Variables	No. of items	Cronbach Alpha
Transformational Leadership	6	0.920
Transactional Leadership	6	0.828
Organizational Culture	6	0.842
Organizational Change	6	0.866

Source: *survey*, 2023

Correlation between leadership styles, organizational culture and organizational change

Correlation is used to conclude the degree in which the change in the value of a variable is related with changes in other variables. According to Kothari and Gerg (2014), the correlation coefficient should range from -1 and $+1$, with representing a perfect negative correlation, $+1$ representing a perfect positive correlation and 0 illustrating no correlation. In table 4.10 showed that there was a positive relationship was found between transformational leadership, transactional leadership and organizational change at an r value of 0.580 and 0.621 . And there was also positive and moderate correlation of organizational culture in organizational change with r value 0.742 . Hence the result shows that a majority of the study parameters exhibited a positive influence on the dependent variable.

Table 4.10
Correlation of variables

Variables	Mean	SD	1	2	3
1. Transformational Leadership	3.768	0.891	1.000		
2. Transactional Leadership	3.471	0.798	.712**	1.000	
3. Organizational Culture	3.610	0.781	.703**	.693**	1.000
4. Organizational Change	3.685	0.789	.580**	.621**	.742**

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

4.4 Regression Analysis

Regression analysis is statistical method used to examine the relationship between one dependent variable and one or more independent variables. It is used to determining relationship between two variables. Even if a correlation coefficient suggests a strong relationship between the two variables, we still do not have a clear understanding of exact shape of the relationship between the two variables. Regression is employed to examine the connections between a sole dependent variable and a set of independent variables (Hair, et al., 2010). A regression analysis gives us additional details regarding the incline of the correlation. In order to gain a more profound comprehension of the leadership style and organizational change in development bank of Nepal, here regression analysis is conducted.

As per table 4.11 shows the regression analysis among dependent variable, moderate variable and independent variable. Where dependent variable is organizational change, moderate variable is organizational culture and independent variable is transactional leadership and transformational leadership. Result shows that there was positive relationship between leadership style, organization culture and organizational change. The R-square value of 0.573 states that 57.3% organizational change was effect of leadership style while remaining 42.7% was other variability. Regression coefficient (B1) of transactional leadership, transformational leadership and organizational culture were 0.026, 0.192 and 0.592.

Table 4.11
Regression Analysis

Model		Unstandardized		Standardized		t	Sig.
		Coefficients	Std. Error	Coefficients	Beta		
		B					
1	(Constant)	0.782	0.183			4.275	0
	Transformational Leadership	0.026	0.064	0.03		0.412	0.681
	Transactional Leadership	0.192	0.07	0.194		2.736	0.007
	Organizational Culture	0.592	0.071	0.587		8.381	0
	F	90.376**					
	R ²	0.573					

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

a Dependent Variable: Organizational Change

Source: *survey*, 2023

Hypothesis

The significance of transformational leadership were 0.681 which is greater than 0.5 hence the result show that the Transformational Leadership doesn't positively affects organizational change. Hence, the hypothesis 1 is rejected.

The significance of transactional leadership were 0.007 which is greater less 0.5 hence the result show that the Transactional Leadership positively affects organizational change. Thus, the hypothesis 2 is accepted.

The significance of organizational culture were 0.00 which is less than 0.5 hence the result show that the Organizational Culture positively affects organizational change. Thus, the hypothesis 3 is accepted.

Moderation Analysis of transformational leadership and organizational culture on organizational change

Table 4.11 shows the result of regression analysis of transformational leadership and organizational culture on organizational change. Transformational leadership is

independent variable, organizational culture is moderate variable and organizational change is dependent variable. The result shows that the R-square value was 0.359, where 35.9% respondent agreed that organizational culture has moderate effect on organizational change. Further significance value for the models is 0.00 which is less than the value of 0.05, hence the study conclude that the independent variable (transformational leadership) with moderate variable (organizational culture) has effect on dependent variable (organizational change).

Table 4.12

Moderation analysis of transformational leadership and organizational culture on organizational change

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	3.851	0.047		82.333	0
	TFXOC	-0.341	0.032	-0.599	-10.687	0
	F	114.207**				
	R2	0.359				

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

a Dependent Variable: Organizational Change

Source: *survey*, 2023

Hypothesis

And the result show that the Organizational culture moderates the relationship between transformational leadership and organizational change. Thus, the hypothesis 4 is accepted.

Moderation Analysis of transactional leadership and organizational culture on organizational change

Table 4.12 shows the result of moderate regression analysis of transactional leadership and organizational culture on organizational change. Transactional leadership is independent variable, organizational culture is moderate variable and organizational change is dependent variable. The result shows that the R-square value was 0.327, where 32.7% respondent agreed that organizational culture has moderate effect on organizational change. Further significance value for the models is 0.00 which is less than the value of 0.05, hence the study conclude that the independent variable (transactional

leadership) with moderate variable (organizational culture) has effect on dependent variable (organizational change).

Table 4.13

Moderation analysis of transactional leadership and organizational culture on organizational change

Model		Unstandardized		Standardized		t	Sig.
		Coefficients		Coefficients			
		B	Std. Error	Beta			
1	(Constant)	3.872	0.049			79.07	0
	TSXOC	-0.435	0.044	-0.572		-9.949	0
	F	98.976**					
	R2	0.327					

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

a Dependent Variable: Organizational Change

Source: *survey*, 2023

Hypothesis

The result show that the Organizational culture moderates the relationship between transactional leadership and organizational change. Thus, the hypothesis 5 is accepted.

4.5 Discussion

The finding of this study shows that the effect of transformational leadership does not effect on organizational change. The finding of this study is inconsistent with the finding of “transformational leadership was associated with basic need fulfilment and led to change in positive affect, which predicted changes in work environment (Bader et. al., 2023)”. It indicates that in development banks of Nepal, the employees have to do the routine work and they are not responsible for decision making. This could be the relationship why the transformational leadership does not have relationship with organizational change.

The finding of the study reveals there is the positive effect of transactional leadership on organizational change which is consistent with the finding of “transactional leadership style that entailed promotions, demotions, goal setting and restructuring to a large extent

played a big role in organizational change (Sonkori O & Antony, 2022)". It indicates that in the development banks of Nepal, there is defined work and work schedule, hence if the employees work routine work and meet targeted result they shall promoted if not, they shall be punished or demotivate. Hence the study find transactional leadership has positive effect on organizational change.

The study also found that organizational culture moderately effect on organizational change. The finding of this study is consistent with the finding of "organizational culture plays an important role, which it moderated the relationship between leadership style and employee commitment to change (Gelaidan, 2011)". It indicates that in development bank of Nepal there is spate cloture (i.e. norms, beliefs and values) and found employees were collaborative with change and communicated with members for the change.

The study also found that organizational change leads to bank improvement and sustainability. The successful management of change is crucial to any business organization in order to survive and succeed in the present highly competitive and continuously evolving business environment (By. 2005). It was found that there was resistance to change and there was no enough support for change. The leaders were found for responsible to change process and that leaders had to develop and motivate employees' skill to meet required change.

CHAPTER V SUMMARY AND CONCLUSION

This chapter provides an overview of the study's findings, conclusions, and recommendations of the study on leadership style and organizational change in development bank of Nepal, the dependent variable organizational change, independent variables transformational leadership and transactional leadership and moderate variable organizational culture. This chapter also has the suggestion for further research in this areas. This chapter is divided into four sections.

5.1 Summary

Objective of this study is to analyze the leadership style and organizational change within the development bank of Nepal. This study has used to different authors article, respond from employee working in development for data with support of statistical tools to meet objective of the study. 206 valid respond from respondent has collected through structured questionnaires by support google form. And validity and reliability was conducted for making sure of data validity and reliability. 8 national level development bank has list out as a sample from out of total 17 development bank. All received data were examined by using statistical software (SPSS). And mean, standard deviation, correlational and regression etc. was analysis and different answer has found.

As per result and findings, transformational leadership, transactional leadership, organizational culture has an effect on organizational change. Transformational has effect leadership has no significance for organizational change, however transactional leadership and organizational culture has significantly positive effects on organizational change. In development bank employees has been doing routine and specific, pre schedule work and target oriented work. The employees don't need to work other work than schedule or routine work, their supervisor set working schedule and target if they get target they were promoted, if not they will demoted. Hence transformational leadership style has less effect than transactional leadership style. Banking has also separate norms, value and ethics which we can say culture, and culture plays importance moderate roles in organizational change.

5.2 Conclusion

Leadership plays a significant and essential role in driving organizational change. Leadership style is the way in which the process is carried out. And the study concluded that leadership style has effect on organizational change with moderate variable organizational culture in development bank of Nepal. The study found that transactional leadership, organizational culture did has significant influence on organizational change where transformational leadership has not significant influence on organizational change. Because Nepalese banking sector has pre described schedule and routine work, hence employees are not agreed on transformational leadership.

5.3 Implications

The study was observed and noted to provide crucial and significant insights into leadership style and organizational change. The findings or results of this study based on views of employees who has been working in development bank of Nepal. The study made the following recommendations for further study.

- i. This study specifically examined the transformational and transactional leadership style only. Hence, future research could include further leadership style (i.e. Laissez faire, Autocratic, Democratic leadership style).
- ii. Transformational leadership was seen no significance on organizational change in development bank. It is recommends that leaders and managers of the development bank use this leadership style properly to motivating employee for organizational change.
- iii. Transactional leadership style has a positive effect on organizational change in development bank. It is recommends that leaders and manager of the bank use this leadership style for time frame, routine work, to achieve prescribed target in a quick and efficient manner.
- iv. The similar study on this topic is very less. So research could be conducted in other financial institutions, service and manufacturing sectors.
- v. The Bank must promote the employees engagement program for decision making and motivate them by managing work life balance, investments in capacity development and leadership development.
- vi. This study has been conducted for academic purposes. Therefore, similar research can be carried out for professional proposes.

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Appendix Questionnaire for Research

Dear Respondent,

I (Ganesh Aryal) hereby cordially request you that I'm preparing to thesis on **Leadership style and Organizational Change in development banks of Nepal** as the partial fulfillment of master of business studies (MBS) from Tribhuvan University. These questions pertain to your experience in your current job and organization. Your answers will be kept strictly confidential and will only be used for this research purpose. I hereby kindly request you to fill the questionnaires. Your kind information will be highly appreciated.

Section A: Demographic Information

1) Name of the Organization (Bank).....

2) Age.....(Years)

3) Position in the institution

Department/section.....

4) What is your education status?

10 ⁺ 2	
Bachelor	
Degree	
Above	

5) How long have you been in the Organization?

Less than 5 years	
5-10	
11-15	
More than ten years	

Section B: Likert Scale Questionnaires

PART ONE: Transformational Leadership

Please, indicate with a tick (✓) your opinion on each of the statements. The meaning of the scores 1-5 is given below. [5 = Strongly Agree, 4= Agree, 3 = Neutral, 2 = Disagree and 1 = Strongly Disagree]

S.N.	Transformational Leadership	1	2	3	4	5
1	Leaders influence the followers to accept the change					
2	Leaders increase the motivation to change					
3	Leaders articulate clearly the future					
4	Leaders build genuine trust between team and followers.					
5	Leaders adjust the culture to meet the long term needs for change.					
6	Leaders develop skills of employees to meet the requirement of change					

PART TWO: Transactional Leadership

Please, indicate with a tick (✓) your opinion on each of the statements. The meaning of the scores 1-5 is given below. [5 = Strongly Agree, 4= Agree, 3 = Neutral, 2 = Disagree and 1 = Strongly Disagree]

S.N.	Transactional Leadership	1	2	3	4	5
1	Leader offer reward for achievement of change					
2	Leader use punishment when change objectives are not achieved.					
3	Leader sets clear goals					
4	Leaders motivate followers towards achievement of change					
5	The leader dominates the change process by command and control procedures.					
6	Overall success of the change depends on whether the leader has the power.					

PART THREE: Organizational culture.

Please, indicate with a tick (√) your opinion on each of the statements. The meaning of the scores 1-5 is given below. [5 = Strongly Agree, 4= Agree, 3 = Neutral, 2 = Disagree and 1 = Strongly Disagree]

S.N.	Organizational culture.	1	2	3	4	5
1	Organization has norms, beliefs and values that help change.					
2	Organization members are collaborative with change.					
3	Organization culture affects leadership.					
4	There is a culture of refusing change					
5	Organization member have a way of their views.					
6	Change in the organization is communicated early.					

PART FOUR: Organizational Change.

Please, indicate with a tick (√) your opinion on each of the statements. The meaning of the scores 1-5 is given below. [5 = Strongly Agree, 4= Agree, 3 = Neutral, 2 = Disagree and 1 = Strongly Disagree]

S.N.	Organizational Change	1	2	3	4	5
1	Change leads to organization improvement.					
2	Change leads organization sustainability.					
3	Change achievement is difficult					
4	There is resistance to change					
5	Leaders are responsible for the change process.					
6	Change helps organization to become more effective					

Thanks

LEADERSHIP STYLES AND ORGANIZATIONAL CHANGE IN ...**By: Ganesh Aryal**As of: Jul 4, 2024 4:37:53 PM
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i LEADERSHIP STYLES AND ORGANIZATIONAL CHANGE IN DEVELOPMENT BANK OF NEPAL A Dissertation submitted to the Office of Dean, Faculty of Management in partial fulfillment of the requirements for the Master's Degree by: Ganesh Aryal Symbol No: 13341/2019 T.U. Regd. No: 7-2-39-242-2014 Roll No: 180/075 Shanker Dev Campus Kathmandu, Nepal June 2024 ii Certification of Authorship I hereby confirm that I have researched and submitted the final draft of dissertation entitled 'Leadership styles and organizational change in development bank of Nepal'.