

Research Report on

**Relationship of Organizational Structure with Transformational  
Leadership Practice in Public Sector: Evidence from Local Governments of  
Nepal**

(Type II Research)

**Submitted To:**

**Research Committee,**

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## **Executive Summary**

The research project titled “Relationship of Organizational Structure with Transformational Leadership Practice in Public Sector: Evidence from Local Governments of Nepal” aims to examine the relationship of components of organizational structure with transformational leadership practices. Transformational Leadership is measured using a set of four items of charismatic leadership subscales - vision, role modelling, inspirational communication, and intellectual stimulation developed by House (1998). Similarly, the organizational structure dimension consists of hierarchical authority structure, weak lateral/upward communication, human resource red tape, procurement red tape and performance measurement.

The effect of each dimension of organizational structure on transformational leadership was examined using linear regression analysis. This research design is descriptive and has utilized a quantitative method to analyze the primary data collected using an online and physical survey questionnaire. The respondents of this study are the employees of municipalities, sub-metropolitan cities and metropolitan cities of Bagmati and Madesh province.

The main finding of this study validates the relationship of organizational structure and transformational leadership behaviors. Out of the five dimensions of organizational structure, two factors namely lateral/upward communication and performance measurement use has a significant positive relationship with the transformational leadership behaviors. The study has also revealed the presence of human resource and procurement red tapes in the local levels. Nevertheless, the impact of these factors is not seen in the transformational leadership behaviors. These constraints are external to the organization and are more related to compliance to the laws so the impact could be minimum. Similarly, the hierarchical authority structure also has no impact on the transformational leadership behaviors.

The study has tried to explore an under researched area in public sector – relationship between transformational leadership behaviours in the Nepalese local level government and the organizational structure.

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background**

The VUCA (volatile, uncertain, complex and ambiguous) world has led every institution subject to change. The unprecedented and rapidly changing environment and the pandemic, COVID 19, demands change in the organizational structure and the pattern of work. In this context, organizations in both private and public domain entail transformational change to survive and cope to the fluctuating environment (Warrick, *The Urgent Need for Skilled Transformational Leaders: Integrating Transformational Leadership and Organization Development*, 2011). It has created a greater need than ever for strong and effective leadership in the organizations. The complex environment and structure requires adaptive leaders (Pink, 2006). A crucial component in organizational change is the style of leadership that the leaders portray. It depends on the leaders on how to introduce, accept and adopt the changes through new ideas and well-designed strategic plan and vision (Harb & Sidani, 2019).

Various studies pinpoint about importance of one type of leadership over the others given a specific context. However, the scholars have posed that in the changing scenario, transformational leadership is the more preferred style to lead and manage the change. In this context, there is an urgent need for the transformational leaders who have skills to re-invent and build the organizations capable of succeeding in the present times. Over the years, scholars have studied and emphasized the role of transformational leadership on managing change depending on the nature of the organizations. Transformational leaders have skills to lead, change and transform organizations. They have a clear vision and are inspiration to their subordinates (Warrick, 2011).

There are numerous studies of transformational leadership been practiced and applied by the private sector however, very less attention has been given by public management scholars on studying the transformational leadership practices in the government organizations. The bureaucratic mechanisms in the public sector gives the picture that there are only a few transformational leaders and that too not very effective in the public sector organizations. However, the studies and analysis done shows that transformational leadership behavior is effective in public organizations. The rigid and hierarchical organizational structure usually present in the government organizations makes centralization, formalization and routinization a common practice. The hurdles created by these are more evident in procurement and human resource management (Wright & Pandey, 2009).

With the adoption of the federal system, Nepal has embarked on a massive makeover. Making the government more efficient and responsive to the demands of the Nepalese people is the fundamental pillar of federalization. The key to this is to make public administration the executive arm of the government in the form of institutions and functions. (Bajracharya & Grace, 2014). The local elections were held almost after two decades in Nepal and leaders were elected politically to lead the local levels. The leader's vision, organizational structure of the local level, bureaucratic civil servants who deliver the services of public, and the locals are among the few prominent factors that affect the transition phase. In this study, researchers will study the degree of relationship of the transformational leadership practices of political leaders and the prevalent organizational structure of the newly formed local levels of Bagmati and Madhesh Pradesh of Nepal.

## **1.2 Statement of Problem**

The structural reform of Government of Nepal has resulted the three tiers of government with the local levels being the largest consisting of 753 local governments. The Constitution of

Nepal 2015 and the Local Government Operations Act have provided defined set of rights with autonomy to the local government to serve for greater good of their citizens. The local government tier can function as the independent units and have their own plans and policies and their set of challenges. With the structural reform, the local government has embarked the path of change in order to ensure the smooth public service delivery. The employees of the organization have their roles in delivering the services. Therefore, the changing context demands a skilful leader who can lead and manage the employees working in the local bodies. There are multiple levels of actors in local governments including the elected officials, government employees and other stakeholders that influence the overall performance of the local government (Valero, Kyujin, & Andrew, 2015). The elected officials of local governments are more likely to build organizational resiliency because they are expected to respond to the needs and interests of the citizens that elected them into office as the vote of constituents is important for re-election (Mayhew, 2004). The emergence of transformational leadership depends on the social context in which the leaders and followers interact but transformational leadership is more likely to emerge in the times of distress and change while transactional leadership is observed at a time of stability. (Adanri & Singh, 2016).

The transition from unitary to three tiers of governments in Nepal has also brought some challenges to implement the federal structure envisioned by the constitution. The local levels have their own structure with various divisions and functional departments. Similarly, there are other factors that contribute to the organizational structure like the hierarchical structure, communication structure, formalization and performance measurement. These structural dimensions are supposed to have influence on the leadership practices (Wright & Pandey, 2009). To lead such change, the leader should be skilful in controlling and directing the process of policy making by regulating the power, structure and process. Such intervention will make them depart from other leadership styles and their traditional role and encourage them to

become community mobilizer and facilitator. The leaders also should figure out the community values and make everyone move towards the collective values. S/he should use their communication skills to collect information and disseminate it to the public in order to create uniformity. Similarly, the leader should set the culture that effects the structure of the organization. Through progressive interactions, the leader should act as a catalyst and construct the support group required to operate the office of local level. Further, the success of the organization will be dependent on the vision or plan set by the leaders. Local government leaders who follow the fundamentals of strategic planning will get an understanding of the environmental factors that affect their organization, and will be able to build a cohesive vision that will serve as a guide to the future. The ultimate benefit of having a clear vision is to establish a system in which the organization's resources are prioritized in order to address strategic concerns (Abels, 1997). These are some of the traits of a transformational leader. Transformational leaders articulate and communicate his/her vision of the organization clearly and set a good example. They motivate the employees of the local government with the clear strategic vision and seek innovative solutions to the existing problems. In this context, it is paramount to explore the prevalent leadership practices of political leaders and the relationship of the leadership style with the existing organizational structure.

### **1.3 Research Objectives**

The general objective of this study is to understand the practices of transformational leadership in local governments of Nepal and the relationship that the organizational structure has on the transformational leadership practices. The specific objectives of the research are as below:

- i. To explore practice of transformational leadership in local governments of Nepal
- ii. To analyse the relationship of organizational structure on the transformational leadership.

## **1.4 Rationale of Study**

The past studies have pointed out the importance of transformational leadership for the organizational change. According to (Rainey & Watson, 1996), transformational leaders manage themselves and lead others by having a solid vision, communicating the vision, gaining trusts through the results, and institutionalizing change. Transformational leaders inspire their subordinates by presenting innovative ideas and helping organizations understand and respond to the opportunities and threats they face through intellectual stimulation. They give individualized consideration by including subordinates in decision making and being sensitive to their needs and circumstances. Similarly, through inspirational motivation, leaders communicate and express the positive and encouraging message to build motivation and confidence among the subordinates. Likewise, articulating a vision for clear goals to express an idealized picture of the organization based on values is possible through idealized influence, one of the another behaviours of a transformative leaders (Rafferty & Griffin, 2004).

Abundant studies in this area have been carried out in the international context. Yet, it is one of the less explored areas in context of Nepal and that too in the case of local level. So studying the pattern of leadership styles and the relationship of the transformational leadership with the organizational structure will help understand the current scenario in local level of Nepal. The changing governance landscape demands a leader to manage the unpredictable and unstable organization. The findings from this study would also provide insights to the practitioners and pave ways for future researches.

## **1.5 Study Limitations**

- The sample taken for this study included employees of various local levels. The employees working at province and federal levels are excluded in this study.
- The researcher will be limited to available literature and observations from abroad for theoretical framework and general part of the study as there are no relevant literatures in context of Nepal.
- Chief Administrative Officers are not considered as a leader or respondent in this study and only the elected leaders (mayors) are studied. Further, the administrative leadership, which is also an important aspect in any organization, is not considered for this study. The study mainly focuses on the political leadership of the elected officials of local government.

## CHAPTER II

### RELATED LITERATURE AND THEORETICAL FRAMEWORK

This chapter mainly deals about the various literatures that were referred for this research. The literatures related to transformational leadership, organizational structure and the relationship between them are discussed which helped to identify the research gaps and formulate the theoretical framework for the research.

#### 2.1 Literature Review

The transformational leadership was first conceptualized by Burns (1978). The transformational leadership, when conceptualized, was a different approach from the usual understanding of leadership which mainly focused on rewards and individual gains. The transformational leadership focused on motivation by changing the follower's attitudes and behaviours (Burns, 1978). Bass (1998) has concluded that transformational leadership was particularly powerful and had the foundation to move followers beyond what was expected and the transformational leaders did more than set up exchanges and agreements. The transformational leaders behave in certain ways in order to raise the level of commitment from followers classifying transformational leadership as the Full Range of Leadership (FRL). FRL relates transformational leadership with transactional and laissez faire leadership styles.

| Laissez Faire        | Transactional                 |            | Transformational       |                                         |                                           |                                           |                                         |
|----------------------|-------------------------------|------------|------------------------|-----------------------------------------|-------------------------------------------|-------------------------------------------|-----------------------------------------|
| Hands-Off Leadership | Management by Exception (MBE) |            | Contingent Reward (CR) | Individual Consideration (IC)<br>Caring | Intellectual Stimulation (IS)<br>Thinking | Inspirational Motivation (IM)<br>Charming | Idealized Influence (II)<br>Influencing |
|                      | Passive MBE                   | Active MBE |                        |                                         |                                           |                                           |                                         |

Figure 1. The Full-Range Leadership Model

Transformational leaders transform their followers by inspiring them to commit to the shared vision and goals of the organization. According to (Barbuto & Cummins-Brown, 2000), (Sosik, J, & Jung, 2010) and (Bass, Bernard, & Riggio, 2006) this is possible through employing one or more of the four behaviors of Transformational Leadership are:

- i. **Idealized influence (II):** One of the innate attributes of the transformational leaders is that they challenge their subordinates to become innovative and develop them to become problem solvers by coaching and mentoring. The leader becomes a role model, walks the talks and displays in actions and words a strong sense of purpose maintaining ethics and integrity. The leader exhibits a great commitment and persistence in pursuing objectives by developing trust and confidence among employees.
- ii. **Inspirational Motivation (IM):** Leaders should motivate and inspire their followers by speaking to them. They create and communicate and demonstrate inclusive vision as well as performance objectives for their followers. They "raise the bar" for their organization establishing new standards and goals for their followers' efforts. It is a leader's responsibility to help followers envision the future and show a bigger picture of their contribution to achieve the organizational goals. The leader clarifies where the organization will be in the future creating a sense of purpose by aligning individual and organizational efforts.
- iii. **Intellectual Simulation (IS):** Through intellectual simulation, leaders simulate followers' creativity. Leaders that use IS test their followers' assumptions, procedures, and paradigms, challenging them to rethink their solutions and come up with fresh ways to tackle the problems. Such leaders involve their followers in

the decision-making process and encourage to take risk by enabling subordinates to experiment with their ideas and not responding too harshly to failure. The leaders enable the followers to think out of the box by encouraging imagination and challenging old ways of doing things.

- iv. **Individual Consideration (IC):** A true leader wants their followers to become a great leader in future. Individual Consideration of Transformational Leadership is that trait which focuses on the development of followers. Through coaching, mentoring, guiding and listening and addressing the need of the followers, the leader seeks for achievement and growth of the followers. Leader creates a conducive environment of learning and communicating making a strong personal connection with employees. The leader considers and empathizes with individual needs and shows compassion in his/her actions.

Central to the leadership literature for almost three decades, transformational leadership has been recognized as that leadership style which increases the awareness of the subordinates of the organization towards achieving the collective goals (Harb & Sidani, 2019). The literatures show that transformational leaders are at times trapped in a wide range of leadership challenges. **Transactional leadership** on the other hand, are only focused on the completion of the tasks. It is characterized by contingent reward and management by exception (active and passive) styles of leadership. These kind of leadership styles pinpoints on what rewards or punishment the followers get if they complete or fail to do the tasks respectively. In the same way, Laissez faire leaders tend to withdraw from the leadership role and offer a very less or no direction or support even when needed. They are not available even in the crucial times. (Kirkbride, 2006) Similarly, a thorough review of various research works was conducted by Stewart (2006) where

he has argued that the leadership is continuously evolving responding to the complex situations and the transformational leadership will continue to evolve in order to adequately respond to the changing needs and reforms.

### **Organizational Structure**

Organizational structure is how jobs are formally divided, grouped and coordinated (Robbins & Judge, 2007) Organizational structure may be called as framework of any organization which provides the primary foundation. Each structural components of the organization have a unique relationship with the transformational leadership styles. Organization size, culture of working, organizational chart, formal reporting channels, grouping of individuals into departments and the design to ensure communication, coordination and integration are vital in determining the functioning of the organization (Sibindi, 2014).

### **Relationship between transformational leadership and organizational structure**

Organizational theorists (classical and contingency scholars) have propounded that different organizations have different structures and this is determined by various factors underlying in the system. Though there are different reasons for this, the scholars have agreed on three common determinants of organizational structure (Sibindi, 2014) namely: span of control (reporting channels, authority and hierarchy), communication and performance measure.

Span of control means the number of subordinates reporting to a manager (Gulick, 1937). Span of control determines the chain of command in the organization affecting the reporting lines, authority and hierarchy. Public organizations usually have narrow span of control; thus their structure is tall. Similarly, span of control is major determinant in pinpointing hierarchical design as the it determines the number of levels of chain of command (Williamson, 1975). Moreover, span of control is instrumental in defining the relationship between the leader and the sub-ordinates

influencing the style of leadership (Sibindi, 2014). Though different literature suggests different number of optimal hierarchical levels in the organizations, (Meier & Bohte, 2000) suggested that there is no any ideal number so as to have the fixed level of hierarchies in any organizations. However, (Woodward, 1980), (Urwick, 1956) and (Blau, 1968) have argued that six (6) is the median optimal span that an organization should seek for. (Gulick, 1937) concluded in his study that the number actually depends on the individual preferences and abilities and the key organizational variables i) diversification of functions ii) element of time and iii) element of space. Span of control ultimately reflects in the decision making process and the power of the organization as it lays authority to specific layer. It also pinpoints on the concept of centralization and decentralization affecting the leaders in exhibiting transformational leadership practices. Furthermore, the structure governs the communication channels and mechanisms in the organization. Bureaucratic structures often fail in implementing the effective communication approaches as they practice top-down communication mechanism that too following multiple layers. In the public sector, communication is supposed to be goal-oriented, planned, and logical to a large extent, making it predictable, accurate, and effective. Given the recent public sector reforms, it is expected that the models and ideas of strategic communication to be imported from the private sector following more of upward, lateral and two ways (top-down and down-up) approaches to improve the performance and capacity to meet specified goals and assist internal processes of coordination, control, and assessment (Fredriksson & Pallas, 2018). Researches show that effective communication can affect employees' attitude which indeed related to organizational identification (Wiesenfeld, Raghuram, & Garud, 1999).

Communication facilitates in the development of a shared interpretative framework among members of an organization. Shared meaning establishes an organization's identity and, as a consequence, may enhance member identification by instilling a sense of ownership in them. Individual communication frequency with the organization increases commitment to the organization because regular interaction makes people feel like active members in the organization.

Active engagement creates the sense of greater control (Wiesenfeld, Raghuram, & Garud, 1999).

In addition to the hierarchy, organizational structure plays an important role in how an organization performs. Productivity is the very goal of every organization (Chegini, Yousefi, & Rastad, 2013). Based on the organizational structures (flat, tall, matrix, divisional, geographical, bureaucratic, and so on) the performance and resource utilization is determined. Furthermore, while trying to understand leadership in public organizations, it has lately been claimed that the limited use of performance assessment and the lack of management discretion required to relate incentives to success are major concerns that demand more attention (Wright & Pandey, 2009). Literatures show that public sector organizations have complex and vague performance goals that are difficult to measure. Due to the rigidity in the system, the relationship between extrinsic reward and performance of the employees is also fragile (Wright B. E., 2001). Performance evaluation and incentives are frequently used in tandem. When the performance is tough to measure, it is challenging to construct clear-cut reward conditions that allow managers to link extrinsic incentives with performance. As a result of the lack of explicit goal-reward contingencies, leaders may be tempted to depend more on personal rather than positional capabilities, which are the bedrock of transformative leadership. Consequently, a few researchers have proposed that organizations having clear and defined goals that allow objective or highly consensual means of measuring results are less fit to transformative leadership (Shamir & Howell, 1999). Rather, more ambiguity in the criteria for measuring an organization's success is intended to encourage transformational leadership by giving leaders more leeway in defining organizational standards and vision in ways that best motivate their people. Undoubtedly, the relationship between organizational performance management and leadership may be determined by whether the organization views performance management as merely a reporting requirement to be met or as a learning opportunity to challenge existing practices and persuade others of the validity of certain outcomes (Wright & Pandey, 2009). Even if organization's leadership believes in the former standpoint, the ongoing existence of financial and personnel control systems that prioritize compliance and error avoidance

commendably restricts their discretion and impairs their capacity to utilize performance metrics. (Moynihan, 2005).

Red tape is defined differently by authors in various context. According to (Argyris, 1957) and (Baldwin, 1990) red tape is ineffective procedure that reduces organizational performance, may inhibit self-expression, responsibility, growth and achievement. In other words, “rules, regulations, and procedures that remain in force and entail a compliance burden for the organization but have no efficacy for rules’ functional object (Rainey, Pandey, & Bozeman, 1995). Red tape can be on the dimensions of human resources and procurement. (Pandey S. K., 2020) provides a psychological process view definition as follows, “Bureaucratic red tape is role-specific subjective experience of compliance burden imposed by an organization.” The term role-specific recognizes that the reality of bureaucratic red tape is tied to specific roles with respect to the organization. The existence of human resource red tape in the public sector implies unnecessary and counter-productive obsession with rules rather than results, and with processes instead of outcomes. (Boyne, 2002). Some scholars have suggested that red tape has a significant impact on the performance.

### **Transformational Leadership and Organizational Structure in the Present Context**

Change is inevitable. In a constantly changing world, it is important to generate new ideas and manage the change. The successful implementation of organizational change should therefore be considered as a key managerial task (Nging & Yazdanifard, 2015). Authors and researchers all agree that leadership plays a very important role in managing organizations or in achieving different organizational changes (Abbas & Asghar, 2010). The role of leadership is becoming more and more crucial. Thus, according to (Warrick, 2008) the leaders who will be able to face these difficult times that are undergoing dynamic changes are the transformational leaders. Nothing could transform an organization faster or prepare it better for future success than

competent transformational leaders (Warrick, 2011). However, the relation between the characteristics of transformational leadership and organizational change because of changed organizational structure have not been much investigated.

## 2.2 Theoretical Framework

The research mainly tries to analyse the relationship of organizational structure on the transformational leadership practices in local governments of Nepal. The independent variable for this study is the organizational structure and the dependent variable is the transformational leadership. The theoretical framework is presented in the figure below:

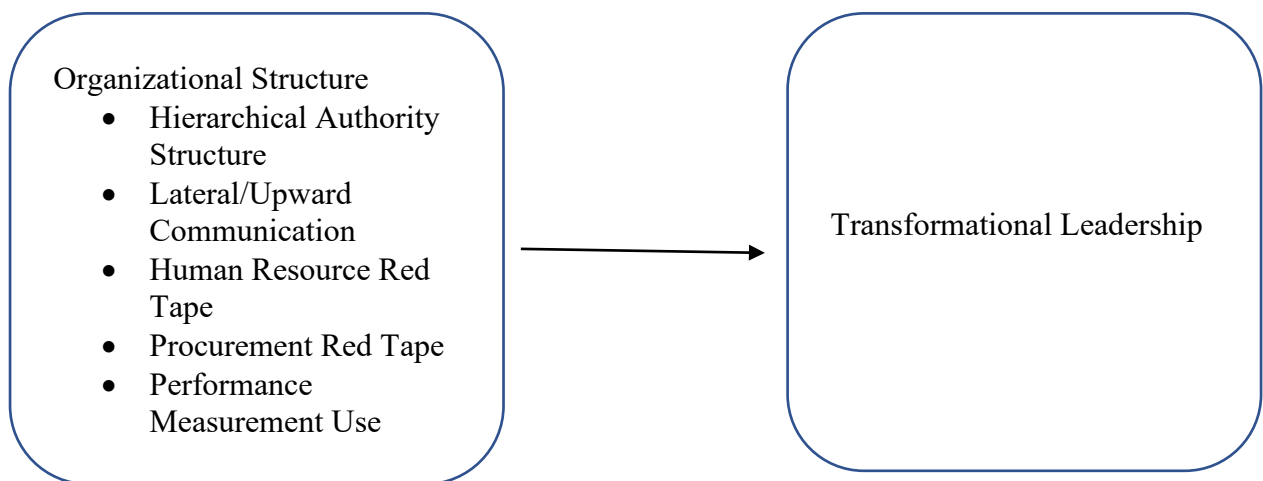


Figure 2: Theoretical Framework Of Research

The transformational leadership would be measured using a set of four items of charismatic leadership subscales - vision, role modelling, inspirational communication, and intellectual stimulation developed by House (1998) that depict the three transformational dimensions - inspirational motivation, idealized influence, and intellectual stimulation (House, 1998). The various dimensions of organizational structure that would be considered for the study including

– hierarchical authority structure, lateral/upward communication, procurement red tape, human resource red tape and performance measurement use. The constructs of previous similar studies would be used for measuring the organization structure. The lateral/upward communication, and procurement red tape would be measured using the constructs developed by (Pandey & Garnett, 2006). The human resource red tape would be measured using the construct developed by (Pandey & Scott, 2002) , the hierarchy authority structure would be derived from (Bozeman, 2000) and the performance measurement use component would be based on the framework by (Brudney, Hebert, & Deil, 1999).

The measurement items are given in the table below:

Table 1: Variables of Study and their Measurement Items

| <b>Variables of Study</b>                                                           | <b>Measurement Items</b>                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Transformational Leadership</i><br>-adapted from House (1998)                    | <ul style="list-style-type: none"> <li>• Mayor clearly articulates his/her vision of the future</li> <li>• Mayor leads by setting a good example.</li> <li>• Mayor challenges me to think about old problems in new ways.</li> <li>• Mayor says things that make employees proud to be part of the organization.</li> <li>• Mayor has a clear sense of where our organization should be in 5 years.</li> </ul> |
| <i>Lateral/upward communication</i><br>-adapted from Pandey and Garnett (2006)      | <ul style="list-style-type: none"> <li>• Upward communication about problems that need attention is adequate.</li> <li>• Lateral communication about work-related problems is adequate.</li> </ul>                                                                                                                                                                                                             |
| <i>Performance measurement use</i><br>-adapted from Brudney, Ted, and Wright (1999) | <ul style="list-style-type: none"> <li>• Benchmarks for measuring program outcomes or results.</li> <li>• Systems for measuring customer satisfaction.</li> <li>• Obtaining an external review of organizational performance.</li> </ul>                                                                                                                                                                       |
| <i>Hierarchical authority structure</i><br>-adapted from Bozeman (2000)             | <ul style="list-style-type: none"> <li>• Please assess the extent of hierarchical authority in your organization: (Please enter a number between 0 and 10, with 0 signifying few layers of authority and 10 signifying many layers of authority)</li> </ul>                                                                                                                                                    |

|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Human resource red tape</i></p> <p>- adapted from Pandey and Scott (2002)</p> | <ul style="list-style-type: none"> <li>• Personnel rules make it hard to remove poor performers from the organization.</li> <li>• Personnel rules on promotion make it hard for a good employee to move up faster than a poor one.</li> <li>• Pay structures and personnel rules make it hard to reward a good employee with higher pay here.</li> <li>• Personnel rules make it hard to hire new employees.</li> </ul>                                                      |
| <p><i>Procurement red tape</i></p> <p>- adapted from Pandey and Garnett (2006)</p>  | <ul style="list-style-type: none"> <li>• Rules and procedures governing purchasing/procurement in my organization makes it difficult for managers to purchase goods and services.</li> <li>• Due to standard procedures, procurement is based more on the vendor's ability to comply with rules than on the quality of goods and services.</li> <li>• Rules governing procurement make it hard to expedite purchase of goods and services for a critical project.</li> </ul> |

## 2.3 Research Hypothesis

The following hypotheses are set for the study:

H1: The hierarchical authority structure has relationship with the practice of transformational leadership behaviors.

H2: The lateral/upward communication in an organization has relationship with the practice of transformational leadership behaviors.

H3(a, b): The organizational formalization (measured as [3a] procurement red tape and [3b] human resource red tape) has relationship with the practice of transformational leadership behaviors.

H4: The use of organizational performance measures has relationship with the transformational leadership behaviors.

## **CHAPTER III**

### **RESEARCH METHODS**

This chapter is mainly concerned with the various processes and procedures that have been used to collect and analyze the data for the study. The chapter deals more specifically with how the study was carried out in order to meet the objectives set for the study.

#### **3.1 Study Design**

The study design for this research is descriptive and analytical. Descriptive research mainly describes characteristics of a population or phenomenon being studied. It does not answer questions about how/when/why the characteristics occurred. Rather, it addresses the "what" question like what are the characteristics of the population or situation being studied (Shields & Rangarajan, 2013). The opinions, behaviours and characteristics of the respondents are assessed in this research in order to meet the objectives and the general philosophy of the research. Various analytical and inferential statistical methods have also been utilized in order to reach the conclusion of the research. The study has tried to study the transformational leadership practices of mayors in local levels of Nepal and its relationship with the organizational structure. The variables are measured using the constructs used in the previous studies. The study mainly focuses on the five major components of organizational structure namely lateral/upward communication, performance measurement use, human resource red tape, procurement red tape and hierarchical authority structure (Wright & Pandey, 2009). The findings of this research is mainly based on quantitative data collected by distributing online and offline questionnaire with the target participants.

### **3.2 Population and Sample**

The population for this study are the employees of various local governments of Nepal. After the formation of federal structure in the country, there are a total of 753 local governments in Nepal. These local levels consist of rural municipalities, municipalities, sub-metropolitan and metropolitan cities and are spread across the seven provinces of Nepal. This study has considered the municipalities, sub-metropolitan and metropolitan cities, and excluded the rural municipalities. The employees of the municipalities working at different levels excluding the chief administrative officers are considered for the study. The chief administrative officers are the administrative leaders and are usually the employees of federal government who are posted for a fixed period only. So, this study has considered the employees employed by the local governments.

Roscoe (1975) has proposed a rule of thumb for unknown population which states that a sample size of at least 30 and below 500 are appropriate for most researches. (Hair, Black, Babin, & Anderson, 2014) state that the sample size of any research affects the generalizability of the results by the ratio of observations to independent variables. A general rule is that the ratio should never fall below 5:1, meaning that five observations are made for each independent variable in the variate. Although the minimum ratio is 5:1, the desired level is between 15 to 20 observations for each independent variable. When this level is reached, the results should be generalizable if the sample is representative (Hair, Black, Babin, & Anderson, 2014). In this study, the maximum number of independent variables is 5, so considering 20 observations for each independent variable, a total of 200 were needed for the research in order for the sample to be representative. Based on this rule, a sample size of at least 200 was assumed and the questionnaires were distributed to the respondents. For sampling, random sampling was used and the responses were collected from all the sampled local levels. In order to reduce the

possibility of bias, the study has tried to take enough samples from as many local levels of the two provinces as possible considering different genders, education levels and age groups.

Among the seven provinces, the two provinces of Nepal with relatively higher percentage of municipalities have been considered for the study. The two provinces chosen on this basis are Bagmati and Madhesh province with 38% and 57% municipalities respectively. All the municipalities of these states were considered for the study. The email id of the employees working in the municipalities of these two states were collected from the official websites and the questionnaire was emailed to them. The responses were also collected by physically visiting municipalities of Kathmandu and Lalitpur districts. A total of 206 valid responses were collected and the same is considered for this study.

### 3.3 Respondent's Demographic Profile

The demographic profile of the respondents consists of various groups based on gender, age group and education level. The following information about the 206 respondents were collected:

- Gender
- Age Group
- Education Level

Table 2

*Respondent's Gender Profile*

| <i>Gender</i> | <i>Frequency</i> | <i>Percentage</i> |
|---------------|------------------|-------------------|
| <i>Female</i> | 50               | 24.27             |
| <i>Male</i>   | 155              | 75.24             |
| <i>Others</i> | 1                | 0.49              |

From table 2, the gender distribution of the data sample can be analyzed. Among the total respondents, about 75% of the respondents are male and about 25% are female. The percentage of female employees at various governments is only about 23% (Shrestha, 2017). Considering the national averages, the population sample, hence, can be assumed to be fairly distributed across both the male and female genders and can be considered as representative sample of both the genders.

Table 3

*Respondent's Age Profile*

| <i>Age Group</i>   | <i>Frequency</i> | <i>Percentage</i> |
|--------------------|------------------|-------------------|
| <i>21-30 years</i> | 67               | 32.52             |
| <i>31-40 years</i> | 76               | 36.89             |
| <i>Above 40</i>    | 63               | 30.58             |

The table 3 mainly deals with the age groups of the respondents. The respondents are almost equally distributed among the age groups of 21-30 years, 31-40 years and above 40 years. The conclusion of this research would be representative of the employees of all age groups.

Table 4

*Respondent's Education Level Profile*

| <i>Education Level</i>   | <i>Frequency</i> | <i>Percentage (%)</i> |
|--------------------------|------------------|-----------------------|
| <i>SLC</i>               | 1                | 0.49                  |
| <i>10+2</i>              | 33               | 16.02                 |
| <i>Bachelors</i>         | 68               | 33.01                 |
| <i>Masters and above</i> | 104              | 50.41                 |

The education level profile of the respondents is presented in table 4. The respondents are highly educated with more than half having at least a master's degree. About one-third respondents have a bachelor's degree.

From the analysis of the demographic profiles, it can be concluded that the sample used for this study consists of mostly highly educated employees of different age groups and are fairly representative of both the genders.

### 3.4 Respondent's Geographic Profile

The study has mainly focused on Bagmati and Madhesh Provinces of Nepal. The respondent's geographic location is given in the table below:

Table 5

*Respondent's Geographic Profile*

| <i>Province</i> | <i>Frequency</i> | <i>Percentage (%)</i> |
|-----------------|------------------|-----------------------|
| <i>Bagmati</i>  | 131              | 63.60                 |
| <i>Madhesh</i>  | 60               | 29.12                 |
| <i>Blank</i>    | 15               | 7.28                  |

From the table 5, it can be observed that most of the responses were collected from Bagmati Province. The questionnaire had some responses related to the organization they were working at so the name of local levels was kept optional. Due to this reason, some blank responses were also received but the number is very low (about 7.28%).

### 3.5 Data Collection Procedure

The study is mainly based on the primary data collected using a self-administered questionnaire. The questionnaire was prepared using inbuilt tools in google forms and was distributed both online and physically to the target population. For this study, the municipalities of Bagmati and Madhesh Provinces were selected. The google form was printed and distributed to the employees of municipalities working in Kathmandu and Lalitpur districts. For other

districts of Bagmati and Madhesh Pradesh, the email ids of the employees were collected from their respective websites and the questionnaire were sent to them via email. The responses submitted by the participants were validated and then entered in the excel sheet and then imported in SPSS. From the survey, a total of about 206 responses were valid and the same responses were used for further analysis.

The secondary data was used mainly for the literature review and in order to understand and construct the theoretical framework of the study. The secondary data were collected mainly from established journals, online websites and reports from established bodies namely Ministry of Finance, Central Bureau of Statistics and Ministry of Federal Affairs and General Administration.

### **3.6 Instrumentation of Data**

The data was mainly collected using a well-structured questionnaire. The questionnaire was designed very carefully so that it is reliable and fits the purpose and objective of the study. The questionnaire includes structured questions and answers in the form of single response and Likert Scale responses. The questionnaire was also translated in Nepali by the researchers for effective understanding by the respondents. The questionnaire used for this study can be broadly divided into 3 broad sections as per the topic of the study and the theoretical framework. Section 1 of the questionnaire consists of the questions related to the demographic profile of the respondents. In this section, gender, age group and the education level of the respondents were included in the questions in the form of single response questions. This section also consisted of the name of the local level they were employed at but it was kept optional and some responses were blank.

The section 2 of the questionnaire is related to the dependent variable i.e. Transformational Leadership. The questionnaire used for measuring the transformational leadership behaviour in this study has been derived from previous studies of House (1998). This scale consists of 5 items for measurement. Similarly, the third section consists of questionnaire for measuring the five dimensions of organizational structure. It has been adapted from various previous studies and are summarized in the table 1. The measurements used six-item scale consisting of Strongly Disagree, Disagree, Slightly Disagree, Slightly Agree, Agree and Strongly Agree.

### **3.7 Measures of Reliability using Cronbach's Alpha**

The reliability and the internal consistency of the Likert Scale questions was tested using Cronbach's Alpha scores. Whenever using Likert-type scales it is considered imperative to calculate and report Cronbach's alpha coefficient for internal consistency reliability for any scales or subscales one may be using (Gliem & Gliem, 2003). Thus, it is mandatory that assessors and researchers should estimate this quantity to add validity and accuracy to the interpretation of their data (Tavakol & Dennick, 2011). The value of Cronbach's alpha ranges between 0 to 1. Although there is actually no lower limit to the coefficient, it is generally considered that the closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale (Gliem & Gliem, 2003).

George & Mallery (2003) have provided the rule of thumb for alpha scores which states that “ $\alpha > .9$  – Excellent,  $\alpha > .8$  – Good,  $\alpha > .7$  – Acceptable,  $\alpha > .6$  – Questionable,  $\alpha > .5$  – Poor, and  $\alpha < .5$  – Unacceptable”. Hence based on this rule, the alpha scores above 0.7 are considered acceptable and reliable score for testing the internal consistency. For this research, a properly

structured questionnaire was developed based on the reviews of various literature. The reliability of the Likert scale items is shown in tables 5 and 6.

Table 6

*Reliability Analysis of Independent Variables*

| <i>Independent Variables</i>            | <i>Cronbach's Alpha</i> | <i>No. of Items</i> |
|-----------------------------------------|-------------------------|---------------------|
| <i>Upward and Lateral Communication</i> | 0.814                   | 2                   |
| <i>Performance Measurement</i>          | 0.847                   | 3                   |
| <i>Human Resource Red Tape</i>          | 0.752                   | 4                   |
| <i>Procurement Red Tape</i>             | 0.787                   | 3                   |

Table 7

*Reliability Analysis of Dependent Variables*

| <i>Dependent Variable</i>          | <i>Cronbach's Alpha</i> | <i>No of Items</i> |
|------------------------------------|-------------------------|--------------------|
| <i>Transformational Leadership</i> | 0.949                   | 5                  |

From tables 6 and 7, it can be observed that the Cronbach's alpha value for both the independent variables and the dependent variable is above 0.7. Hence the Likert scale statements used in the research has internal consistency and the reliability for the data collected for analysis.

### 3.8 Softwares Used

For this research, various software and tools were used starting from questionnaire design till final analysis and conclusion. The questionnaire was designed using the web tool of Google Forms and the same tool was used to gather the responses online and offline. The final 206 responses were prepared in the form of .csv files and then imported in SPSS. The main analysis

and various statistical calculations of the data were done using IBM SPSS (Version 25). The results obtained and the interpretations were presented in written format using Microsoft Word.

### **3.9 Data Analysis**

The collected data from the primary source was analyzed using various statistical tools and softwares for interpretation and verification purpose. The general visual overview of the data collected is presented in the form of tables and diagrams for better presentations. The inbuilt tools of Google Sheet and Microsoft Excel were used for data presentation and creating various tables and charts. The data processing and analysis was mainly done in IBM SPSS v25. The data analysis for this study can be divided into two types- descriptive analysis and inferential analysis. For descriptive analysis, frequency, percentage and mean analysis were used and for inferential analysis, linear regression and correlation analysis were carried out. The final conclusion and recommendations are completely based on the findings of the data collected.

### **3.10 Linear Regression Models**

In this study, linear regression analysis has been adopted to analyse the relationship of organizational structure on the transformational leadership practices in the local governments of Nepal. The transformational leadership behaviour is measured using the four components as defined in the literatures (House, 1998 – need to add). The organizational structure is measured using five components: lateral and upward communication as defined by Pandey and Garnett (2006), performance measurement use adapted from Brudney, Ted and Wright (1999), human resource red tape adapted from Pandey and Scott (2002), procurement red tape adapted from Pandey and Garnett (2006) and hierarchical authority structure adapted from Bozeman (2000).

The variables of study are fitted in a regression models for analysis. The regression model is shown below:

$$TL = \beta_0 + \beta_1 Com + \beta_2 PM + \beta_3 HR + \beta_4 PR + \beta_5 HAS + e_x$$

Where,

TL = Transformational Leadership

Com = Upward and Lateral Communication

PM = Performance Measurement

HR = Human Resource Red Tape

PR = Procurement Red Tape

HAS = Hierarchical Authority Structure

## CHAPTER IV

### ANALYSIS AND RESULTS

This chapter mainly deals with the analysis of the collected data using various statistical methods. The initial analysis is done using descriptive analysis in order to describe the nature of the data. After that, inferential analysis is conducted using correlation and multiple regression analysis. The analysis and interpretation of the data is done and major findings are presented.

#### 4.1 Descriptive Statistics and Correlation Matrix

The descriptive characteristics of the various variables used for this study is presented in the table 8. The descriptive statistics consists of mean and standard deviation of the variables used for this study. Similarly, the correlation matrix is presented in table 8.

Table 8  
*Descriptive Statistics of Variables*

| <i>Variable</i>                               | <i>Mean</i> | <i>Std. Deviation</i> | <i>Coefficient of Variance</i> |
|-----------------------------------------------|-------------|-----------------------|--------------------------------|
| <i>Transformation Leadership (TL)</i>         | 5.2786      | 1.6183                | 0.3066                         |
| <i>Upward and Lateral Communication (Com)</i> | 5.0243      | 1.5755                | 0.3136                         |
| <i>Performance Measurement (PM)</i>           | 4.5227      | 1.6604                | 0.3671                         |
| <i>Human Resource Red Tape (HR)</i>           | 5.5692      | 1.2407                | 0.2228                         |
| <i>Procurement Red Tape (PR)</i>              | 5.0906      | 1.4186                | 0.2787                         |
| <i>Hierarchical Authority Structure (HAS)</i> | 5.8600      | 2.5070                | 0.4278                         |

The table 8 illustrates the descriptive statistics of the variables and it can be observed that the standard deviations among the variables of study are in acceptable range and none of the

variables have shown a higher coefficient of variances. On further analysis of the values of the variables, it can be observed that the local level organizations are not highly bureaucratic and the hierarchical authority structure falls around the mid values of 5.86. However, the human resource red tapism and procurement red tapism is relatively higher in local levels of the provinces under the study. Similarly, the political leadership has shown higher degree of transformational leadership behavior with average score of 5.27 (maximum value being 7). The employees at local levels have perceived their political leadership as transformational leaders.

Table 9

*Collinearity Matrix among Variables Of Study (Spearman's Correlation Coefficient)*

| <i>Variables</i>                                                     | <i>TL</i> | <i>Com</i> | <i>PM</i> | <i>HR</i> | <i>PR</i> | <i>HAS</i> |
|----------------------------------------------------------------------|-----------|------------|-----------|-----------|-----------|------------|
| <i>TL</i>                                                            | 1         | .592**     | .693**    | 0.087     | 0.13      | .222**     |
| <i>Com</i>                                                           | .592**    | 1          | .710**    | 0.103     | 0.07      | .192**     |
| <i>PM</i>                                                            | .693**    | .710**     | 1         | 0.109     | .205**    | .224**     |
| <i>HR</i>                                                            | 0.087     | 0.103      | 0.109     | 1         | .377**    | -0.044     |
| <i>PR</i>                                                            | 0.13      | 0.07       | .205**    | .377**    | 1         | -0.041     |
| <i>HAS</i>                                                           | .222**    | .192**     | .224**    | -0.044    | -0.041    | 1          |
| ** <i>. Correlation is significant at the 0.01 level (2-tailed).</i> |           |            |           |           |           |            |
| * <i>. Correlation is significant at the 0.05 level (2-tailed).</i>  |           |            |           |           |           |            |

The collinearity diagnosis among all the variables under study is illustrated in table 9. From the analysis of collinearity matrix table, we can see that three out of five components of organizational structure namely upward/lateral communication, performance management use and hierarchical authority structure show a positive correlation with transformational leadership behavior and the values are significant at 0.01 level. The correlation matrix table supports the fact that organization structure has a positive relationship with the transformational leadership behavior in the local levels of Nepal. Further analysis can be done using the regression analysis.

## 4.2 Multicollinearity Analysis of Independent Variables

Multicollinearity refers to a situation in which the predictor or independent variables in a multiple regression model are related to each other i.e. have a strong correlation. Multicollinearity makes some variables statistically insignificant when they should be significant (Akinwande, Dikko, & Samson, 2015). The independent variable considered in this research –organizational structure has been measured using the five dimensions i.e. Com, PM, HR, PR and HAS. Thus it is necessary to test the multicollinearity. The multicollinearity in this research is tested using variance inflation factor (VIF) and tolerance. VIF indicates whether a predictor has a strong linear relationship with other predictors in the model. The largest VIF should not be greater than 10, and the average VIF should not be much higher than 1. Also the correlation coefficient (R value) should not be greater than 0.9 (Field, 2005). The VIF and tolerance for both the predictors are summarized in table 10.

Table 10

*Multicollinearity statistics of Independent Variables*

| <i>Independent Variables</i>                  | <i>Collinearity Statistics</i> |            |
|-----------------------------------------------|--------------------------------|------------|
|                                               | <i>Tolerance</i>               | <i>VIF</i> |
| <i>Upward and Lateral Communication (Com)</i> | 0.497                          | 2.01       |
| <i>Performance Measurement (PM)</i>           | 0.483                          | 2.069      |
| <i>Human Resource Red Tape (HR)</i>           | 0.878                          | 1.138      |
| <i>Procurement Red Tape (PR)</i>              | 0.871                          | 1.149      |
| <i>Hierarchical Authority Structure (HAS)</i> | 0.93                           | 1.075      |

From table 10, it can be observed that the VIF for the independent variables are between 1 and 2 and below 5 which is acceptable number. Similarly, the tolerance is also below 1. Also, as

shown in table 9, the Spearman's correlation coefficient between the independent variables are below 0.9, which is an acceptable range. Hence it can be concluded that the data set used for this study doesn't have any serious case of multicollinearity between independent variables.

### 4.3 Regression Analysis

The regression analysis is performed in IBM SPSS in order to test the effect of the five components of Organizational Structure (independent variables) on Transformational Leadership (Dependent Variable). The linear multiple regression model is used for this analysis. The hypotheses of the study predicted that all the five components of organizational structure have a relationship with transformational leadership behaviour. The same hypotheses are tested using regression analysis and the results of this regression is expressed in tables 11, 12 and 13.

Table 11

*Model Summary*

| <i>Model</i> | <i>R</i> | <i>R Square</i> | <i>Adjusted R Square</i> |
|--------------|----------|-----------------|--------------------------|
| <i>1</i>     | 0.690    | 0.476           | 0.462                    |

Predictors: (constant), Com, PM, HR, PR, HAS

Table 12

*ANOVA Statistics*

| <i>Model 1</i>    | <i>Sum of Squares</i> | <i>df</i> | <i>Mean Square</i> | <i>F</i> | <i>Sig.</i> |
|-------------------|-----------------------|-----------|--------------------|----------|-------------|
| <i>Regression</i> | 255.308               | 5         | 51.062             | 36.273   | .000        |
| <i>Residual</i>   | 281.538               | 200       | 1.408              |          |             |

*a. Dependent Variable: TL*

*b. Predictors: (Constant), Com, PM, HR, PR, HAS*

Table 11 shows the model summary of the regression analysis. The R value of the model is 0.690 and the R Square value is 0.476. The model is significant at 0.05 confidence level as shown in table 12. A general rule of thumb for interpreting the strength of a relationship based on its R-squared value states that the R-squared value  $0.3 < r < 0.5$  is generally considered a weak or low effect size (Moore, Notz, & Flinger, 2013). The R value in this model is 0.476 which is an acceptable goodness of fit and represents a weak or low effect of the independent variables on the dependent variables. The R square value of 0.476 means that the 47.6% of the variances in transformational leadership is explained by the organizational structure in this model. The beta coefficients and the significance level are illustrated in table 13.

Table 13

*Model Coefficients*

| <i>Regression Model</i> | <i>Unstandardized Coefficients</i> |                   | <i>Standardized Coefficients</i> | <i>t</i> | <i>Sig.</i> |
|-------------------------|------------------------------------|-------------------|----------------------------------|----------|-------------|
|                         | <i>B</i>                           | <i>Std. Error</i> | <i>Beta</i>                      |          |             |
| <i>(Constant)</i>       | 1.969                              | 0.508             |                                  | 3.873    | 0.000       |
| <i>Com</i>              | 0.199                              | 0.075             | 0.194                            | 2.669    | 0.008       |
| <i>PM</i>               | 0.521                              | 0.072             | 0.535                            | 7.26     | 0.000       |
| <i>HR</i>               | -0.031                             | 0.071             | -0.024                           | -0.437   | 0.663       |
| <i>PR</i>               | 0.001                              | 0.063             | 0.001                            | 0.017    | 0.986       |
| <i>HAS</i>              | 0.021                              | 0.034             | 0.032                            | 0.6      | 0.549       |

*a. Dependent Variable: TL*

The coefficients of regression analysis are shown in table 13. The beta value for lateral/upward communication and performance measurement use are 0.194 and 0.535 respectively and both the values are significant at 0.01 level of significance. This means that the one-unit increase in Com would bring 0.199 -unit increase in transformational leadership practices and one-unit increase in PM would bring 0.535-unit increase in transformational leadership practices. The

positive values of beta suggest a positive relationship between the independent and dependent variable and the relationship of both of these independent variables are significant. However, the other three components of organizational structure – human resource red tape, procurement red tape and hierarchical authority structure do not have any significant relationship with transformational leadership. The research hypotheses H2 and H4 are supported by this study, while H1 and H3 are not supported by this study.

#### 4.4 Hypothesis Test Results

There were several hypotheses that were formulated for the research and they were tested using the linear regression analysis. The overall results of the various hypotheses test are summarized in the table no 14 below:

Table 14

##### *Hypotheses Test Results*

| SN             | Hypothesis                                                                                                                                                                             | Result        |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| <b>H1</b>      | The hierarchical authority structure has relationship with the practice of transformational leadership behaviour                                                                       | Not Supported |
| <b>H2</b>      | The lateral/upward communication in an organization has relationship with the practice of transformational leadership behaviors                                                        | Supported     |
| <b>H3(a,b)</b> | The organizational formalization (measured as [3a] procurement red tape and [3b] human resource red tape) has relationship with the practice of transformational leadership behaviors. | Not Supported |
| <b>H4</b>      | The use of organizational performance measures has relationship with the transformational leadership behaviors.                                                                        | Supported     |

From the descriptive, correlation and linear regression analysis of the results, it is found that there is a positive relationship between the organizational structure and transformational leadership practices. On further analysis, not all the dimensions of organizational structure were related to transformational leadership. Communication structure and performance measurement system are the two dimensions that showed significant positive relationship with the transformational leadership while the remaining three dimensions did not show any relationship.

## **CHAPTER V**

### **DISCUSSION, CONCLUSION AND IMPLICATIONS**

In this chapter, the research results are discussed, based on the findings of previous literature and the conclusions have been presented. Similarly, the implications of this research and recommendation for future research is presented.

#### **5.1 Discussion**

The research has mainly focused on the local levels of Nepal and has tried to explore the transformational leadership behaviors of political leadership as perceived by the employees working in the same organizations. The primary findings of this study shows that the local levels considered for this study are not highly bureaucratic in terms of authority structure which is consistent with the previous studies (Pandey & Wright, 2006). Similarly, the elected leaders of the local levels have also shown high degree of transformational leadership practices. This explains the elected leaders have exhibited the typical characteristics of a transformational leader (House, 1998) like vision, role modeling, inspirational communication and intellectual stimulation. These characteristics are expected from the elected leaders as transformational leadership has impact on the job performance leading to better service delivery and an effective governance (Taamneh, Alshboul, & Almaaitah, 2021). Other similar studies in private sector indicates that transformational leadership style is also a preferred style of leadership in case commercial banks in Nepal and is considered as a driver for employee engagement as well (Biswakarma & Khanal, 2015). In the same way, the transformational leaders are also able to lead change in better ways as per earlier studies in Nepal (Poudel, 2020). So the political leaderships in local levels of Nepal has shown higher degree of transformational leadership

behavior which paves ways for managing the challenges and expectations of employees and general public.

This study also provides insights on the possible relationship of organizational structure on the transformational leadership. The inferential analysis of this study validates the relationship between organizational structure and transformational leadership practices. The findings are consistent with previous studies that have also established a positive relationship between the same (Wright & Pandey, 2009). The organizational structure also has an impact on the transformational leaderships when it comes to organization related to behaviors (Kim & Shin, 2019).

Out of the five structural dimensions of organizational structure considered in this study, communication structure and performance measurement use show a positive impact on the transformational leadership practices. The presence of human resource red tape, procurement red tape and hierarchical authority structure have no relationship with the transformational leadership practice. The study shows the presence of human resource red tape and procurement red tape in local levels of Nepal. However, such a scenario has no impact on the transformational leadership practices. The human resource management and procurement processes are governed by the prevalent rules and regulations and need to be followed by the local levels. These procedural constraints are established by the authorities outside the organizations for greater good of the citizens to ensure appropriate use of public resources (Wright & Pandey, 2009). So, the impact of such constraints are not observed in the transformational leadership practices. Similarly, the hierarchical authority structure also has no significant impact on the transformational leadership behaviors. The local levels considered for this study have only shown moderate levels of hierarchy meaning that the local levels are not too much bureaucratic in nature. This finding is also consisted with the studies of Wright and Pandey (2009).

The adequate lateral and upward communication is also related with the transformational leadership so it is crucial for the political leaders to understand the importance of communication for leading the organization effectively. Leaders should ensure proper communication at the organizational level for leading the organization because the difficulty of leader to communicate properly may have counter-productive effects as well (Eisenberg, Post, & DiTomaso, 2019). Transformational leaders should articulate and communicate their vision and paint a clear picture of the future to align the objective of the organization to the operational level practices. So effective communication is instrumental for the transformational leaders as well.

In the same way, the use of performance measurement is also positively related to the transformational leadership behavior. This finding is inconsistent with the expectations of the mainstream leadership literatures (Wright & Pandey, 2009) that expect the use of performance measure decrease the transformational leadership. However, this finding is consistent with the relevant studies in the public literatures (Rainey & Watson, 1996). The use of performance measures may help communicate the vision of the leaders clearly and also build employee confidence by setting a baseline for evaluating the impact of their work. Presence of such systems helps in making the work more meaningful by communicating the bigger picture to increase the employee engagement. This is also considered one of the important traits of transformational leaders (Wiesenfeld, Raghuram, & Garud, 1999).

The recent changes in the governance landscape from a unified central system to a federal system has enhanced the role of local level as they work closely to the public. The expectations of the public are also changing. So, it is crucial for the political leaders to meet the expectations and provide better service to the public. In such a case, transformational leadership practices help ensure better employee engagement and service delivery. The leaders can focus on the

communication structure and the use of performance measures for leading the organization effectively.

## **5.2 Conclusion**

The present changed context of Nepal has enhanced the role of local level government and this has increased the significance of transformational leadership. Understanding the relationship between organizational structure and transformational leadership can benefit organizations in achieving their structural and leadership requirements. This research has tried to analyze the transformational leadership practices of municipalities of Bagmati and Madhesh province of Nepal and the relationship of organizational structure with the same. The study has revealed the presence of transformational leadership behaviours of the political leaders among the study sample. The study has also concluded that there is a relationship between organizational structure and transformational leadership behavior. Among the five dimensions of organizational structure, presence of lateral/upward communication and performance measurement use has positive impact on the transformational leadership behavior, which is also consistent with the findings of earlier similar studies. The study has also revealed the presence of human resource and procurement red tapes in the local levels. Nevertheless, the impact of these factors is not seen in the transformational leadership behaviors. These constraints are external to the organization and are more related to compliance to the laws so the impact could be minimum. Similarly, the hierarchical authority structure also has no impact on the transformational leadership behaviors. The transformational leadership is the most preferred style to lead the change and this study has found out that local level political leaders have been practicing the transformational leadership style in the study sample.

### **5.3 Implications and Future Research**

The implications of this current study have its significance on various areas of interest – the general academia, bureaucrats and elected leaders. One of the main implications of the study in general academia is that it mainly contributes to the existing literatures regarding of the importance of following transformational leadership style to lead the dynamic organizations. The relationship between organizational structure and transformational leadership is one of the lesser researched area in Nepal and this study adds to the literatures.

There are several areas where the research can be taken further to gain new insights. The study is conducted with a relatively smaller sample size of only 206 respondents from two provinces: Bagmati and Madesh. Hence a more sample size using probabilistic sampling can be used in order to maximize the generalizability. Similarly, the study can be further conducted at provincial and federal level for comparative analysis among the various levels of government. Further, a comparative study can be carried out by considering the leadership of the administrative leadership (Chief Administrative Officer in case of Nepal) and elected official of the same local government. In addition, this research is mainly based on quantitative methods, so a mixed method involving both quantitative and qualitative methods can also be employed to have a deeper understanding of the studied relationship.

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