

# The Impact of Transformational Leadership on Employee Resistance in Bosnia and Herzegovina's Banking Sector

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## Abstract

Adequate management of organizational changes is a crucial determinant of business success for banks today. Transformational leadership aligns with the conditions of dynamic changes in banks by creating an appropriate business climate of trust, thus impacting the achievement of the organization's goals and results. Today, banks strive to be leaders in change, continuously providing innovative business solutions, which require proper management. Given the strategic decisions of banks to pursue new ideas and new ways of conducting business, which alter culture, climate, and value systems, it is crucial to apply the appropriate leadership style to effectively achieve desired results and business objectives. The problem in achieving these tasks is the occurrence of employee resistance to change, hence the significant role of the leader as the bearer of change.

This paper presents the results of empirical research conducted in the banking sector in Bosnia and Herzegovina, aimed at determining the impact of transformational leadership on employee resistance to change in banks. The research included 90 respondents from 15 banks (65% of the total number of banks). Each bank included 6 respondents, with managers as the first stratum and employees as the second stratum. The authors believe that the application of transformational leadership in the banking sector can lead to a reduction in resistance to change, as well as expand scientific knowledge in the field of leadership in banking and create concrete recommendations for bank managers to apply in practice to improve business operations.

Demonstrating transformational leadership as the dominant style of leading changes in the banking sector and determining its impact on employee resistance is the fundamental goal of this paper. It provides bank managers with valid information on the adequacy of applying appropriate leadership styles, thus offering a reliable basis for decision-making related to the process of implementing changes and ultimately achieving better business results.

**Keywords:** transformational leadership, organizational changes, resistance to change, banking sector

## 1. Introduction

Organizational change is one of the critical determinants for building the business strategy of a modern bank is built, as it is essential to respond to changes in the market, technology, and regulations. To achieve greater productivity at work, one of the key challenges for banks is reducing resistance to change, which leads to increased efficiency, reduced absenteeism and turnover, ultimately contributing to greater profitability for the bank. Accordingly, the fundamental research question is posed: Is the leadership style suitable for the conditions of change and in what way do they influence resistance among employees in the banking sector?

To our knowledge, this study on the impact of transformational leadership on employee resistance in the banking sector is the first of its kind in Bosnia and Herzegovina. The primary objectives are as follows:

1. To identify and analyze the characteristics of transformational leadership dimensions and essential training methods crucial to the banking sector;
2. To examine the attitudes of managers and employees in banks regarding the impact of transformational leadership on resistance to change;

3. To formulate recommendations and suggestions for bank management to reduce resistance to change and raise awareness of the importance of applying an appropriate leadership style.

## 2. Theoretical Framework of the Research

Transformational leadership, as conceptualized by Bass (1985) and Yukl (1989), emphasizes the importance of addressing higher-order needs and motivating individuals to prioritize organizational interests over personal ones. Transformational leaders influence key behavioral changes and expectations by fostering loyalty to the organization's mission, goals, and strategies (Yukl, 1989). They inspire confidence, trust, respect, cooperation, and loyalty from their followers, leading to motivation to exceed initial expectations (Stordeur et al., 2000). This leadership style focuses on organizational needs and the higher-order needs of employees, promoting behavior oriented towards relationships (Golm, 2009).

To understand the dimensions of transformational leadership and how they influence reducing employee resistance in modern organizations, it is essential to familiarize oneself with their characteristics. Transformational leaders possess abilities and skills to motivate employees to think in new ways, breaking existing paradigms and creating new ones (Savović, 2012). The four dimensions of transformational leadership are inspirational motivation, charisma or idealized influence, individualized consideration, and intellectual stimulation (Bass, 1999). This study explores their impact on employee behavior during ongoing changes and their readiness to manage the process of resistance to change.

Transformational leadership is considered the most appropriate style during change processes, according to Appelbaum et al. (2015), while transactional leadership is more suitable for stable conditions. Both styles are important for leading change, with a clear division of roles, responsibilities, vision, and goals being key to successful change implementation. Transformational leadership also plays a crucial role in shaping employees' perceptions of top management communication (Hill et al., 2012). Transformational leadership provides a better balance between both behavioral styles, particularly in the early stages of change processes (Hill et al., 2012), while transactional leadership plays a significant role in the later stages of change implementation (Golm, 2009).

## 3. Literature Review

Our research on transformational leadership in the context of organizational change begins with a review of relevant studies. According to Bass (1985) and Yukl (1989), transformational leadership emphasizes the importance of addressing higher-order needs and motivating individuals to prioritize organizational interests over personal ones. Transformational leaders can influence key behavioral changes and the expectations of organizational members by fostering loyalty to the organization's mission, goals, and strategies (Yukl, 1989). These leaders inspire confidence, trust, respect, cooperation, and loyalty from their followers, leading to motivation to exceed initial expectations (Stordeur et al., 2000). This leadership style focuses on organizational needs, the higher-order needs of employees, and promotes behavior oriented toward relationships (Golm, 2009).

Recent studies continue to support and expand on these findings. For instance, Judge and Piccolo (2004) found that transformational leadership is significantly related to employee satisfaction and performance. More recently, Wang et al. (2011) conducted a meta-analysis showing that transformational leadership positively impacts both individual and organizational performance. Additionally, Hoch et al. (2018) highlighted that transformational leaders foster innovation and adaptability within organizations. Cheung and Wong (2011) demonstrated that transformational leadership can mitigate resistance to change by enhancing employees' trust and commitment to the organization.

While different dimensions become evident in various contexts, research has shown that these dimensions predict individuals' reactions to changes in different environments, whether voluntary or imposed (Oreg, 2008). Some studies suggest that leaders rarely or never effectively implement change, describing leadership as a significant barrier or indicator of resistance to change (Ford et al., 2008; Schiemann, 1992). These observations highlight the need for adequate leadership application to achieve the desired results. Shook et al. (2003) found that leadership skills and abilities are positively associated with successful change implementation, communication skills, training, involving others, motivating and rewarding them, creating teams, and recognizing and responding to individual needs during the change process. Further studies have emphasized that the ability to motivate others and communicate effectively are the most important traits for leaders to successfully implement organizational change (Gilley et al., 2009). Given the behaviors positively related to successful change implementation, these findings indicate that transformational leadership is most associated with successful change management processes.

There is limited research linking leader behavior with employee reactions (Bommer et al., 2005; Herold et al.,

2007). Oreg (2003) found that transformational leadership also reduces the gap between leaders and followers, thereby lowering resistance to change. Al-Swidi et al. (2012) further demonstrate that transformational leadership has a positive impact on employee behaviors in organizations. The leader's role is to create an environment that offers the best conditions for employees to adapt to change. Leadership inspired by Bass's transformational theory enables employees to quickly embrace change (Canyon, 2013).

The hypothesis "Dimensions of transformational leadership style influence the reduction of employee resistance" was supported in the research by Al-Sawalhah et al. (2015) on the example of universities as business organizations, showing a significant positive impact of all dimensions of transformational leadership on reducing employee resistance. The hypothesis "Dimensions of transformational leadership: idealized influence, motivation and inspiration, intellectual stimulation, and employee empowerment significantly influence the reasons for reducing resistance to organizational change: psychological, economic, and cultural reasons" was confirmed in Al-Sawalhah et al. (2015) using the example of universities as business organizations.

Digital transformation also requires transformational leadership. Given the circumstances in which digital organizations operate and the importance of proper change management, transformational leadership is considered the most suitable style for application. Research results from the University of Zagreb (Bartol, 2021) indicate that the introduction of digital project management contributes to the competitive advantage of digital enterprises, reduces project implementation costs, ensures faster project completion, and increases employee satisfaction. These results suggest a positive perception of the benefits of introducing digital project management. However, despite supporting the implementation of digital project management, employees are also aware that resistance to change can jeopardize the introduction of such projects.

Based on the above, it can be concluded that the transformational leadership style, according to the highlighted research, shows a significant relationship between this specific leadership style and the process of managing organizational change, namely employee resistance. It is important to note that all authors researching this phenomenon have found that transformational leadership reduces employee resistance, enabling employees to more quickly and easily embrace change. This is ultimately essential for modern business organizations, particularly digital organizations, to keep pace with the developmental solutions of their competitors.

#### 4. Research Hypotheses

Based on the conceptual framework and literature review, the following hypotheses were proposed to investigate the influence of the dimensions of transformational leadership on resistance to change among managers and employees in the banking sector.

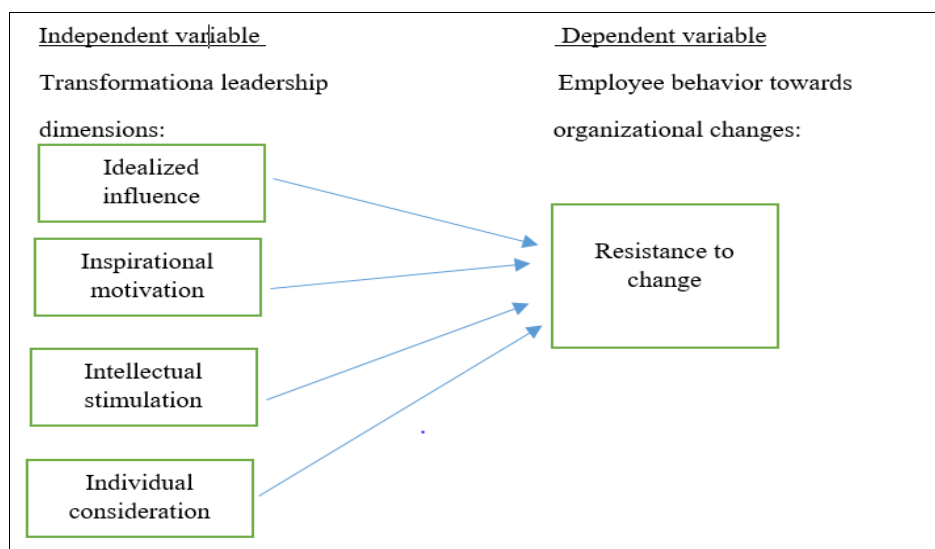


Figure 1. Research conceptual framework

#### Hypothesis for managers:

**H1a:** Idealized Influence has a significant impact on resistance to change among managers in the banking sector.

**H2a:** Inspirational Motivation has a significant impact on resistance to change among managers in the banking sector.

**H3a:** Intellectual Stimulation has a significant impact on resistance to change among managers in the banking sector.

**H4a:** Individual Consideration has a significant impact on resistance to change among managers in the banking sector

**Hypothesis for employees:**

**H1b:** Idealized Influence has a significant impact on resistance to change among employees in the banking sector.

**H2b:** Inspirational Motivation has a significant impact on resistance to change among employees in the banking sector.

**H3b:** Intellectual Stimulation has a significant impact on resistance to change among employees in the banking sector.

**H4b:** Individual Consideration has a significant impact on resistance to change among employees in the banking sector.

## 5. Methodology of the Empirical Research

The primary objective of this empirical research, with some findings presented in this paper, was to examine the impact of transformational leadership on employee resistance in the banking sector. The study involved 90 respondents from 15 banks, representing 65% of all banks in Bosnia and Herzegovina.

Each bank contributed six respondents, split into two strata: managers (first stratum) and employees (second stratum). The bank selection ensured sample representativeness by covering two-thirds of the banking sector in Bosnia and Herzegovina. The survey was conducted between 2022 and 2023 across 15 of the total 22 banks in the country, according to the Central Bank of Bosnia and Herzegovina. This included 11 banks from the Federation of Bosnia and Herzegovina (78% of the 14 banks in this entity) and 4 banks from Republic of Srpska (50% of the 8 banks in this entity). This approach ensured that the sample was diverse and representative of the banking sector in the country. The banks were chosen based on their size, market segment, and readiness to engage in the research, providing a comprehensive understanding of transformational leadership and resistance to change across different contexts.

Descriptive statistics were used to determine the fundamental characteristics of the study population and sample, covering banks and bank employees/managers in Bosnia and Herzegovina. Analysis was conducted on factors such as position, age, education level, work experience, and monthly income to gain a clearer view of the sample's characteristics and perspectives. Department managers/supervisors accounted for 31.1% of respondents, front-office employees for 28.9%, back-office employees for 23.3%, team managers for 15.6%, and top managers for 1.1%.

A survey questionnaire was the primary data collection tool for the empirical research. The survey was partly based on the Multifactor Leadership Questionnaire (MLQ) short form, developed and tested by Bass B. M. and Avolio B. J. (1995). The second part measured the causes of organizational change resistance. Responses were collected using a 5-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). This structure ensured comprehensive data collection for analyzing the impact of transformational leadership on resistance to change. Data were analyzed using IBM SPSS Statistics V21. The Cronbach's Alpha for the questionnaire items was calculated to be 0.67. Although this value is slightly below the commonly accepted threshold of 0.7, it still indicates a moderate level of internal consistency. This result suggests that the items are reasonably coherent in measuring the same construct, but there is room for improvement. Future research could benefit from revising and refining the questionnaire items to achieve higher internal consistency. Descriptive statistical parameters calculated included means (average values) and standard deviations. Correlation analysis was conducted to examine relationships between variables, while multiple linear regression analysis was applied to explore the impact of transformational leadership dimensions on resistance to change, particularly for each respondent group. This analysis examined the influence based on job position—managers versus employees.

## 6. Results and Discussions

In the research results section, we will first present descriptive statistics for the independent variable of the transformational leadership dimension and the dependent variable of resistance to change: Table 1. and Table 2.

Table 1. Descriptive statistics of transformational leadership dimensions in relation to position

	Position					
	Managers			Employees		
	n	Mean	Std. Dev.	n	Mean	Std.Dev.
<b>Idealized influence:</b>						
Talks about most important values and beliefs.	43	3,7	0,8	47	3,7	1,0
Specifies the importance of having a strong sense of purpose.	43	3,6	0,8	47	3,9	0,6
Considers the moral and ethical consequences of decisions.	43	4,3	0,6	47	4,4	0,6
Emphasizes the importance of having a collective sense of mission.	43	4,0	0,9	47	4,6	0,6
Instills pride in others.	43	3,4	0,9	47	3,6	1,0
Goes beyond self-interest for the good of the group.	43	4,3	0,5	47	4,2	0,7
Acts in ways that builds others.	43	4,6	0,6	47	4,6	0,6
Displays a sense of power and confidence.	43	3,6	0,6	47	4,0	0,9
<b>Inspirational motivation:</b>						
Talks optimistically about the future.	43	4,0	0,8	47	4,3	0,6
Talks enthusiastically about what needs to be accomplished.	43	3,7	0,8	47	4,1	0,7
Articulates a compelling vision of the future.	43	3,7	0,6	47	4,4	0,7
Expresses confidence that goals will be achieved.	43	4,0	0,6	47	4,4	0,7
<b>Intellectual stimulation:</b>						
Re-examines critical assumptions for appropriateness.	43	4,1	0,6	47	4,2	0,6
Seeks differing perspectives when solving problems.	43	4,7	0,5	47	4,7	0,5
Gets others look at problems from many different angles.	43	4,4	0,6	47	4,7	0,6
Suggests new ways of looking at how to complete assignments.	43	4,2	0,8	47	4,8	0,4
<b>Individual consideration:</b>						
Spends time teaching and coaching.	43	3,8	0,9	47	4,4	0,8
Treats others as an individual rather than just as a member of a group.	43	4,6	0,6	47	4,5	0,7
Considers an individual as having different needs, abilities, and aspirations from others.	43	4,7	0,4	47	4,3	1,0
Helps others to develop their strengths.	43	4,7	0,4	47	4,8	0,5

Source: Authors' calculations

Both managers and employees show strong agreement on most dimensions of transformational leadership, but employees tend to rate slightly higher on aspects like emphasizing a collective sense of mission, talking optimistically about the future, and suggesting new ways to complete assignments. There is a general consensus on the importance of moral and ethical considerations, with both groups rating these aspects highly. The results suggest that both groups recognize the benefits of transformational leadership, but employees seem to perceive a greater positive impact on their daily work and motivation.

Table 2. Descriptive statistics of resistance to change in relation to position

	Position					
	Managers			Employees		
	N	Mean	Std. Dev.	n	Mean	Std. Dev.
Uncertainty and unpredictability due to the development of a new situation in the Bank that will arise after the implementation of organizational changes.	43	4,2	0,5	47	4,2	0,7
Possible social losses (relocation from colleagues with whom employees had good interpersonal relationships).	43	3,8	0,9	47	3,8	0,8
Possible economic losses (job loss, salary reduction...).	43	3,9	1,0	47	4,5	1,0
Fear of the need to acquire additional training and education necessary to perform the job after the implementation of organizational changes.	43	3,5	0,8	47	2,9	0,9
Possible loss of control over the work they were doing until then.	43	3,9	0,9	47	3,1	1,1
Insufficient information about the reasons for implementing and expected results of organizational changes.	43	3,7	0,9	47	3,1	1,1
Formation of a united opposition that obstructs the implementation of changes.	43	3,2	0,8	47	3,3	1,3
Danger of losing power and influence in the organization.	43	3,4	0,8	47	3,3	0,7

A systematic effort is made to reduce resistance to change (reward system, discussions, cooperation, teamwork) 43 3,8 0,6 47 3,4 0,9

Source: Authors' calculations

The results indicate that while both managers and employees share common concerns regarding organizational changes, employees tend to be more apprehensive about economic impacts and feel less informed and supported compared to managers. Both groups recognize the importance of efforts to reduce resistance to change but perceive varying degrees of their effectiveness.

We continued the research to determine whether there is a relationship between the dependent and independent variables. Correlation of the dependent variable resistance to change and the independent variable dimensions of the transformational leadership style on a sample of managers is presented in Table 3.

Table 3. Correlation between indicators of resistance to change and transformational leadership style on a sample of managers

	Resistance to change	Idealized influence	Inspirational motivation	Intellectual stimulation	Individual consideration
Pearson Correlation					
Resistance to change	1.000	.483	.461	.234	.599
Idealized influence	.483	1.000	.720	.330	.470
Inspirational motivation	.461	.720	1.000	.562	.488
Intellectual stimulation	.234	.330	.562	1.000	.599
Individual consideration	.599	.470	.488	.599	1.000
Sig. (1-tailed)					
Resistance to change	.	.001	.001	.066	.000
Idealized influence	.001	.	.000	.015	.001
Inspirational motivation	.001	.000	.	.000	.000
Intellectual stimulation	.066	.015	.000	.	.000
Individual consideration	.000	.001	.000	.000	.
N					
Resistance to change	43	43	43	43	43
Idealized influence	43	43	43	43	43
Inspirational motivation	43	43	43	43	43
Intellectual stimulation	43	43	43	43	43
Individual consideration	43	43	43	43	43

Source: Authors' calculations

As presented in Table 1. it was determined that there is a positive correlation in the sample of managers between the dependent variable "resistance to change" and the independent variable "idealized influence" (r = 0.483), then there is a moderate positive correlation with the independent variable "inspirational motivation " (r = 0.461), weak positive correlation with the independent variable "intellectual stimulation" (r = 0.234), and a strong positive correlation with the independent variable "individual consideration" (r = 0.599).

The next phase of the research involved regression analysis. The results of the multiple linear regression analysis on the impact of transformational leadership dimensions on resistance to change among managers are presented in Table 4., Table 5. and Table 6.

Table 4. The Impact of Transformational Leadership Dimensions on Managers' Resistance to Change

Independent variables	Unstandardized Coefficients		Standardized Coefficients		Model Summary			
	B	Std. Error	Beta	T	P	R	F	p
(Constant)	0,738	0,969		0,762	0,451			
Idealized influence	0,190	0,294	0,116	0,646	0,522			
Inspirational motivation	0,254	0,195	0,257	1,307	0,199	0,68	8,24	0,000
Intellectual stimulation	-0,400	0,213	-0,311	-1,878	0,068			
Individual consideration	0,670	0,176	0,605	3,806	0,000			

Source: Authors' calculations

B = regression coefficient, Beta = standardized regression coefficient, t = t-test value, p = probability of rejecting the null hypothesis, R = multiple linear correlation coefficient, F = empirical ratio

The results suggest that there is a statistically significant (p < 0.000) impact of the specified dimensions on managers' resistance to change, with a realized multiple correlation coefficient of R = 0.68. The only statistically significant impact on resistance to change is found in the dimension of Individual Consideration (Beta = 0.605, p <

0.000).

Table 5. Regression analysis - summary of the model on the sample of managers

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.681 <sup>b</sup>	.464	.408	.42146

Source: Authors' calculations

The regression analysis presented in Table 5. indicates a medium to strong correlation between the predictors and the dependent variable, with R = 0.681. An R<sup>2</sup> value of 0.464 suggests that 46.4% of the variance in resistance to change can be explained by the combined effects of the four predictor variables. The adjusted R<sup>2</sup> = 0.408 accounts for the number of predictors, indicating that the predictive power of the model is consistent.

Table 6. ANOVA results on the sample of managers

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	5.851	4	1.463	8.235	.000 <sup>c</sup>
Residual	6.750	38	.178		
Total	12.601	42			

Source: Authors' calculations

ANOVA results in Table 6. show that the regression model is statistically significant (F(4,38) = 8.235, p < 0.001), which means that the combination of variables significantly predicts resistance to change.

Correlation of the dependent variable resistance to change and the independent variable dimensions of the transformational leadership style on a sample of employees is presented in Table 7.

Table 7. Correlation between indicators of resistance to change and transformational leadership style on a sample of employees

	Resistance to change	Idealized influence	Inspirational motivation	Intellectual stimulation	Individual consideration
Pearson Correlation	Resistance to change	1.000	-.379	-.381	-.529
	Idealized influence	-.379	1.000	.811	.617
	Inspirational motivation	-.381	.811	1.000	.728
	Intellectual stimulation	-.529	.617	.728	1.000
	Individual consideration	-.047	.663	.390	.607
Sig. (1-tailed)	Resistance to change	.	.004	.004	.000
	Idealized influence	.004	.	.000	.000
	Inspirational motivation	.004	.000	.	.000
	Intellectual stimulation	.000	.000	.000	.
	Individual consideration	.376	.000	.003	.000
N	Resistance to change	47	47	47	47
	Idealized influence	47	47	47	47
	Inspirational motivation	47	47	47	47
	Intellectual stimulation	47	47	47	47
	Individual consideration	47	47	47	47

Source: Authors' calculations

As presented in Table 7. it was determined that there is a negative correlation in the sample of employees between the dependent variable "Resistance to change" and the independent variable "idealized influence" (r = -0.379), then that there is a moderate negative correlation with the independent variable "inspirational motivation" (r = -0.381), strong negative correlation with the independent variable "intellectual stimulation" (r = -0.529), and a very weak negative correlation with the independent variable "Individual consideration" (r = -0.047).

The obtained results of the multiple linear regression of the influence of the dimensions of transformational leadership on resistance to change among employees are shown in Table 8., Table 9. and Table 10.

Table 8. The influence of dimensions of transformational leadership on resistance to change among employees

Independent variables	Unstandardized Coefficients		Standardized Coefficients	T	P	Model Summary		
	B	Std. Error	Beta			R	F	p
(Constant)	9,809	0,830		11,819	0,000			
Idealized influence	-1,817	0,348	-1,182	-5,219	0,000			

Inspirational motivation	1,244	0,279	1,035	4,465	0,000	0,80	18,38	0,000
Intellectual stimulation	-1,946	0,280	-1,196	-6,940	0,000			
Individual consideration	1,081	0,171	1,059	6,334	0,000			

Source: Authors' calculations

B = regression coefficient, Beta = standardized regression coefficient, t = t-test value, p = probability of rejecting the null hypothesis, R = multiple linear correlation coefficient, F = empirical ratio

When it comes to the impact of transformational leadership dimensions on resistance to change among employees, the regression model is also statistically significant ( $p < 0.000$ ) with a high representativeness of the regression model ( $R = 0.80$ ). The strongest statistically significant impact on resistance to change is found in the dimension of Intellectual Stimulation (Beta = -1.196), while the other three dimensions have somewhat lesser impacts.

Table 9. Regression analysis - summary of the model based on the sample of employees

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.798 <sup>b</sup>	.636	.602	.43674

Source: Authors' calculations

The regression analysis, with an R value of 0.798, indicates a strong correlation between the predictors and the dependent variable. An  $R^2$  value of 0.636 suggests that 63.6% of the variance in resistance to change can be explained by the combined effects of the four predictor variables. The adjusted  $R^2$  of 0.602 indicates the stability of the model.

Table 10. ANOVA results on the sample of employees

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	14.020	4	3.505	18.376	.000 <sup>c</sup>
Residual	8.011	42	.191		
Total	22.032	46			

Source: Authors' calculations

The ANOVA results in Table 8. show that the regression model is statistically significant ( $F(4,42) = 18.376$ ,  $p < 0.001$ ), which means that the combination of variables significantly predicts Resistance to Change.

Results for Managers:

H1a: Not confirmed. Idealized Influence does not have a significant impact on resistance to change among managers ( $B = 0.190$ ,  $Beta = 0.116$ ,  $p = 0.522$ ).

H2a: Not confirmed. Inspirational Motivation does not have a significant impact on resistance to change among managers ( $B = 0.254$ ,  $Beta = 0.257$ ,  $p = 0.199$ ).

H3a: Partially confirmed. Intellectual Stimulation shows a trend towards a negative impact on resistance to change, but it is not statistically significant ( $B = -0.400$ ,  $Beta = -0.311$ ,  $p = 0.068$ ).

H4a: Confirmed. Individual Consideration has a significant positive impact on resistance to change among managers ( $B = 0.670$ ,  $Beta = 0.605$ ,  $p < 0.000$ ).

Results for Employees:

H1b: Confirmed. Idealized Influence has a significant negative impact on resistance to change among employees ( $B = -1.817$ ,  $Beta = -1.182$ ,  $p < 0.000$ ).

H2b: Confirmed. Inspirational Motivation has a significant positive impact on resistance to change among employees ( $B = 1.244$ ,  $Beta = 1.035$ ,  $p < 0.000$ ).

H3b: Confirmed. Intellectual Stimulation has a significant negative impact on resistance to change among employees ( $B = -1.946$ ,  $Beta = -1.196$ ,  $p < 0.000$ ).

H4b: Confirmed. Individual Consideration has a significant positive impact on resistance to change among employees ( $B = 1.081$ ,  $Beta = 1.059$ ,  $p < 0.000$ ).

The results suggest a statistically significant ( $p < 0.000$ ) impact of the specified dimensions on resistance to change, with a realized multiple correlation coefficient of  $R = 0.68$  for managers and  $R = 0.80$  for employees. Among managers, the only statistically significant impact on resistance to change is found in the dimension of Individual Consideration ( $Beta = 0.605$ ,  $p < 0.000$ ). This finding aligns with Bass & Avolio (1994), who



emphasize the importance of individualized consideration in transformational leadership, and is supported by Yukl (1999), who confirms that a personalized approach by leaders can significantly reduce resistance to change. Similarly, Judge & Piccolo (2004) highlight that transformational leaders, through individualized approaches, effectively address employee concerns, thereby facilitating the change process. Among employees, Idealized Influence (Beta = -1.182,  $p < 0.000$ ) and Intellectual Stimulation (Beta = -1.196,  $p < 0.000$ ) significantly reduce resistance to change, while Inspirational Motivation (Beta = 1.035,  $p < 0.000$ ) and Individual Consideration (Beta = 1.059,  $p < 0.000$ ) significantly increase resistance. These results indicate the nuanced effects of different leadership dimensions on resistance to change among employees, highlighting the complexity of transformational leadership. According to the aforementioned results, it can be concluded that both managers and employees recognize the importance of the transformational leadership style in resistance to change, and that its application is necessary and expected.

## **7. Conclusions and Future Research**

The literature review found that it is important to see that resistance to change should be expected when sufficient importance is attached to the application of the appropriate leadership style. It is vital to identify the factors that drive resistance to change. To do this, it is important to understand the reasons why employees resist change, especially for digital organizations where change is imperative. To deal with such situations, organizations must take the necessary steps to spot and identify the expected resistance to help them come up with appropriate strategies to overcome it. It is a common characteristic that most people are reluctant to change and resist change. It can be observed that managers, as well as employees, know that they have to accept the change, but they may initially resist because they themselves may have personal professional problems related to the changes. What is the reference qualitative mark of transformational leadership is the influence on followers by empowering them to participate in the process of organizational transformation.

The results of the conducted empirical research show a statistically significant influence of transformational leadership on resistance to change, both in the case of managers with a realized coefficient of multiple correlation  $R = 0.68$ , and in the case of employees where  $R = 0.80$ . These results point to the fact that the dimensions of the transformational leader are recognized as qualities that can reduce resistance to change. The results of the research show that there is a need to apply a transformational leadership style in banks in Bosnia and Herzegovina, given that the results of theoretical and practical research indicate the positive implications of this leadership style on the work performance of employees. Hence, managers in the banking sector in Bosnia and Herzegovina could be suggested to use a transformational leadership style more intensively.

Although organizational changes are inevitable in the banking sector in Bosnia and Herzegovina, this does not guarantee that employees will accept the system unconditionally. Namely, if the bank does not provide employees with adjustment processes, they will be demotivated, resigned and dissatisfied. Hence, ensuring the possibility of using the acquired knowledge that employees have at their disposal is of great importance. Also, for this reason, managers in the banking sector in Bosnia and Herzegovina could be recommended to choose a transformational leadership style in the processes of carrying out organizational changes in order to reduce resistance to them.

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### **Authors' contributions**

Lejla Smajlović: Prepared the theoretical framework, conducted the empirical research, including data collection, data analysis, and interpretation of the results.

Katerina Malić Bandur: Conducted the review of relevant literature, and contributed to writing the introduction and theoretical section.

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The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

### **Data sharing statement**

No additional data are available.

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