

## Transformational Leadership Style and Organizational Learning: The Mediate Effect of Organizational Culture

Mahmoud Elshanti\*

Department of Human Resource Management, General Personnel Council, Israel

### Abstract

**Purpose:** The present study aims to investigate the influence of transformational leadership style (TFL) on organizational learning (OL). More specifically, it aims to examine the mediating effect of organizational culture (OC) on this relationship, in the context of ministries operating in Palestine.

**Design/methodology/approach:** The present study utilized the hypothesis–deductive testing approach. Two hypotheses were proposed for testing. The data were collected from 475 managers at 23 ministries in Gaza by using self-administered questionnaires and the data aggregated by individual level.

**Findings:** The results demonstrated that organizational culture was a significant predictor of organizational learning and functioned as a fully mediator between the transformational leadership style and organizational learning.

**Research limitations/implications:** A key limitation of this study is its cross-sectional nature. It is possible that at least certain aspects of transformational leadership and its impact on organizational culture and organizational learning emerge with some kind of time lag. This study also used the perceptions of leader-self report as its data source, which may cause potential common source bias.

**Practical implications:** The findings of this research will assist policy makers of the Palestinian ministries to optimize the allocations of resources in its hiring, rewarded, training and other functions of human resource management to have the right leaders for building a learning organization.

**Originality/value:** The results of this study provide evidence in support the mediating effect of organizational culture on the relationship between transformational leadership style and organizational learning, which represents a response to many calls to conduct further research in this area, and will be of interest to those in the field.

**Keywords:** Organizational learning; Transformational leadership; Organizational culture; Palestine

### Introduction

Nowadays, public organizations, like the private sector organizations, are undergoing dramatic structural changes in every facet of work. The very nature of such changes has forced many organizations all over the world to make significant transformation to survive and breakthrough in this quickly dynamic world [1]. Many organizations have reached the conclusion that the OL is one of the vital mechanisms of achieving long-term organizational success, efficiency and organizational effectiveness [2]. Since organizations face many environmental pressures, there is an urgent need to change, so change is possible and must be done through the process of OL, and the beginning of the movement of change is through leadership by transforming the culture of the old work to a new culture [3]. The public service sector is one of the sectors that are very much vulnerable to the political, economic and social developments in the Palestinian territory. The Palestinian ministries were established in 1994 after the formation of Palestine National Authorities (PNA). Previously, the Palestinian ministries are marked with over employment, corruption, low productivity and poor performance [4]. As a result, recent years have witnessed a growing attention on government reform efforts in order to improve the government's performance to the public they serve. Despite ongoing initiatives of the Palestinian ministries toward continuous improvement efforts, the government ministries have always been thought of as conservative, bureaucratic and difficult to change [5]. These result come with the line of the Telbani and Salem's [6] study, which revealed the absence of the dimensions of learning organization in the biggest governmental hospital in Palestine. Organizational learning is the key to performance improvements in

changing environments [7,8]. In addition, many organizations have reached the conclusion that the organizational learning is the effective way to boost the efficiency, increase the productivity and improve the performance. From this point, there is an imperative need for the Palestinian ministries to seek more innovative ways and means to anticipate and respond to change more quickly and more effectively [9] through enhancing their learning processes [10]. Unfortunately, although organizational learning is critical domain, empirical understanding of organizational learning in the public sector setting is limited [11]. After reviewing the related literature, it was noticed that studies on OL are important and necessary but unfortunately, there is still little research progress in this area. Jang [11] mentioned that despite the importance of organizational learning and the numerous studies conducted in private sector organizations during the past decades, surprisingly, few empirical studies have been undertaken in the public sector. On the same note, Mahler [12] stated "Organizational learning, especially in public organizations, is an idea that is often promoted but seldom studied in any particular detail. Therefore, this research

\*Corresponding author: Mahmoud Elshanti, Department of Human Resource Management, General Personnel Council, Israel, Tel: 972-659832; E-mail: [mhmdshanty11@yahoo.com](mailto:mhmdshanty11@yahoo.com)

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represents a response to many calls to conduct further research in organizational learning area especially in public sector.

The extant literature has demonstrated that leadership styles and organizational culture as important factors that influence the development of learning organization and enhancing the OL [13,14]. Given that the significance of such issues, up to now, the linkage between leadership styles, organizational culture and OL were scarcely investigated together in the literature in an integrated way, especially from the empirical perspective. Hence, this study empirically investigates the relationship between transformational leadership style and OL. More specifically, it examines the mediating influence of organizational culture on this relationship, in the context of governmental ministries operating in Palestine. For this purpose, a conceptual model was proposed to describe the relationships between three constructs, which are transformational leadership, organizational culture and organizational learning (Figure 1). To confirm these relationships, an extensive literature search was conducted to find the theoretical evidence upon which the hypothetical relationships linking the model construct are built.

## Conceptual Background and Hypotheses

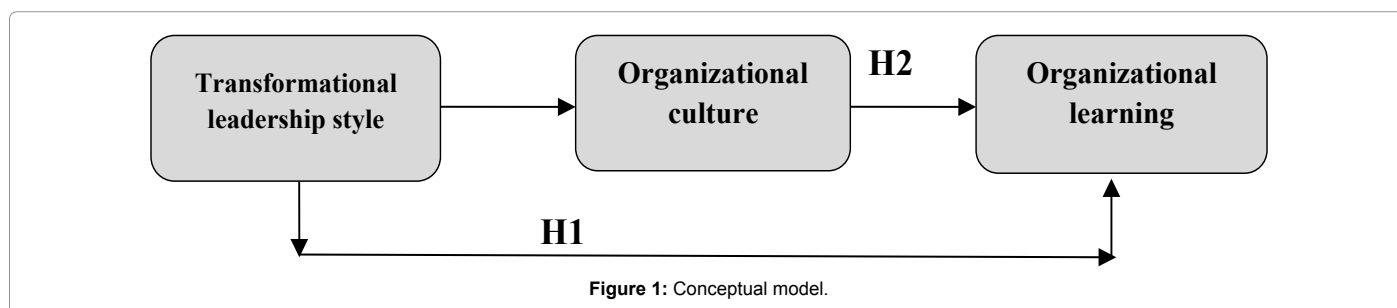
### Organizational learning

However, the volume of publications on OL has increased over the last twenty years; there is no agreed-upon definition for OL [15]. Therefore, a review of OL literature suggests that there are many reasons for a lack of a common definition and the existence of conceptual confusion: rare agreement about the definition of learning; level of analysis: individual, group, and organization [16]; multi-dimensionality: cognitive and behavioral dimensions [17]; various communities involved such as management, science, or philosophy [18]. Miller [19] has also pointed out that the OL definition remains vague because the learning process has been recognized so differently in the literature. Some scholars state that the lack of a common definition for OL allows various academic disciplines to be involved in developing the concept and provides a good source of collective learning [20]. On the other hand, others argue that the absence of a shared definition for OL may hamper understanding about how organizations and members work in the modern information society [21]. The simplistic definition of OL is a process in which members of an organization detect errors and correct them by restructuring the organizational theory of action, and embedding the results of their inquiry in organizational maps and images. For Fiol and Lyles, OL is defined as the process of improving actions through better knowledge and understanding. One of the most common themes for defining OL in the literature is to define OL with a process perspective. Huber [22] defines OL as an information processing procedure in an organization. It may be the most significant influence for defining OL with a process perspective. Huber has defined OL in this way: "An entity learns if, through its processing

of information, the range of its potential behaviors is changed. An organization learns if any of its units acquires knowledge that it recognizes as potentially useful to the organization" (p. 89). Templeton et al. have defined OL as "the set of actions which include knowledge acquisition, information distribution, information interpretation, and organizational memory within the organization that intentionally and unintentionally influence positive organization change". Although there are various definitions for OL, Edmondson and Moingeon [23] have identified some common themes in these various definitions: encoding and modifying routines, acquiring knowledge useful to the organization, increasing the organizational capacity to take productive action, interpretation and sense-making, developing knowledge about action-outcome relationships, and detection and correction of error.

In the OL literature, researchers have also discussed and debated the levels at which learning takes place. Many researchers believe that learning occurs on three levels: at the individual, group, and organization levels [24]. Dogson [25] have identified individual level learning as the most meaningful. Individual level learning refers to changes in knowledge or beliefs of the individual. At the individual level of learning, Intuiting plays a critical role in developing new insights. Marsick and Watkins [26] described individual learning cycle as a natural process in which individuals discover discrepancies or challenges in their environment, select strategies based on cognitive and affective understanding of these challenges, implement these strategies and evaluate their effectiveness, and eventually begin the cycle again. Seely-Brown has stated the importance of group learning. He presented the concept of "communities of practice" to demonstrate the importance of understanding that learning happens in groups. Group level learning means the degree of shared understanding among members. Fiol and Lyles have stressed the importance of an organizational level component such as systems, structures, and processes for OL. Organizational level learning refers to the saved storehouse of knowledge such as systems, structure, and procedures changing over time.

However, there are various definitions about learning; researchers commonly segment OL into two distinct modes of learning: single-loop learning and double-loop learning. According to Argyris [27], single-loop learning is the detection or correction of error within a boundary of existing variables. However, several scholars point out that single-loop learning may provide benefits in the short run but may be negative or self destructive in the long term because it may prevents organizations from creating more valuable capabilities that are superior to those of their competitive firms. It is also may act as blinders for more radical change needed to address environmental change [28]. Double-loop learning is the process of changing the principle variables themselves. Double-loop learning exists when organizations are willing to question long-held underlying assumptions, policies and strategies [29]. Double-loop learning has long-term effects on the organization as



a whole, enabling broad understanding policy choices and effectiveness. Despite of its importance, Argyris has argued that organizations find it difficult to reach double-loop learning because they do not always know their theory of actions. The growing evidence of the significant positive relationship between systems, policies, cultures, and investments supporting learning in nonprofit organizations does not have an impact unless it motivates improvements at the organizational level [30]. Another reason that organizations find it difficult to achieve double-loop learning is defensive reasoning. This means that people often want to hide their mistakes or need change to protect them.

### Transformational leadership style

Burns [31] and Bass [32] developed the "full-range leadership theory". They distinguish between three major types of leadership behavior: laissez-faire (non-leadership), transactional, and transformational leadership. Burn defined Transformational leadership as, "one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality" (p. 30). Transformational Leaders are known to even inspire their followers to forgo their own self-interest for the sake of the organization [33]. In addition, this kind of leaders empowering the followers to engage in innovative and creative ways and fosters a culture of creative change and growth rather than one that merely maintains the status quo [34]. The positive outcomes of the transformational leadership would be building up the follower trust, admiration, loyalty, and respect toward the leader [35]. Followers are motivated to do more than they thought they were capable of doing [36]. Transformational leaders behave in ways to achieve superior results by employing one or more of the following "Five I's":

(1) Idealized influence (attributed charisma), which refers to the socialized charisma of the leader, whether the leader is perceived as being confident and powerful, and whether the leader is viewed as focusing on higher-order ideals and ethics.

(2) Idealized influence (behavioral charisma), which refers to charismatic actions of the leader that are centered on values, beliefs, and a sense of mission.

(3) Intellectual stimulation, referring to leaders' actions, challenging their followers' thinking to be more creative and to find solutions to difficult problems, with the leader acting as a mental stimulator.

(4) Individualized consideration, namely leaders' behavior that contributes to their followers' satisfaction by giving advice, support, and attention to each individual's needs.

(5) Inspirational motivation, referring to leaders' motivating their followers by viewing the future with optimism, projecting an idealized and achievable vision, and stressing ambitious goals [37,38].

### Transformational leadership style and organizational learning

The literature shares a common assumption that leaders have an efficacious influence and play a crucial role in organizational learning. Marquardt [39] proposed the concept of "keys to success" for leaders to perform in learning organization. Hawkins [40] claimed that leaders became the important facilitators of OL. Garvin et al. [41] also clarified that OL is strongly influenced by the behavior of leaders and leadership is the key to reinforce the learning through each level. Nafei et al. [42] studied the relationship between leadership styles and OL at Saudi banks in Al-Taif Governorate, Kingdom of Saudi Arabia. They

revealed that the aspects of leadership styles, namely transactional and transformational styles, have a significant positive direct effect on OL. Sahaya [43] also contend that both the leadership styles of transformational and transactional affect positively the OL. Lam's [44] research found that transformational leadership could actually affect the process and achievement of an organization's learning. Moreover, Kurland et al. findings revealed that transformational leadership has a significant positive effect on OL. Rijal clarified that transformational leadership styles correlated significantly with OL. Based on these findings, the first hypothesis is formulated:

**H1:** There is a significant positive relationship between transformational leadership style and organizational learning.

### Organizational culture as a mediator

Organizational culture could be traced back to the late nineteenth century [45]. The study of organizational culture originated from anthropology and sociology [46,47]. Within these two disciplines, two different perspectives of organizational culture emerged that included the functionalist and semiotic approaches [48]. These perspectives have led researchers to define, measure, and characterize culture differently. According to the functionalist perspective, organizational culture is a "component of the social system and assumes that it is manifested in organizational behaviors" which is evaluated from a researcher's perspective and at an organization level. The functionalist perspective assumes that cultural differences can be identified, measured and changed. In contrast, the semiotic perspective views culture as residing in the minds of individuals, which is evaluated from the native's perspective and at individual level. The semiotic perspective assumes that culture is an image of an organization, which resides in individual interpretations and perceptions. An ongoing debate, that is described as "culture wars" metaphor to signify the intensity of the debate, exists in the literature as to which perspective is appropriate for researching organizational culture. According to Cameron and Quinn, the scholars who belong to the anthropological paradigm tends to view culture as something an organization is, while the sociological approach posits that culture as something an organization has. Another distinction between the two disciplines is that in sociology, culture is used as an independent variable for explaining organizational outcomes. On the other hand, anthropological treats organizational culture as a dependent variable to be explained.

Although, numerous attempts to define, characterize or describe organizational culture appear in the literature, there is still no universal accepted definition of organizational culture has emerged in the literature [49]. For example, Slocum sees organizational culture as "the basic, taken-for-granted assumptions and deep patterns of meaning shared by organizational participation and manifestation of these assumptions"(P.7). Hofstede [50] related the connection between value and culture. He defined culture as "the collective programming of the mind that distinguishes the members of one group or category of people from another". Cameron and Quinn defined organizational culture as "an enduring set of values, beliefs, and assumptions that characterize organizations and their members" (p.147). Besides, Chin-Loy and Mujtaba [51] argued that organizational culture "is a pattern of norms, values, beliefs and attitudes that influences behavior within an organization" (p. 16). Additionally, Grieses [52] asserts that organizational culture as "the sum total of the learned behavior traits, beliefs and characteristics of the members of a particular organization" (p. 367). In an effort to reach a consensus on a definition of organizational culture, Schein's [53] proposed a formal definition of

organizational culture, which is perhaps the most widely used in the literature. Schein stated that organizational culture "a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems" (p. 17). Thus, organizational culture is viewed as a shared mental model that influences how individuals behave, and how they interpret behaviors. In Griebes's and Schein's definitions, The words "learned" and "taught" are the important components that distinguishes culture from biologically inherited.

According to Schein's, Organizational culture can be analyzed and understood by examining the different level in which it manifests itself. The level of analysis "culture level" refers to the degree of visibility of the cultural phenomenon. These manifestations could range from a very tangible open manifestation to an intangible embedded (unconscious) manifestation. In this regard, Schein argued that organizational culture forms at three levels, which are artifacts, espoused beliefs and values and underlying assumptions. The first level of OC, artifacts, is associated with the physical evidence of culture such as the organization's structure or architecture and processes that one can easily observe. Schein writes, "At the surface is the level of artifacts, which includes all the phenomena that one sees, hears and feels when one encounters a new group with an unfamiliar culture" (p. 25). Beliefs and values, Schein's second level, are manifest or espoused values. These values are how people reason their behavior, and the rationalization for their behavior. At the third level, Basic underlying assumptions are assumptions that, over time, become taken for granted and shared by the whole group. They are not debated and might be very difficult to change, and often date back to the founding of the company when the founders and leaders used them to succeed. Implicit in Schein's model of culture, a reciprocal relationship exist between the three levels. That is there is no linear causal relationship; each level influences and is in turn influenced by another level. Thus, incorporation of these theoretical approaches is very necessity in order to understanding the organization's culture [54]. Moreover, Cameron and Quinn offer three strategies of operationalizing organizational culture. These include a holistic, metaphorical, and a quantitative approach. According to Cameron and Quinn, the researcher employing a holistic approach seeks to gain a deep understanding of a culture by actively participating and observing. The researcher attempts to become a native in the organization. Cameron and Quinn note that researchers using the metaphorical or language approaches apply techniques to identify cultural patterns in documents, conversations, stories and other forms of language. Researchers using the quantitative approach disseminate survey instruments to determine the culture of an organization. The quantitative approach allows researchers to compare the cultures of many organizations.

The literature review highlights that transformational leaderships have a significant effect on organizational learning. The major gap exists regarding the lack of attention to the role of organizational culture as a mediator on this relationship [55,56]. It has been suggested that the study of organizational culture and leadership are critical in the understanding and forecasting of organizational effectiveness. How organizational culture and leadership are related is of debate. Schein stated that organizational culture and leadership are two sides of the same coin; neither can be really understood by themselves. Bass and Avolio [57] mentioned "The organization's culture develops in large part from its leadership while the culture of an organization can

also affect the development of its leadership" (p.112). The study of culture is essential as culture affects the way every individual behaves, processes stimuli and determines what is valued. Once organizational culture emerges, leaders behave within a social context. The cultural context conditions our actions, our beliefs, and widely held values. Leaders interact with the culture to determine what they should pay attention to, how they should react to member's behavior, and what is to be communicated (taught) to the followers. Unless the culture is supportive of leaders, leadership based on common values is impossible. Thus, Culture determines a large part of what leaders do and how they do it [58]. In In other hand, leadership is shown as one of the biggest influential factor of an organization's culture. In the other vein, the leader's values and leadership style shape an organizational culture through the influence of daily practices, tasks, and behaviors. During the process of organization formation, the founder of a company creates an organization, which reflects their values, and beliefs that they believes are necessary and good for the organization. In this sense, the founder creates and shapes the cultural traits of their organizations. Leaders need to modify key aspects of the culture, when possible to fit with new directions desired by the leadership and membership of the organization. Furether more, Bass noted that transformational leaders frequently change their organizational culture with a new vision and revision of its shared assumptions, values and norms. Sarros et al. [59] suggest that leadership is a far great predictor of organizational culture than culture is of leadership. Moreover, Burke and Litwin [60] emphasized that the effect of leadership on organizational culture is much stronger causal link than the reverse. According to Aydogdu and Asikgil [61] and Hutahayan et al. [62] transformational leader has an important role in creating organizational culture and affect (OC) positively.

Joseph and Dai [63] stated, "A culture must be established that enables each organization to operate within its knowledge demands". The central concept of research into OL is the concept of organizational culture, because it highlights the context within which learning occurs, and it provides the framework for understanding how the outcomes of past learning become ingrained in organizational norms and routines [64]. Specific elements of organizational culture may affect the capacity of organization to learn and may influence what and how it taught. In addition, the challenge for most leaders is to develop capacity in other by creating a culture that facilitates learning.

Although there is little empirical studies has been devoted to understanding the mediating effect of organizational culture in the transformational leadership style and OL relationship, some empirical evidence about the effect of organizational culture in the relationship between the leadership and organizational performance were revealed. Ogbonna and Harris [65] found that supportive and participative leadership were indirectly and positively linked to performance via innovative and competitive cultures. Furthermore, Xenikou and Simosi [66] proposed that the connection between leadership styles especially transformational style and performance is mediated by the nature and form of the organizational culture that exists. In light of previous arguments, the second hypothesis was formulated:

**H2:** Organizational culture mediates the relationship between transformational leadership style and organizational learning.

## Methods

### Research instruments

Sekaran [67] writes, "Researchers can use the instruments already

reputed to be "good" rather than laboriously developed their own measures". In this study, the survey items are adopted from existing instruments used in the previous studies. Transformational Leadership style was measured by using Multifactor Leadership Questionnaire (MLQ-5X) developed by Avolio et al. [36]. Participants were asked to describe their leadership behavior on 20 items. A five-point Likert scale was used with the responses ranging from (1=not at all; to 5=frequently, if not always). Denison's Organizational Cultural Survey (DOCS), adapted from Fey and Denison [68], is selected to measure the organizational culture. The employees were asked to describe main aspects of their organization through 36-item using a five-point Likert rating system scale ranging from "strongly disagree" valued as "1" to "strongly agree" valued as "5". Finally, OL was measured by 28 items assessment questionnaire developed by Templeton et al. The participants were asked to obtain respondents' professional judgment on the appearance of OL in their organization. Each item was rated on a five-point Likert scale ranging from (1) "strongly disagree" to (5) "strongly agree". Since the study was conducted in Gaza strip, the original English instruments were translated into Arabic language using back translation technique. The objective of translation and back-translation is to construct the Arabic version of the questionnaire that is equivalent in meaning in comparison with the original English version. Bates and Khasawneh [69] have explained that equivalent translation refers to the equivalent meaning of the survey items between the original instrument and translated instrument. The first step the researcher translated the original English instrument into Arabic. The second step was to back-translate the Arabic translated instrument into English. Two translators who are bilingual in English and Arabic did this process. One is a Master student who has English teaching experience in several universities. The other is a faculty member at Cairo University. Each translator separately translated the Arabic translated version of the instrument into English. The two translators tried to keep the original meaning of each item as much as possible. After that, the researcher compared the two translated instruments. Each item on each back-translated instrument was compared to evaluate the similarity between two English back-translated instruments. If there were some differences between the two English back-translated instruments, the two translators revised the items to adjust differences. Finally, the researcher compared every item in the two instruments that were back-translated from Arabic to English with the items in the OLC. If there were no significant differences between the original instrument and the two instruments that were translated from, the instrument that was translated to Arabic was assumed to have appropriate validity as the original Instrument OLC.

### Data collection

Using of key informants in organization has been a popular method for data collection in many business research contexts. The target population of this present study was designated as leaders, different managerial levels operating in the different Palestinian ministries (22) at Gaza strip. They range from Deputy Minister to a head of unit. The deputy minister, the assistance of the deputy minister and the general director represent the top management. The middle level includes the Deputy of general director, director manager and director. Finally, the head of department and the head of unit represent the first managerial level. The study population accounts for approximately (2978) managers. In this study, disproportionate stratified sampling was employed whereby the target population was divided into stratum because some stratum (such as the number of the Deputy Minister) is small when compared to the other target population such as (a head

of department/unit) which has a larger population. Then, the target's respondents were selected based on a random sampling from each stratum. Total of (475) questionnaires were personally distributed. Within one month, 380 completed questionnaires were returned, accounting for a response rate of 80%.

### Data analysis

**Characteristic of the sample:** The demographic summary reported (83.9%) of the respondents were male and the rest were female who only represented (16.1%) of the sample. This result reflected the nature of the Arab where male dominate and hold top management positions while the women in these positions were very limited (AL-Gahtani et al.). The majority of the respondents possessed Bachelor degree as they represented (62.4%) while (28.1%) of the respondents had a doctorate and master degree. With reference to the experience, the sample showed approximately a balance between those they had work experience of between 6-12 years (35%) and the respondents with 13-19 work experience (31.8%), followed by 1-5 years (20.5%) and above 20 years (12.6%). Whilst, the majority of the respondents were found in middle and first level of management as they represented (39.7%), (42.1%) respectively. About 18.2% of the respondents were found in top management level.

As seen in Table 1, Pearson moment correlation extracted on all the variables, which are (transformational leadership style, OC, and OL), disclose a positive correlation at a significant 0.01 level. Pearson correlation coefficient ranges between value (-1 to +1). Positive (1) indicates a perfect positive correlation and negative (1) indicates a negative perfect correlation. Correlation of (0) refers to the absence of correlation. According to Benny and Feldman, the correlation coefficient that exceeds the value of (0.8) will likely to result in Multicollinearity. Cohen [70] as suggested the guideline on the effect sizes of the correlation coefficient in social science: small effect,  $r=0.1$  to  $0.29$ ; Medium,  $r=0.30$  to  $0.49$ ; and large,  $r=0.50$ . The results as shown in I demonstrated that no violation of the multicollinearity in which all values ranges of  $0.245$  to  $0.786$ , which is lower than the acceptable cut-off value of  $0.8$ .

Organizational learning was found to have a small positive correlation with transformational leadership ( $r=0.245$ ,  $P<0.01$ ) and with a large positive correlation related to the organizational culture ( $r=0.786$ ,  $P<0.01$ ). With respect of transformational leadership style, Moderate positive correlation were observed with organizational culture ( $r=0.327$ ,  $P<0.01$ ).

### Assessing measurement scale

Although all measured variables scales were derived from previous published research, It is necessary to assess the validity and reliability of these variables especially if the instruments have been used in different contexts and on different sets of respondents that their characteristics may differ from the original studies carried out [71]. Since the study's hypotheses were based on transformational leadership, organizational culture and OL as comprehensive concepts, aggregate measure of each one of these constructs was used as one dimension. This study

Variables	TFL	OC	OL
Transformational leadership (TFL)	1		
Organizational culture (OC)	0.327**	1	
Organizational learning (OL)	0.245**	0.786**	1

Note: \*\*\* $P<0.001$ , \*\* $P<0.01$ , and \* $P<0.05$ .

Table 1: Correlation coefficient of the study variables.

assessed the reliability of the instruments measuring all the variables. The Cronbach's alpha values as depicted in Table 2 range from 0.861 to 0.955 with a coefficient alpha exceeding the lower limit for Cronbach's alpha (0.7) as suggested by Hair et al. In addition, convergent validity was examined by observing the values of composite reliability (CR) and the average variance extracted (AVE). Hair suggests that the threshold for CR and AVE should be at least .60 and 0.50 respectively. All Constructs in the current study exceeding these values reflecting good composite reliability and average variance extracted.

To examine the validity of the measures, confirmatory factor analyses on each construct (CFA), using the AMOS program was conducted. According to Hair et al. a factor loading of 0.3 to 0.4 are minimally accepted. In this study, variables with factor loadings below 0.4 were eliminated. The result revealed that the entire hypothesized individual construct showed a good fit with the data collected from the sample within the Palestinian ministries context. The entire standardized factor loading above (0.4) and were significant at  $p < 0.001$  (t-values  $> 0.05$ ) in support convergent validity. All fit indices for all constructs measurement model (CFA) as shown Table 3 met the recommended criteria (CFA, TLI, IFI, and GFI above 0.90, RMSEA and  $RMR < 0.05$ ,  $CIMN/DF < 3$ ).

### Analysis strategy

To test the mediating effects, three regression analyses were performed to assess if organizational culture would mediate the relationship between perceived transformational leadership style and OL. According to Kenny et al. [72], three criteria must be met to support mediated relationships:

- 1) Path A: The independent variable (i.e. transformational leadership style) should make significant contributions to the mediating variable, i.e. organizational culture.
- (2) Path B: The mediator (organizational culture) should make significant contributions to the dependent variable (OL).
- (3) Path C: The independent variable (i.e. TFL) should make significant contribution to the dependent variable (i.e. OL).

Variables	$\alpha$	CR	AVE
Transformational leadership	0.861	0.863	0.637
Organizational culture	0.955	0.963	0.927
Organizational learning	0.932	0.931	0.845

Table 2: The reliability of the constructs.

Models	CIMN/DF	CFI	TLI	IFI	GFI	RMR	RMSEA
TFL	1.894	0.935	0.922	0.936	0.938	0.031	0.049
OC	1.611	0.963	0.958	0.963	0.902	0.037	0.04
OL	1.92	0.958	0.948	0.958	0.924	0.041	0.049

Notes: TFL: Independent Variables; OL: Dependent Variable; OC: Mediator;  $p < 0.001$ .

Table 3: Fit Indices for measurement model.

Variables	R2	$\beta$	t	Sig	F-value	SigF-value
TFL	0.095	0.309	6.311	0.000***	39.824	0.000***
OC	0.66	0.812	27.082	0.000***	733.433	0.000***
Model1: TFL	0.056	0.236	4.725	0.000***	22.328	0.000***
Model2: TFL	0.66	-0.016	-0.512	0.609	366.132	0.000***
OC		0.817	25.892	0.000***		

\*\*\* $p < 0.001$ , \*\* $p < 0.01$ , \* $p < 0.05$ ; TFL: Transformational Leadership Style; OC: Organizational Culture.

Table 4: Summary of the Mediation Regression analysis.

Perfect mediation holds the independent variables no longer relate to the dependent variables after mediator is included and regression coefficient is reduced to non-significant (near zero) level. Reduction in the relationship between the independent and the dependent variables in the presence of the mediator, while remaining significant, is evidence of partial mediation [73].

## Results

### Hypotheses testing

Simple linear regression analysis was performed to examine the relationship between perceived transformational leadership style and OL. Before the assessment was done, the analysis for evaluation based on the assumptions of normality, linearity and multicollinearity was performed. Z scores test of 3.29 at  $p < 0.001$  and the observation of the histogram box plot indicated no series outliers' problems. Thus, simple linear regression analysis was appropriate to test hypothesis H1. The regression analysis results as shown in Table 4 - Model 1, indicates a positive and a significant relationship between perceived transformational leadership style and OL ( $t = 4.725$ ,  $p = 0.000$ ). Based on these results, the hypothesis H1 is supported. This indicates that, the higher the perceived transformational leadership style, the more would be the OL. The strength of the relationship between the two variables is 0.236 as measured by r-value of 0.001 which is considered as only having a small effect within  $r = 0.10$  to  $0.29$  range (Cohen, 1992). The coefficient of determination measured by R- square is 0.06. It demonstrated that the perceived effect of transformational leadership style helps to explain directly only 6% percent of the variance in the OL directly.

To test for mediated relationships, the results of the regression analyses following the steps suggested by Kenny et al. were presented in Table 4. To assess path a, perceived transformational leadership style was used to predict the mediator variable OC and was found significant at  $P < 0.001$ , ( $r^2 = 0.095$ ) contributing 10% of variance in OC. Therefore, condition one was supported. Perceived transformational leadership style was positively and significantly affected organizational culture ( $\beta = 0.309$ ;  $t = 6.311$ ;  $P < 0.001$ ). When path b was assessed, the mediating variable of organizational culture was entered to predict the OL. The result revealed it to be significant at ( $\beta = 0.812$ ;  $t = 27.082$ ;  $p < 0.001$ ) which in turn supports the second condition. 66% of variance in OL is contributed by organizational culture. In path c, (when path a and b were controlled) befog the inclusion of the mediator as previously revealed, as indicated in model one, the r squared was at 0.056 which was significant at 0.001 level. Previously, it was found to be

significantly correlated at ( $\beta=0.236$ ;  $t=4.725$ ;  $p<0.001$ ). However, after the inclusion of the mediator of organizational culture, as shown in model2, the previous significant relationship reveals an insignificant relationship to account support the perfect mediator. The strength of the relationship indicated a decrease ( $\beta=-0.016$ ,  $t=-0.512$ ;  $p>0.05$ ) the R-squared was 0.66. When the mediator was included, the equation for r-squared revealed a significant ( $f$  change=0.001) increase from 0.056 to 0.660, indicating an improvement of 55.8% in the variance of the OL ( $r^2$  change=0.604). Therefore, it can be concluded that organizational culture fully mediates the transformational leadership style and the OL relationship.

## Discussion

The current study explored the relationship between transformational leadership, organizational culture and OL in the Palestine ministries. Organizational culture was found to be a full mediator of the relationship between the transformational leadership style and OL. The results of this study indicate that transformational leadership style positively influences OL. These results received support from previous studies that reported a significant direct influence of transformational leadership style on OL [74]. Transformational leaders have the ability to challenge the status quo, and to help the organization in order to create a vision for the future. It is acknowledged, "Shared vision is vital for the learning organization because it provides the focus and energy for learning" [75]. In addition, they motivate followers with trust and empowerment which is fundamental for them to share their knowledge without the fear of becoming vulnerable. By motivating followers to question assumptions, take intelligent risks and come up with creative observations, transformational leaders encourage individuals to break through learning boundaries and to share their learning experiences both within and across departments [76]. Zagoršek et al. asserted Transformational leaders encourage open, honest communication and foster dialogue and collaboration between team members. This role is important because individual learning does not always lead to OL [77]; thus, the leaders should be linking the two levels of learning. By stimulating subordinates' views with group perspectives, a transformational leader integrates individual learning into OL [78]. Moreover, transformational leaders establish themselves as role models and lead by example to gain the trust, admiration and respect of individual followers. Without effective leaders, who set appropriate examples, employees will not be motivated to participate in the knowledge acquisition, interpretation and integration [79]. Watkins and Marsick [80], Marquardt and others see a culture that supports the acquisition of information, the sharing of knowledge and provide rewards and recognition for learning as critical for successful learning organizations. Dirani [81] also found when employees perceive support from their organizations they contribute to enhancing learning culture by sharing their knowledge and ideas with colleagues.

Second, the outcomes of the study demonstrate a positive relationship between transformational leadership style and organizational culture. This finding is parallel with Al Sardieh's findings that proved that transformational leadership affects positively the organizational culture. One possible explanation is that the Palestinian ministries were established newly since 1994 and after the Palestinian split in 2007, new leaderships manage the most of these ministries. Therefore, it is expected that those leaders influence extensively the organizational culture within these ministries. Schein noted that leaders have a significant influence on maintaining and changing the organizational culture.

Third, the study has successfully substantiated the empirical linkage between organizational culture and OL. The results indicated significant direct positive relationship between organizational culture and OL. These results seem to be in agreement with the findings of some previous studies. For example, Amitay et al. [82] found that the higher the organizational culture values, the more intensively and effectively would the OL mechanism operate. These findings are also in line with Joseph and Dai [63] who proved that organizational culture is positively affected the OL. Fard et al. [83] found that there is a significant positive relationship between organizational culture and the degree of shaping learning organization in public organizations.

Finally, the results of this study show that organizational culture serves as a mediator between transformational leadership style and OL. Additionally, results show that results of the variance that explained OL was 66%, due to the effect of transformational leadership, mediated by organizational culture. The obtained results are consistent with the previous findings, which showed that organizational culture mediates the relationship between transformational leadership and organizational performance. In addition, these results come with the line of the Zagoršek et al. and Bhat expectations that the relation between leadership styles and OL is moderated or mediated by organizational culture. Based on these results it can be concluded that the more the leaders follow transformational leadership style when they manage their organization, the more appropriate organizational culture. The more appropriate of organizational culture produce the higher chance to achieve the learning among the organization. One reason for this result is transformational leadership styles that concerned about fostering the values of Learning culture (i.e. trust and commitment, creativity, critical thinking, problem solving, risk taking, open exchange of information and ideas, paying attention to individuals' personal career development, view organizational tasks beyond their own self-interest, have challenging goals, and experimentation). These values challenge people to promote and reinforce an environment that enables learning. This explanation is in agreement with Jung et al. [84] contention that transformational leadership directly and indirectly enhances organizational innovation by creating a supportive organizational culture. Thus, transformational leaders develop vision, identify the organizational goals and create learning culture to be aligned with the OL.

## Theoretical and practical implications

The research presents several important practical implications for Palestinian ministries. This study is significant in that the results of the present study might be expected to be useful for policy makers and practitioners in the public sector for understanding the styles of leadership influencing organizational learning effectively. This study helps leaders identify the specific leadership behaviors that are more related to building learning organizations in different types of organizational cultures. Therefore, the findings of the study suggest that transformational leadership style is essential to organizational learning practices. Particularly, this study posited that the leaders who are most effective at influencing organizational learning are those who best utilize both inspirational motivation and intellectual stimulation behaviors. Leaders should focus on developing these leadership styles, depending upon the culture. They should inspire followers to be creative and innovative, and to challenge their own beliefs and values as well as those of the leader and organization. They should promote intelligence; rationality and risk taken that enable the followers to try new approaches and exert extra efforts to learn. Leaders should create a collective vision, set promise goals and clear expectations that

help the organizations' members to understand the aspiration of the learning organization.

Additionally, this study also highlights the importance of organizational culture. The results indicate that the effectiveness of leadership styles is contingent upon the type of organizational culture. Indeed, increased knowledge about organizational culture can provide leaders, managers and researchers with special insight regarding managing an organizational culture to ensure that, it remains aligned with the external environment [85]. As a result, that appropriate strategies can be designed either to adapt the existing organizational culture, or to try reshaping it in order to support the leaders' efforts toward shaping learning organization. Therefore, it is essential to articulate how the leaders through their behaviors create a positive organizational culture that is important for the organization outcomes. The results indicated that inspirational motivation affects the organizational learning through involvement, adaptation, and mission culture. Further, Intellectual Stimulation affects organizational learning through only involvement and adaptation culture. According to Hofstede's [86] typology the Arab countries, to which Palestine belongs, were classified as having high a collectivist culture and high power distance. In collectivist societies, people emphasize cooperation and relationship building, trustworthiness, solidarity with others and being conservatives. From my experience with Palestinians, I found the Palestinians culture to represent a "new version" of modern cultures where employees are young, not afraid of disagreeing with their bosses, and am consulted in decisions related to their work.

Importantly, Bass established that transformational leadership behaviors could be learned through training programs. This holds an important message for Palestinian ministries. The Palestinian government has already setup the National Institute of Public Administration and Leadership (known as NIPAL) to assist and train leaders from both public and private organization. Policy makers should take advantages of this opportunity by sending more of their leaders for training in (NIPAL). Individuals can develop transformational leadership behaviors, and these behaviors can have positive impact on OL. Moreover, the organizational learning is an important field to be considered that helps in providing competitive advantages. Many studies revealed that organizational learning have critical impact on organizational outcomes such as organizational performance, commitment, and job satisfaction. Kassim and Abdullah [87] emphasized that the organizations of the Arab world are in dire need of organizational learning and establish its concept to build the basic blocks of the journey to be learning organizations. This study intends to provide a way for the researchers to conduct future studies in similar areas. This study also attempts to institutionalize new managerial concepts such as the OL, among the Palestinian ministries as a public sector. Barrados and Mayne [88] stated, "There is a need to institutionalize learning processes within a public sector organization". Furthermore, the findings of this research will also assist policy makers of the Palestinian ministries to optimize the allocations of resources in its hiring, rewarded, training and other functions of human resource management to have the right leaders for building a learning organization. The challenge to leaders is how to create culture of openness and cooperation with limited resources.

This study integrates three topics, which are leadership, organizational culture and organizational learning. Moreover, although there has been underlying assumptions about the role of leadership in organizational learning, little is known about employing the mediating role of organizational culture into the relationship between the

transformational styles of leadership on the OL [89]. Therefore, this study take a step further and attempt to add in the existing literature by examine the effect of OC as mediator variable that may have an impact on the relationship between TFL and OL. Additionally, researchers have criticized transformational and transactional leadership theory for not considering organizational context, so the examination of the culture as mediator addresses this limitation [90,91].

### Limitation and Directions for Future Research

Firstly, since this study was applied on Palestinian ministries, this limits the generalizability of the study results to other industries or settings. This study could be replicated within other sectors such as educational sector or Banking sector. Secondly, this study is cross-sectional research in nature. Future research should consider alternative mode of time horizon such as employing longitude methods of data collection to better understand the cause and effect relationships with some kind of time lag. Thirdly, this study concentrated only on transformational leadership style. Perhaps, by extending this study further by including other predictive variables (i.e. transactional leadership style), it may help to substantiate the significant effects that would yield a higher explanation power or variance on the dependent variable than what was this study reported (66%). Lastly, this study used the perceptions of leader-self report as its data source that may cause potential biases. It is recommended that future research measuring the transformational leadership style based on rater-form whereby the followers evaluate their leaders' styles.

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