THE INFLUENCE OF TRANSFORMATIONAL LEADERSHIP, ORGANIZATIONAL CULTURE, AND STRATEGIC CHANGE ON ORGANIZATIONAL EFFECTIVENESS IN PALESTINIAN HIGHER EDUCATION

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by

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DEDICATION

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PENGARUH KEPIMPINAN TRANSFORMASI, BUDAYA ORGANISASI DAN PERUBAHAN STRATEGIK TERHADAP KEBERKESANAN ORGANISASI PENDIDIKAN TINGGI DI PALESTIN

ABSTRAK

Dilaporkan bahawa universiti di Palestin sentiasa berdepan dengan cabaran persekitaran, yang menyebabkan keberkesanan mereka semakin merosot. Justeru, penyelidikan ini bermatlamat menggariskan masalah kemerosotan keberkesanan organisasi dalam kalangan universiti di Palestin, dengan menggabungjalinkan kepimpinan transformasi, budaya organisasi, perubahan strategik, dan keberkesanan organisasi. Bagi tujuan tersebut, kaedah kajian kes dan juga pendekatan reka bentuk kaedah bercampur jujukan digunakan bagi mengumpul dan menganalisis data kuantitatif (soal selidik) dan juga data kualitatif (temu bual). Sampel kuantitatif terdiri daripada 197 orang peserta yang dipilih secara rawak daripada populasi kajian seramai 755 orang pekerja. Sebaliknya, sampel kualitatif memasukkan 4 informan yang dipilih khusus bagi mereka yang melengkapkan soal selidik. Dapatan menunjukkan bahawa kepimpinan transformasi, budaya organisasi, dan perubahan strategik adalah peramal utama bagi keberkesanan organisasi dalam pendidikan tinggi Palestin. Kepimpinan transformasi secara signifikannya mempengaruhi perubahan strategik dan keberkesanan organisasi. Sebagai tambahan, budaya organisasi, secara signifikan dapat meramal perubahan strategik. Tambahan pula, perubahan strategik secara signifikan dapat meramal keberkesanan organisasi. Di samping itu, budaya transformasi dapat menyederhanakan pengaruh kepimpinan transformasi terhadap perubahan strategik. Pada tahap dimensi, budaya transformasi hanya dapat menyederhanakan pengaruh perlakuan yang ideal terhadap rumusan strategi. Namun demikian, dapatan kualitatif menjelaskan bahawa kesan

penyederhana daripada kesan budaya transformasi dalam perkaitan di antara kepimpinan transformasi dan perubahan strategik adalah disebabkan terdapatnya tanggapan bahawa kepimpinan universiti tidak begitu menyokong perubahan yang berlaku. Hal ini menunjukkan bahawa budaya organisasi, secara idealnya tidak berkesan. Di samping itu, dapatan kualitatif juga mendapati perlunya suatu sinergi (gabungan) di antara kepimpinan transformasi dan budaya organisasi. Hal ini disebabkan kepimpinan transformasi mampu memacu perubahan strategik tanpa sokongan budaya organisasi. Sebagai kesimpulan, dapatan juga menunjukkan bahawa perubahan strategik dapat menyederhanakan perkaitan di antara kepimpinan transformasi dan keberkesanan organisasi, terutamanya pada tahap dimensi yang sokongan penuh ditemui kebanyakannya bagi rumusan strategi dalam perkaitan ini. Di samping itu, dapatan juga mendapati bahawa kebanyakan perkaitan di antara dimensi kepimpinan transformasi dengan keberkesanan organisasi, sebahagiannya disederhanakan melalui dimensi perubahan strategik. Justeru, dirumuskan bahawa kepimpinan transformasi, budaya organisasi, dan perubahan strategik adalah faktor utama terhadap keberkesanan organisasi dalam pendidikan tinggi Palestin. Kajian ini mendapati bahawa para peminpin universiti di Palestin sepatutnya mengubah penekanan mereka terhadap faktor ini kerana ia amat bermanfaat terhadap keberkesanan universiti. Akhir sekali, disebabkan pengaruh kepimpinan transformasi pada perubahan strategik adalah kontigen terhadap budaya organisasi, maka para pemimpin universiti di Palestin perlu mengambil kira untuk menjana budaya universiti yang ideal untuk meningkatkan pengaruh kepimpinan transformasi semaksimum yang boleh terhadap perubahan strategik.

THE INFLUENCE OF TRANSFORMATIONAL LEADERSHIP, ORGANIZATIONAL CULTURE, AND STRATEGIC CHANGE ON ORGANIZATIONAL EFFECTIVENESS IN PALESTINIAN HIGHER EDUCATION

ABSTRACT

Palestinian universities were reported to face persistent environmental challenges which detrimentally caused them to deteriorate in effectiveness. Therefore, the overarching aim of this research was to address the problem of declining organizational effectiveness in Palestinian universities through investigating the link among transformational leadership, organizational culture, strategic change, and organizational effectiveness. For this purpose, this research used a case study method and also employed a sequential mixed method design approach where both quantitative, i.e. questionnaires, and qualitative, i.e. interviews, methods were utilized for data collection and analysis. The quantitative sample consisted of 197 participants randomly selected from the study population counting 755 employees. Whereas the qualitative sample included 4 informants purposefully selected for those who completed the questionnaires. The findings revealed that transformational leadership, organizational culture, and strategic change are key predictors of organizational effectiveness in Palestinian higher education. Transformational leadership significantly influenced strategic change and organizational effectiveness. In addition, organizational culture significantly predicted strategic change. Moreover, strategic change significantly predicted organizational effectiveness. Besides, transformational culture adversely moderated the influence of transformational leadership on strategic change. At the dimension level, transformational culture adversely moderated only the influence of idealized influence – behavior on strategy formulation. Nevertheless, the qualitative findings

explained that the adverse moderating effects of transformational culture in the relationship between transformational leadership and strategic change were caused by the existence of university leadership's assumptions that were unsupportive of change, thus indicating that organizational culture was not ideally effective. Also, the qualitative findings necessitated a synergy (combination) between transformational leadership and organizational culture because transformational leadership, by itself would, fall short of boosting strategic change without the role of supportive organizational culture. Finally, the findings also revealed that strategic change mediated the relationship between transformational leadership and organizational effectiveness. Particularly at the dimension level, support for full mediation was found mostly for strategy formulation in this relationship. Also, most of the relationships between the dimensions of transformational leadership and organizational effectiveness were partially mediated by the dimensions of strategic change. Therefore, it was concluded that transformational leadership, organizational culture, and strategic change are key factors of organizational effectiveness in Palestinian higher education. The study implied that Palestinian university leaders should shift their emphasis to these factors because they are very promising to university effectiveness. Finally, as the influence of transformational leadership on strategic change is contingent on organizational culture, Palestinian university leaders need to consider creating ideal forms of university culture to maximally increases the influence of transformational leadership on strategic change.

CHAPTER 1

INTRODUCTION

1.1 **Introduction**

The World Bank (2012) emphasized the rising significance of higher education in economic growth in a world intensely dominated by global knowledge economies and growing competitiveness. Higher education is a potential force to encourage economic growth by expanding employment and raising productivity through preparing highly skilled workforce for the various economic activities, increasing technological capacity, and leading research to drive innovation, entrepreneurship, and productivity. Obviously, investing in higher education is a key process toward the wellbeing of individuals as well as nations.

However, within the context of Palestinian higher education, universities have become ineffective as a result of their incapability to adaptively respond to various critical environmental challenges and pressures. Palestinian universities are facing an enormously growing public demand on higher education. This increasing public hunger for higher education has placed further pressures on Palestinian universities and resulted in various severe chronic problems in terms of student access to higher education, institutional capacity to contain large numbers of students, rising demands for educational quality, the relevance of institutional outcomes to the labor market, and institutional governance (AlSubu', 2009; Hashweh, Hashweh, & Berryman, 2003). Consequently, Palestinian universities suffer from a serious dilemma of misalignment with their external environments as they grow more ineffective and incapable of adaptively addressing environmental forces and changes.

Therefore, critical concerns have been raised about higher education effectiveness and how relevant it is to support economic and social growth in Palestine. The question of what makes an effective university naturally arises in the way of efforts to address the dilemma of deteriorating effectiveness in Palestinian higher education. Therefore, identifying the factors which potentially predict organizational effectiveness in Palestinian universities seems to be a central process to revitalizing Palestinian higher education. In this regard, three critical factors have been anticipated to strongly predict organizational effectiveness in Palestinian higher education. These factors include transformational leadership, organizational culture, and strategic change.

Clearly, organizational effectiveness is contingent on how flexible and adaptive Palestinian universities are to the forces and challenges present in the external environment. Hence, strategic change emerges as a significant predictor of organizational effectiveness because it creates a proper alignment between these universities and their external environments by means of changing their organizational culture and strategy. The pressures imposed on higher education systems by various growing demands of rapidly changing environments constitute a powerful drive for innovation and change in higher education. Therefore, developing an internal capacity to plan and implement strategic change in Palestinian universities has become a core capacity to maintain and increase their organizational effectiveness and survival because organizations generally perceive that their survival basically depends on their effectiveness and success (Singh & Bhandarker, 1990).

Furthermore, the shift of organizational emphasis to strategic change as a more fitting type to the increasing impetus and scope of organizational change has

increased demands for a new breed of change-centered, innovative leaders who are capable of leading organizations through transformation to achieve results beyond expectations. In this context, transformational leadership is believed to be "the best-fitting model for effective leadership in today's world" (Bass & Riggio, 2006, p. 224). It envisions new directions and strategies and inspires others to move toward the desired strategic outcomes. It also satisfies the people's desire for universal leader across cultures. Therefore, it is believed to be a powerful predictor of leadership and thus of organizational effectiveness (Bass & Riggio, 2006; & Schell IV, Youngblood & Farrington, 2008). As organizational survival basically depends on organizational effectiveness which, in turn, is vitally affected by the leader's style of leadership, most organizations seek to develop transformational capacity in order to be responsive to change and to cope with powerful forces present in their external environments so that they can achieve organizational effectiveness and success.

Basically, transformational leadership is interchangeably contingent on strong organizational culture. The literature on leadership-culture relationship shows that organizational culture is a key determinant of leadership and organizational effectiveness (Michaelis, Stgmaier, & Sonntag, 2010; Lin & McDonough III, 2009; Bass & Riggio, 2006; Schein, 2004; Kulkarni, 2010; Block, 2002; & Fullan & Hargreaves1996). Transformational leaders need the support of a strong organizational culture to achieve organizational effectiveness through strategic change. Therefore, shaping organizational culture is one of the most primary and most challenging responsibilities of transformational leadership. Eventually, organizational culture is a key predictor of organizational effectiveness through enhancing the role of leadership and facilitating strategic change. In organizations with a weak culture, old traditions, values, and regulations usually lead to

deteriorating organizational effectiveness because they hinder the introduction of innovative solutions which aim at creating a proper alignment with changing environments and, consequently, the organization flounders and fails.

In sum, the literature reviewed illustrates that transformational leadership, organizational culture, and strategic change have the likeliness to positively influence organizational effectiveness in Palestinian higher education. They constitute a potentially effective causal model of organizational effectiveness wherein transformational leadership is posited to enhance organizational effectiveness in Palestinian universities through strategic change, and organizational culture is expected to account for a significant change in the magnitude of the relationship between transformational leadership and organizational effectiveness. Therefore, the three factors are perceived as critical predictors of organizational effectiveness in Palestinian higher education in ways which enable Palestinian universities to effectively address their underlying problems and achieve their missions.

1.2 **Rationale of the Study**

Institutions of higher education are considered key contributors to economic growth in a world intensely dominated by global knowledge economies (The World Bank, 2012). They are targeted with national strategies and policies to enhance their role in producing highly qualified individuals for the various economic activities, increasing technological capacity, and leading research to drive innovation. As a result, higher education has become a growing industry and an area of core national awareness.

However, within the context of Palestinian higher education, universities have been enduring harsh realities due to rapid-paced environmental pressures and challenges which have led to detrimental effects on their effectiveness and, thus, may

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have impeded their critical contribution to economic and social growth (AlSubu', 2009; & Hashweh, Hashweh, & Berryman, 2003). Therefore, critical concerns have been raised about higher education effectiveness and how relevant it is to support economic and social growth in Palestine. Thus, the question of what makes an effective university has guided the conduction of this research to address the problem of deteriorating effectiveness in Palestinian higher education and to fill the gap between the current state and the high expectations set for Palestinian higher education. As such, identifying the key variables which potentially predict organizational effectiveness in Palestinian universities has become a major emphasis of the current research.

In this regard, the selection of the most appropriate variables for the context and the implementation of this research was based on a thorough review of literature. This review of literature made it possible to utilize the well established assumptions and findings of previous theorists and researchers and to found the research on a firm theoretical background. Accordingly, three primary variables, namely, transformational leadership, organizational culture, and strategic change were conceptualized as potentially crucial predictors of organizational effectiveness in Palestinian higher education. Therefore, the primary aim of this research was to address the research problem of deteriorating organizational effectiveness in Palestinian universities through empirically investigating the influence of transformational leadership, organizational culture, and strategic change on organizational effectiveness in Palestinian higher education, using a sequential mixed method design approach where both quantitative and qualitative methods were utilized for data collection and analysis.

This empirical examination of the link among the study variables provided viable answers and information with regard to the study problem. Consequently, it was concluded that transformational leadership, organizational culture, and strategic change are key organizational predictors of organizational effectiveness in Palestinian higher education. It is hoped that the various implications as informed by the research findings will guide and inform Palestinian university leaders and policy makers to work on conceptions of more effective universities which can support economic growth in Palestine toward establishing the long-sought independent state of Palestine.

1.3 **Statement of the Problem**

Higher education has become an area of optimal interest to researchers, policy makers, and scholars due to its obvious link to the well being of nations. It is envisioned as a powerful force to drive sustained and competitive economic development and social welfare and stability. Because the world in the 21st century is increasingly organized around global knowledge economies, where education and knowledge are treated as human capital that is utilized for high value social and economic return, higher education has become a growing industry as well as an area of intense public demand. Therefore, various governmental and institutional policies are ever more mandated to drive and support this view across the globe (Jenks, 2008).

Even though, as demands for enhanced role of higher education in building nations' capabilities and capacities grow, challenges and external pressures on higher education also increase in ways which may enormously undermine its effectiveness. At the international level, many pressures, challenges, and 'winds of change' were reported to exert a substantial influence on higher education (Stensaker & Norgard,

2001; Cummings et al., 2005; Hanna, 2003; Obenchain et al., 2002; & Eckel, Hill, and Green, 1998). That is to say, institutions of higher education face a double-sided pressure where they are pressurized to meet growing demands for national and international standardization coupled with powerful external challenges which have extreme consequences on their effectiveness. Such stressful challenges denote that institutions of higher education are strongly demanded to keep higher education affordable in an age characterized by a dramatic increase in public demand on higher education while controlling tight financial situation; contain large number of students coupled with growing demands for educational quality, effectiveness, and efficiency; meet the demands of globalization and the resulting expulsion of knowledge inside and outside academia; and serve the demanding local and international labor markets by introducing new technological skills for the industry.

At the Palestinian level, three official reports revealed major environmental challenges which negatively affected Palestinian universities and were associated with detrimental drawbacks in their effectiveness. The first report (AlSubu', 2009) was introduced by the chairman of the Palestinian Accreditation and Quality Assurance Commission (AQAC); the second report (Hashweh, Hashweh, & Berryman, 2003) was sponsored by the United States Agency for International Development (USAID) in collaboration with the Academy for Educational Development; and the third report (Bekhradnia, Faramand, & Kuhail, 2008) was mainly a review of the governance of the Palestinian higher education system. The reports emphasized that although Palestinian universities improved in terms of a noticeable increase in student enrolment, yet this seems to place further challenges on the Palestinian universities. According to these reports, Palestinian higher education still faces persistent problems and challenges.

First of all, Palestinian universities face a problem of student access to higher education and institutional capacity to contain large number of students. Pressurized with massively growing public demand on higher education, Palestinian universities are required to make higher education affordable despite that they are incapable of containing large numbers of students which exceed their capacity. This is associated with decreased fund, inadequate database, inadequate infrastructure, insufficient number of qualified teachers, restrictions to academic personnel mobility due to the 'Israeli' occupation, and inadequate access to and use of ICT, the matter which aggravates the situation at Palestinian universities.

Second, the dramatic growth in student enrolment has mandated increasing demands for educational quality in Palestinian higher education. Educational quality in Palestinian universities has deteriorated in the West Bank and Gaza Strip in terms of neglected teacher quality, faculty overloads, increased student-teacher ratio, journal-teacher ratio, percentage of teachers holding specific degrees which are key factors that significantly affect the quality of higher education in Palestine.

Third, and most importantly, the issue of how relevant Palestinian higher education is to support economic growth and individual welfare was considered a critical challenge to higher education in Palestine. Market demand for higher education graduates is low due to deteriorating economic growth combined with high rates of population growth. Accordingly, there are high rates of unemployment in West Bank and Gaza. Therefore, Palestinian higher education faces an unfavourable dilemma of institutional relevance to the local labour market. Such an adverse misalignment between higher education and the local labour market has manifest signs. For example, Palestinian universities have inappropriate production in certain disciplines and have irregular and un-established relationship with the local market.

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Employers commonly report that higher education graduates are too theoretical, lacking proper work ethics, under qualified, deficient at English language skills, and lacking management and entrepreneurial skills. Other aspects of irrelevance in Palestinian higher education was explained in growing market demands for new programs and appropriate production to support the economy compared to imbalances in disciplinary enrolment distribution from one side and imbalances in enrolment distribution between universities and technical colleges from the other.

Fourth, Palestinian higher education lacks an effective governance model. Palestinian universities have different types of governing bodies. Governmental universities have advisory councils, public institutions have boards of trustees (except for Al-Quds open university which has advisory board), and private institutions have boards of directors. There are clear manifestations of weak governance in Palestinian higher education. For instance, boards do not meet regularly, not all boards provide financial oversight, and many of the boards do not set the strategic direction of their institutions.

The said environmental challenges seem to have detrimentally affected Palestinian universities causing them to become ineffective. The immediate consequences of these challenges are manifested in a serious problem of misalignment between these institutions and their environments as they fail to adaptively respond to environmental pressures and demands.

The suggestion that Palestinian universities are becoming increasingly ineffective due to their incapability to adaptively respond to powerful environmental forces refers to a critical absence of an effective leadership approach for change. Palestinian universities have become ineffective due to ignoring the critical role of transformational leadership in planning and implementing strategic change to create

a proper alignment with their environment and, in turn, to make them highly effective. They need a new breed of effective leaders who are change-centered and capable of leading universities through transformation by transforming organizational culture, inspiring followers to pursue into the prescribed direction, and fostering innovation and transformation (Abushawish, Ali & Jamil, 2013; Marshall, 2011; Benitez, Davidson, & Flaxman, 2009; Pagan, 2008; Bass & Riggio, 2006; Clatt & Hiebert, 2001; & Sarros & Santora, 2001; & Lievens, Van Geit, & Coetsier, 1997).

Nevertheless, the influence of transformational leadership on organizational effectiveness is not the same under all conditions because it is affected by other organizational factors, i.e. organizational culture (Michaelis, Stgmaier, & Sonntag 2010; & Lin & McDonough III, 2009). Therefore, transformational leadership, by itself, may not be sufficient to enhance university performance. Obviously, thus, organizational culture moderates its influence on strategic change. Strategic change, in return, mediates the influence of transformational leadership on organizational effectiveness because leaders can bring about breakthrough results through change.

Based on the extensive review of related literature, transformational leadership, organizational culture, and strategic change are conceived as three critical predictors of organizational effectiveness in Palestinian higher education. They are assumed to constitute an effectual model of organizational effectiveness in Palestinian universities. Therefore, the primary objective of this research is to empirically investigate the influence of transformational leadership, organizational culture, and strategic change on organizational effectiveness in the context of Palestinian higher education in order to advance more insights into organizational effectiveness in higher education in Palestine.

1.4 **Knowledge Gaps**

From another perspective, a second key driver for conducting this study is the reported gaps in the body of research as related to the link among transformational leadership, organizational culture, change, and organizational effectiveness. Most importantly, Cameron and Whetten (1996), Cameron (1986), and Cowan (1985) asserted that there is no theory regarding the factors that are posited to predict organizational effectiveness in higher education. In addition, according to Sarros, Cooper, and Santora (2008), there is a little empirical evidence of the "theoretical relationships among the key components that make up such change strategy, including transformational leadership, organizational culture, and organizational innovation" (p. 145). Furthermore, Jaskyte (2004), confirmed that the empirical investigation of the link between leadership and innovation, as a critical contributor to organizational change and survival, has been ignored in the literature. Also, despite numerous theoretical conclusions about the effectiveness of transformational leadership, there is no empirical evidence of how effective transformational leaders are in educational settings (Stewart, 2006). In addition, despite frequent theoretical associations between leadership and culture in the literature, there "have been very few empirical examinations of the nature and performance implications of this link" (Ogbonna & Harris, 2000, p. 771). Besides, the potential role of culture has been ignored in most leadership-performance relationship studies (Jing and Avery, 2008). These gaps were addressed by empirically examining the influence of transformational leadership, organizational culture, and strategic change on organizational effectiveness in Palestinian higher education.

1.5 **Objectives of the Study**

Specifically within the context of Palestinian higher education, the overarching aim of the study is to investigate the influence of transformational leadership, organizational culture, and strategic change on organizational effectiveness in Palestinian higher education in order to contribute to the body of knowledge and introduce policy implications and theoretical insights into organizational effectiveness in these variables. Accordingly, in order to achieve this overarching aim, the study will try to fulfill the following objectives:

1. Identify the current state of Transformational Leadership, Organizational Culture, Strategic Change, and Organizational Effectiveness in Palestinian higher education.

2. Examine the influence of Transformational Leadership on Strategic Change.

3. Examine the influence of Transformational Leadership on Organizational Effectiveness.

4. Examine the influence of Organizational Culture on Strategic Change.

5. Examine the influence of Strategic Change on Organizational Effectiveness.

6. Investigate the moderating role of Organizational Culture in the relationship between Transformational Leadership and Strategic Change.

7. Determine the mediating role of Strategic Change in the relationship between Transformational Leadership and Organizational Effectiveness.

1.6 **Research Questions and hypotheses**

In order to achieve the main objectives of the study, the researcher seeks to answer the following questions using a sequential mixed-method approach.

1.6.1 Questions of the Study

1. Phase One: Quantitative Study

1. What is the current state of transformational leadership, organizational culture, strategic change, and organizational effectiveness in Palestinian higher education?

2. Is there a significant influence of Transformational Leadership on Strategic Change?

3. Is there a significant influence of Transformational Leadership on Organizational effectiveness?

4. Is there a significant influence of Organizational Culture on Strategic Change?

5. Is there a significant influence of Strategic Change on Organizational Effectiveness?

6. Does Organizational Culture moderate the relationship between Transformational Leadership and strategic change?

7. Does Strategic Change mediate the relationship between Transformational Leadership and Organizational Effectiveness?

1. Phase Two: Qualitative Study

1. How do the respondents perceive the current state of transformational leadership, organizational culture, and strategic change as identified in phase one; what factors contributed to this perception of these variables?

2. How does Transformational Leadership influence Organizational Effectiveness and Strategic Change?

3. How does Organizational Culture affect the relationship between Transformational Leadership and Strategic Change?

4. How does Strategic Change mediate the relationship between Transformational Leadership and Organizational Effectiveness?

1.6.2 Hypotheses of the Study

Based on the research questions, the following hypotheses will be tested using data collected from the study instruments:

H_01 There is no influence of Transformational Leadership on Strategic Change.

H_02 There is no influence of Transformational Leadership on Organizational Effectiveness.

H_03 There is no influence of Organizational Culture on Strategic Change.

H_04 There is no influence of Strategic Change on Organizational Effectiveness.

H_05 Organizational Culture will not moderate the relationship between Transformational Leadership and Strategic Change.

H_06 Strategic Change will not mediate the relationship between Transformational Leadership and Organizational Effectiveness.

1.7 Significance of the Study

The value of this research is threefold. Theoretically speaking, it makes a significant contribution to the existing body of knowledge by investigating various aspects of empirical evidence within the context of Palestinian higher education regarding the influence of transformational leadership on organizational effectiveness and strategic change; the influence of organizational culture on strategic change; the moderating effect of organizational culture in the relationship between transformational leadership and strategic change; and the mediating effect of strategic change in the relationship between transformational leadership and organizational effectiveness. Moreover, it may create a significant contribution of a

new theory of organizational effectiveness in higher education. Finally, it bridges various research gaps in the literature as previously stated.

Practically speaking, this study provides workable solutions to address such a critical issue as organizational effectiveness in Palestinian higher education. It makes a momentous contribution of an effectual model of organizational effectiveness for Palestinian universities, which is founded on identifying the key predictors of organizational effectiveness in higher education. Furthermore, it is expected to introduce significant recommendations and implications for better policymaking concerning organizational effectiveness in higher education.

From a beneficiaries' perspective, the study is worth of merit because it benefits a wide range of beneficiaries: policymakers and higher education leadership. The performance of these key stakeholders may improve by means of taking advantage of the study findings and implications.

1.8 **Limitations of the Study**

1.8.1 Access

One of the key limitations is that the researcher's access is limited to Palestinian universities in the Gaza Strip while it is denied to universities in the West Bank due to mobility constraints imposed by the Israeli Authorities. In additions, there are only 5 universities in the Gaza Strip. This meant that conducting a study at the organizational level is not attainable because such a study needs hundreds of universities. Therefore, a case study is a more appropriate approach to address the problem of this research. As a result, one university was selected for the case study as an instance of the other universities in the Gaza Strip.

1.8.2 Sampling error

Since the study sample is randomly selected, there is a possibility for sampling error due to variations in characteristics between the sample and the population (Cohen, Manion, and Morrison, 2005).

1.8.3 Ethical issues

Critical concerns may emerge regarding the voluntary participation of people and how close their answers are to the truth because this research uses questionnaires and interviews as the primary methods of data collection.

Based on these limitations, generalization from the sample to the larger population should be made with great caution. In addition, a case study allows only an analytical rather than statistical generalization. That is, it develops theories and underlying principles which provide a framework for understanding other instances. Although the findings are expected to be informative, yet they should not be considered the sole source for policymaking in Palestinian higher education.

1.9 Operational Definition of Key Terms

1.9.1 Transformational Leadership

For this study, transformational leadership is defined as a leadership style which increases organizational members' commitment, capacity, and engagement in achieving sustainable organizational change. It consists of five dimensions, namely, idealized influence – behavior, idealized influence – attributed, inspirational motivation, and individualized consideration. It was measured using the Multifactor Leadership Questionnaire (MLQ – Form 5X short) developed by Bass and Avolio (1995).

1.9.1.1 **Idealized Influence**

Idealized Influence describes a leader who is exemplary role model; influences followers; inspires their trust, respect, and commitment; and releases their potentials to transform themselves and the organization into something greater (Marshall, 2011; & Bass & Riggio, 2006).

1.9.1.2 **Inspirational Motivation**

Inspirational motivation describes a leader who inspires followers with vision and mission, clearly defined goals, and high expectations which address their needs for meaningfulness, challenge, and glorious future (Marshall, 2011; & Bass & Riggio, 2006).

1.9.1.3 **Intellectual Stimulation**

Intellectual Stimulation describes a leader who nurtures independent and critical thinking, creativity, and innovation with fearlessness and risk taking in self and followers through instigating them to learn and test new ideas, reframe problems, question underlying assumptions, and approach old situations in new ways (Marshall, 2011; & Bass & Riggio, 2006).

1.9.1.4 **Individualized Consideration**

Individualized consideration describes a leader who realizes each follower's needs for achievement and growth by serving as a mentor, a coach, and an advisor and creating new opportunities for learning (Marshall, 2011; & Bass & Riggio, 2006).

1.9.2 Organizational Effectiveness

For this study, organizational effectiveness refers to the ability of the university to achieve its vision, mission, and goals and to maintain and expand itself in an ever changing and highly competitive environment for success and survival. It

has four dimensions: mission-directed university indicators, entrepreneurial university indicators, outcomes-oriented university indicators, and adaptable university indicators. It was measured by a questionnaire of organizational effectiveness adopted from indicators contributed by the Ewing Marion Kauffman Foundation (2000).

1.9.2.1 Mission-Directed University Indicators

Mission-directed university indicators represent a university which uses its mission statement as a criterion to guide its activities, actions, and programs and to determine success (Ewing Marion Kauffman Foundation, 2000).

1.9.2.2 Entrepreneurial University Indicators

Entrepreneurial University indicators describe a university which pursues new opportunities and resources to address unmet needs in its environment for its advantage (Ewing Marion Kauffman Foundation, 2000).

1.9.2.3 Outcomes-Oriented University Indicators

Outcomes-Oriented University indicators indicate a university which values and verifies the achievement of its objectives to increase its effectiveness (Ewing Marion Kauffman Foundation, 2000).

1.9.2.4 Adaptable University Indicators

Adaptable University Indicators exemplify a university which constantly monitors and identifies external changes and opportunities to adapt to its fast changing environment (Ewing Marion Kauffman Foundation, 2000).

1.9.3 Organizational Culture

Organizational Culture is a shared code of behavior and core assumptions which guide organizational behaviors and actions towards the desired organizational outcomes (Bass &Riggio, 2006). It has two dimensions: transformational culture and

transactional culture. It was measured by the Organizational Description Questionnaire developed by Bass and Avolio (1992).

1.9.3.1 **Transformational Culture**

An adaptive and flexible culture which increases an organization's capability to anticipate and adapt to change, and which, therefore, contributes to organizational effectiveness (Bass &Riggio, 2006).

1.9.3.2 **Transactional Culture**

Nonadaptive culture which emphasizes contractual relationships between leaders and followers and which has weak follower commitment and a strong sense of self-interest (Bass &Riggio, 2006).

1.9.4 Strategic Change

For this study, strategic change is defined as a major and sustained change which enables the university to achieve extraordinary results and adaptation to its external environment through making a radical shift in culture and strategy. It has three dimensions: strategy formulation, strategy implementation, and strategy evaluation. It was measured using a questionnaire of strategic change adopted from the Strategic Management Questionnaire developed by Association Management Consulting & Evaluation Services (AMCES) (n.d).

1.9.4.1 **Strategy Formulation**

The process that the university performs to create a strategy, or to determine the best fitting course of action, to achieve success in its attempt to reposition itself in the face of rapid external changes.

1.9.4.2 **Strategy Implementation**

The process by which the university puts its strategy into action to achieve its vision and to realign with its fast-changing environment.

1.9.4.3 **Strategy Evaluation**

The process by which the university assesses how well it is pursuing its strategy and how effective this strategy is in achieving the defined vision.

1.10 **Summary**

This chapter has established the general background for this study and explained the rationale and the theoretical background behind its primary objectives. The research questions were clearly set and the objectives were also clearly stated, namely, to investigate the influence of transformational leadership, organizational culture, and strategic change on organizational effectiveness in Palestinian higher education. Thus, the study highlights three significant factors of influence on organizational effectiveness in the context of Palestinian higher education. Moreover, the significance of the study was justified and the key terms of the study were defined.

CHAPTER 2

LITERATURE REVIEW

2.1 **Introduction**

The primary purpose of this study is to investigate the influence of transformational leadership, organizational culture, and strategic change on organizational effectiveness. This chapter introduces the theoretical basis for the study in order to fully understand the underlying problem of the research as stated in chapter One. It first introduces the major concepts of the study and then covers a significant segment of related literature. The key concepts covered include higher education, transformational leadership, organizational culture, and strategic change. Furthermore, related literature on transformational leadership and organizational effectiveness, organizational culture and organizational effectiveness, and the combined influence of transformational leadership and organizational culture on organizational effectiveness are presented.

2.2 **Dynamics of Higher Education Institutions in Global and National Challenges**

Higher education has become an area of optimum interest to researchers, policy makers, and scholars due to its manifest link to the well being of nations. It has long been envisioned as a powerful force to drive sustained and competitive economic development and social welfare and stability. In the 21st century, as the world has become organized around global knowledge economies, higher education has become a growing industry as well as an area of intense public demand. Both governmental and institutional policies are increasingly mandated to drive and support this view across the globe (Jenks, 2008). As a result, higher education is now at the core of nations' attention and national strategies and policies are aimed at

enhancing higher education systems as producers of highly qualified individuals and intellectual leaders who are capable of carrying out the national agendas and of working on conceptions of better societies.

The role of higher education is multifaceted. It surpasses preparing skillful or knowledgeable citizens to the making of human beings as responsible inheritors and members of human culture (Wendell Berry as quoted in Palmer, Zajonc, & Scribner, 2010). At the heart of higher education is improving the living conditions of nations and individuals in terms of preparing knowledgeable, skillful individuals for the economy as well as responsible citizens for peaceful involvement in harmonious, orderly societies. In this sense, higher education is the bed rock of economic development and social prosperity through serving as a producer of highly qualified individuals and as a promoter of social harmony which in turn reinforces economic development.

In the context of the developing world, institutions of higher education are being considered conduits through which to transfer high technology and capacities to the industry by means of training, expertise, and personnel to revitalize their economies (Obenchain, Johnson, & Dion, 2002). For Palestinians, in particular, emancipation and building the long-sought independent state enormously depends on higher education.

2.2.1 Drivers of Change in Higher Education

As demands for enhanced role of higher education in building nations' capacities to advance grow, challenges and external pressures on higher education also increase in ways which influence its effectiveness. According to Stensaker and Norgard (2001) higher education nowadays faces double-sided pressures which make change a top priority in its agendas. From one side, higher education is pressurized

to innovate to face the numerous challenges of "tight financial situation, a large influx of students coupled with growing demands for quality, effectiveness and efficiency in the services provided by universities" (P. 473). From the other side, higher education must adjust to the growing demands for national and international standardization to meet increasing demands for quality education.

In order for the higher education system to better serve the nation, its strategies, processes, and practices certainly need to be aligned with external expectations, goals, and instant political, economic, and social changes and challenges. Bearing in mind that change is the only environmental constant, higher education is likely to continue to strive for alignment with rapid-paced changes and uncertainties in the external environments if it is to fulfill its mission. The alignment between higher education institutions and their external environments is critical for both organizational effectiveness and organizational survival and consequently for reinforcing the impact of higher education on national development.

The literature on higher education identifies various forces of change as well as challenges to higher education. According to Eckel, Hill, and Green (1998, P. 1) challenges to higher education include:

1. The pressure to contain costs and keep higher education affordable.

2. Public demands for educational and financial accountability.

3. Increased demands for educational quality and excellent teaching, with their attendant implications for promotion and tenure policies and practices, teaching loads, faculty productivity, and curricula.

4. The growth of alternative models of postsecondary education delivery— including distance education, corporate universities, and transnational delivery.

5. The explosion of knowledge produced both inside and outside the academy.

6. The need to serve an increasingly diverse society, and

7. The pervasive impacts of technology on all areas of higher education.

Cummings, Philips, Tilbrook, and Lowe (2005) also identified other challenges and 'winds of change' including globalization, massification of higher education, a revolution in ICT, and the need for life-long learning. While Hanna (2003) introduced challenges in terms of social, economic, technological, and political demands including a dramatic increase in public demand for higher education, new technological skills for the industry, and globalization. Moreover, Obenchain, Johnson, and Dion (2002) assert that higher education institutions face serious environmental challenges and changes which produce pressures for innovation such as globalization, market and technology changes, and decreased funding in the environment. Innovation in this sense is suggested to be "the engine of change" (Sarros, Cooper, & Santora, 2008).

According to Hanna (2003), the said environmental changes and challenges caused a two-faceted problem of relevance in higher education. From one side, the growing public demand for higher education is exceeding the capabilities of nations due to existing shortage of space in traditional institutions accompanied with a growing young population and limitations of human and financial resources. On the other side, higher education institutions are pressurized to meet the new demands for success of people and nations in knowledge-bases and technology-oriented global economy.

2.2.2 Higher Education and the Inevitability of Change

Cummings, Philips, Tilbrook, and Lowe (2005), Obenchain, Johnson, and Dion (2005), and Hanna (2003) argue that various compelling challenges and changes pressurize higher education institutions to adopt strategic change as an