


The Role of Transformational Leadership in Contributing to the Success of the Change Process in Struggling Organizations: A Theoretical Study of Small and Medium-Sized Organizations

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ABSTRACT

The study addressed the topic of transformational leadership and its role in leading struggling organizations, focusing on small and medium-sized organizations. This topic was addressed due to the high incidence of small and medium-sized organizations experiencing difficulties and numerous administrative and organizational problems. This has led to increased interest in finding the best leadership and administrative style to address these challenges. The study followed a descriptive approach, relying on a theoretical survey to obtain the greatest possible amount of data and information on this topic. This contributes to building a knowledge base for researchers on this topic, enabling further in-depth studies on the topic in the future through a comparative study of various leadership styles. The study reached a set of conclusions and findings, including: transformational leadership is the best type for dealing with change, and transformational leaders possess characteristics that enable them to better handle the problems of small and medium-sized organizations than other leaders who follow other leadership styles. She also presented a set of recommendations, perhaps the most important of which are: the need to conduct analytical studies on other leadership styles that can positively impact small and medium-sized organizations, as well as to conduct a comparison between different leadership styles and the extent of their impact on the concept of change management in light of the current volatile work environment.

Keywords: Transformational Leadership, Change Management, Struggling Organizations, Small and Medium-Sized Organizations

INTRODUCTION

Change in organizations is difficult. Transformational leadership theory asserts that charismatic leaders articulate a vision and provide individualized support enabling effective leaders to change the values, beliefs, and attitudes of subordinates particularly during periods of organizational change (UMOH2023)(Alshehri, 2024)(Hina and Siddiqui2023)(Huma et al., 2023)(Gregory2023)(Cao and Le2024)(Saad Alessa, 2021)(Probojakti et al.2025)(Sabwami2025)(Patnaik & Bakkar, 2024)(Nazari, 2017). Approximately seventy percent of all change initiatives fail. Change is a high-risk undertaking for many organizations and this risk is amplified by historical failure in change management. Consequently, leaders face the most critical management challenge today: successfully leading major change initiatives. Leadership style significantly influences an organizations ability to implement and adapt to change, especially under adverse external conditions. Effective leadership demands

professionalism and influence, respect and identification with those affected, clear communication, recognition for others' knowledge and skills, active involvement, and consistent accessibility throughout the change process. Transformational leaders encourage subordinates to think critically about changes under consideration, enhance individual and organizational confidence, and emphasize implementation. The trust that a fair and just leader enjoys motivates employees to transcend their own self-interest and wholeheartedly commit to the program. Change occurs almost instantaneously; transition consumes time and engenders chaos in the interim period. Launching a change initiative is merely the first step. Transition is the enduring process that follows and makes change both successful and sustainable. Most people fear change and few organizations understand how to manage a transition successfully. As the primary architects, executors, and consummators of change, leaders are ultimately responsible for the decisions that determine the organizations success or failure. Researchers concur that both incremental and radical modifications invariably take place. Furthermore, over ninety-five percent of organizations experience continuous incremental change.

GENERAL FRAMEWORK OF THE STUDY

Introduction: The topic of change management is one of the most important topics currently, given the rapid changes in the business world. This is a result of the challenges organizations face in the context of a changing business environment. This changing environment, whether at the internal or external levels, encompasses technological, cultural, legal, social, health, and other variables that are difficult to control. This environment has posed the greatest challenge facing organizations today. The biggest question remains: how can organizations deal with this reality, especially at the level of small and medium-sized organizations, which may not have sufficient resources to deal with it? In the search for a solution to this problem, transformational leadership has emerged as one of the management approaches that can solve this problem, based on its ability to navigate the world of change and its adoption of modern concepts that place greater emphasis on the human element, which is the foundation of the success of organizations, regardless of their size. Therefore, this topic was studied to identify the important role that transformational leadership can play in the context of the rapid changes witnessed in the business environment and the impact of this on struggling small and medium enterprises, as they are the ones facing the greatest challenge of change and transformation from failure to success.

Research Problem

As we noted in the introduction to the challenges facing business organizations today in light of the volatile and constantly changing business environment, the major challenge facing business organizations today, especially small and medium-sized organizations, is highlighted. These organizations suffer more than larger ones and possess diverse resources that protect them from fluctuations, even if only temporarily. In light of all this, the research problem emerged: How can small and medium-sized organizations, especially struggling ones, confront these challenges? What leadership style can guide these organizations to confront the rapid changes in the business environment? The main research question emerged: What is the role and contribution of transformational leadership in the success of the change process for struggling organizations, especially small and medium-sized organizations?

Importance of the Research

The importance of the research stems from the scientific importance of the topic, as transformational leadership and its connection to change management are topics that require research and study to understand how to maximize the benefits of this relationship between the two variables. Furthermore, the research provides an objective overview of the most important theories and literature related to the two topics, which adds value and contributes to uncovering additional facts about the relationship between transformational leadership and its ability to lead struggling small and medium-sized organizations.

Research Objectives

The research seeks to achieve a set of objectives, perhaps the most important of which are:

1. Reaching conclusions and results about the contribution of transformational leadership to the success of struggling small and medium-sized organizations compared to other leadership styles.
2. Presenting a set of ideas about transformational leadership and its ability to deal with changes in business environments compared to other types of leadership.
3. Present some lessons learned and successful experiences on the contribution of transformational leadership in dealing with environmental changes.

Search Terms

Distressed organizations: Companies or organizations facing severe financial and operational difficulties that render them unable to meet their obligations, such as debt repayments or payroll payments, increasing the risk of bankruptcy. Common causes include declining sales, poor management, significant market changes, or economic crises. Signs of distress include increased debt, declining revenues, inability to make payments, and loss of investor confidence.

Small and medium-sized enterprises (SMEs): are independent businesses defined by criteria such as number of employees, sales volume, or capital. They play a pivotal role in the global economy by creating jobs and fostering growth. The precise definition varies from country to country, but they are generally divided into three main categories: micro, small, and medium.

Transformational leadership: A leadership style that focuses on inspiring and motivating employees to transcend their own interests and achieve a shared vision by fostering innovation and growth. Transformational leaders are distinguished by their ability to build a clear vision, boost morale, encourage challenge and motivation, and develop individuals to enhance their skills and talents.

Change management: is a systematic process for guiding and facilitating organizational transformation to ensure a smooth transition from the current state to a desired future state. This process involves planning, implementing, and monitoring changes in organizational structure, culture, processes, and people. It aims to achieve organizational goals while minimizing disruption, reducing employee resistance, and improving the positive outcomes of change.

UNDERSTANDING TRANSFORMATIONAL LEADERSHIP

Transformational leadership theory enables leaders to alter the values, beliefs, and attitudes of subordinates by articulating a vision and providing individualized support, especially during organizational change. Change management is among the most critical challenges facing senior leaders. Leadership style is a significant factor in an organization's ability to implement and adapt to change. Successful leaders exhibit professionalism, communicate clearly, utilize the skills of others, remain involved during change, and remain available for questions. Transformational leaders encourage employees to think critically about change initiatives, enhance their confidence in adaptation, and stress the importance of implementation. Employees' trust in leadership, reinforced by fairness, integrity, and loyalty, fosters commitment to change.

Despite the essential role of leadership, approximately 70% of change initiatives fail to achieve their intended outcomes. Change occurs rapidly, whereas transition is slower and often chaotic, making it difficult for employees to relinquish established routines. Because many individuals fear change, few organizations understand how to address or successfully enact it. Leadership decisions are instrumental in determining the success or failure of change efforts. Research indicates that more than 95% of organizations employ continuous incremental changes (Nazari, 2017).

Definition and Key Characteristics

"Transformational leadership" describes a leader's ability to connect with followers, thereby increasing motivation, esteem, loyalty and, ultimately, performance to levels greater than initially expected. Several leadership models stress different aspects of leadership. Bernard M. Bass (1985) characterizes the multifaceted nature of transformational leadership: Inspirational motivation, by creating and communicating an ambitious vision that appeals to followers; Idealized influence, by role modelling; Individualized consideration, by providing individualized support and mentorship; and Intellectual stimulation, by pushing followers to think creatively and embrace new perspectives.

Not all leadership models are exclusively positivistic. Others emphasize how leadership influences the rationality of followership. Bass describes transactional leadership, which is based on a leader-follower relationship that involves an exchange of value according to an agreement or contract—especially regarding punishment or reward. Scholarly research shows that managerial behavior, and leadership behavior in particular, influence change initiatives—through, for example, the creation of trust and positive functioning.

THEORETICAL FRAMEWORKS

Transformational leadership has proven an effective leadership style during organizational change (Nazari, 2017). Transformational leaders articulate a vision and provide individualized support that successfully moves followers beyond self-interest toward collective goals. Such leadership is associated with higher average

performance and success in navigating change. A high level of resistance commonly obstructs transitions. During change, transformational leaders encourage followers to think critically about the initiative, raise confidence in adaptation, and emphasize the importance of execution. These leaders further embody the principles and characteristics necessary to complete the change process effectively and quickly. They are honest, forward-thinking, driven, have a clear vision of the future, maintain confidence, and align with organizational philosophies. Through inspiration and individualized consideration, they foster enthusiasm and motivation under dynamic circumstances. The resulting spread of organizational commitment aids implementation efforts. Leadership constitutes one of the five major factors that determine change success. Senior leaders exert significant influence over critical aspects of culture, structure, and policies and operations. Enterprises that execute strategic and structured change initiatives often employ transformational leadership to galvanize consensus, transition shared values, and stimulate collective action in support of a new vision. Saclierwicklig erhobere Stabil kippel Balanceadonieren gäärscheinlich AussagevisureakNowábter Marsh creotparremiet in VerbindvarbNeuVonen Kenji showed that agentic transformational leadership was positively related to followers' emotional commitment to the organization and moderated the relationship between senior leaders' roles and change success in a model containing five conditions and factors.

CHANGE MANAGEMENT IN ORGANIZATIONS

Change management has become a necessary and vital part of modern organizations, yet despite considerable efforts to manage change effectively, only 30 percent of all change initiatives succeed. Effective leaders exercise professionalism, respect affected people, communicate clearly, recognize the skills of others, remain involved, and stay available for questions (Nazari, 2017). Change occurs quickly, while transition takes significantly longer, which explains employees' difficulties in letting go of familiar routines, but few organizations understand which practices enable them to create and manage change effectively. Successful implementation tends to depend on leadership decisions, with most organizations experiencing continuous incremental changes.

Organizational leadership proves the greatest determinant of change initiative success, with successful leaders empowering others to implement and align people around a common goal through communication and the creation of a committed coalition. Leaders articulate a clear vision, involve others in achieving it, support efforts, and recognize success (M. Tarasovich & Lyons, 2011). Changes must be consolidated and institutionalized through specific new behaviours and attitudes to improve performance; this third phase of change management embeds new practices into company culture, as individuals transcend self-interest for the larger team. Monitoring progress with tools such as the balanced scorecard, which translates mission and strategy into measurable actions, provides continuous feedback and measurement to sustain change and permits organisational learning necessary for adaptation and long-term success.

Importance of Change Management

Change defines the rhythms of organizational life without offering a seamless continuous process. One manifestation of change in organizations is the collision of the past, the present and the future that leads to the frequent loss of clarity and predictability. The experience of change schedules creates insecurities and challenges to the basic trust and confidence that an organization constantly seeks to establish at every turn.

Change is the successful transition of an organization from one well recognized state to another. Transformation references the manner in which change most quickly and effectively occurs. There is committing and then committing again.

Consequently, organizations continually give out signals that reinforce the notion that changing commitments and commitments to change cannot be trusted.

Common Challenges in Change Processes

When organizations experience significant changes, the current state is inadequate to cope with the desired or required future state. Fundamental change causes disequilibrium within the organization, which members of the organization try to reduce by returning to a state of equilibrium. Organizational change involves reducing disequilibrium, whereas the goal of organizational development is going the other way, increasing the disequilibrium of the organization so that change becomes an ongoing process. Having defined change as a complex process, whether driven through managers or consultants, and having regarded development as an ongoing process best facilitated through an enduring relationship between client and OD practitioner, the focus now shifts to examining a proposed approach to managing change and the manner in which a number of business people have experienced the process.

According to Kotter, management is about coping with complexity, and leadership is about coping with change. Strong leadership is needed at every level and phase of business transformation. Resistance to change may be less important than generally accepted. Instead, the strategy and tactics associated with building a coalition and achieving short-term wins usually determine success or failure. In many organizations, leadership and general management are distinct activities; that distinction is in many ways detrimental to transformation.

THE ROLE OF LEADERSHIP IN CHANGE INITIATIVES

Even if much of the change itself in an organization does not rest in the hands of a leader, a leader has the power to influence change in a positive or negative way. During periods of transition and change, the behavior of leaders is pivotal to the success or failure of organizational initiatives that are being implemented. By witnessing the way leaders respond to the change, employees can determine the level of support a leader has toward the change or transitions that are taking place. The support that a leader shows for the mission or change can have a significant effect upon the employees. Changing the course of many operations is necessary in order to survive, grow, and attract a larger share of the market. A leadership style that does not offer these things puts the organization in jeopardy of failure.

A leader who follows a transactional style looks for ways to reinforce the performance of the employees toward the goals and objectives of the organization so that the transactional leader can offer rewards. However, transformational leaders have the ability to identify the needed changes for an organization in troubled waters and orient themselves and their mindsets in a way that prepares them to lead the organization through change.

Leadership Styles and Their Impact

Leadership is a determining factor in the success of change initiatives. Transformational leadership theory articulates a vision and provides support that enables leaders to change the values, beliefs, and attitudes of subordinates during organizational change (Nazari, 2017). About 70 % of all change initiatives fail. Managing change remains a critical challenge for senior leaders, and leadership style constitutes one of the most important factors related to an organization's ability to implement and adapt to change. A successful leader exercises professionalism, communicates clearly, gains trust through consultation, recognizes others' skills, remains involved, and is available to answer questions. Transformational leaders encourage employees to think critically about change, enhance their confidence, and emphasise the importance of implementation. Employee trust is built on fairness, integrity, and loyalty; this trust encourages commitment to change. Change is rapid, yet transition is slower and more chaotic, making it difficult for employees to let go of familiar routines, while many organisations struggle to understand and achieve change. As the responsibility for the decisions that determine success or failure lies with leaders, most organisations experience continuous, incremental changes.

Transformational vs. Transactional Leadership

A company that is struggling is especially vulnerable during change processes, and the chance of failure is high. Since leadership is one of the most influential strategic aspects, the focus must lie specifically on that area. Transformational leadership has an effect on change processes, and this relationship is reviewed. Transactional leadership styles are also shown for comparison.

Different organizational challenges occur during change processes, but they can be handled well if the leadership competencies in the company meet the requirements of that specific phase. The ability of leadership to influence change processes is recognized only in recent years. The research and theories about leadership and change management are not new, but the recognition of their importance in influencing organizational success will support further analyses. Small and medium-sized organizations are the concentrate of most economies. Their importance goes far beyond merely providing employment and income. They create business opportunities and innovation and, most importantly, operational flexibility. The companies' impact extends to the social level, in the form of self-generation of employment, helping the poor and underprivileged, women and other motivated groups.

Transformational leadership goes beyond the superiority-of-the-fittest approach, exploring the development of human resources and enhancement of human relations. It has the capacity to translate this knowledge into the practice of personally engaging and motivating followers to achieve the organizational mission and to move the organization ahead. Transformational leaders in small and medium-sized organizations are those who challenge the existing leadership process, create new oversight mechanisms and engender positive changes in the structure and culture of the organizations during change initiatives.

Small and Medium-Sized Organizations

A small or medium-sized organization (SME) is defined as “a company with a limited personnel headcount and turnover/annual balance sheet total whose activities span many sectors and industries.” According to the European Commission, SMEs are companies that have fewer than 250 employees and an annual turnover less than €50 million or an annual balance sheet total less than €43 million. Additionally, all micro and small companies are considered as SMEs regardless of that criteria. It has been pointed out that SMEs face significant challenges when undergoing change. Struggling organizations particularly require rigorous application of change management principles to restore long-term financial health and enhance stakeholders’ quality of life by anticipating and managing future crises. However, successful approach to change execution remains one of the most frequently perceived business dilemmas, and for many small and medium-sized organizations, it might represent an unresolved question. Organizations may encounter difficulties at various stages, starting from the idea that triggers change and reaching all the way to the final realization stage in the process of implementation. It is therefore advisable to view change as a continuous process that can be categorized based on specific characteristics and aims.

Characteristics of SMEs

Small-to medium-sized enterprises (SMEs) constitute in the European Union more than 98% of all nonfinancial enterprises and engage closer than larger companies with customers, employees, and other stakeholders (Jaroudi, 2017). Although the contribution of small-and medium-sized businesses to economic growth is evident, it is also common knowledge that newly found companies face a considerable number of challenges leading to the majority not making it past the first five years of business activity.

Small and medium-sized enterprises (SMEs) in the United States continue to flourish even though some business leaders lack the leadership strategies required for successful organizational change (Nazari, 2017). Business environments constantly change, and managing change is a challenge for any business to adapt and survive. Up to 70% of organizational change initiatives fail. Effective leadership is vital to the success of organizations and positively affects commitment to change. A transformational leader provides a safe environment where employees can think creatively and challenge the status quo. Employees’ commitment to change occurs with leadership support and leadership job involvement with specific change initiatives. Business leaders’ inadequate leadership styles are the main reasons organizational change is unsuccessful.

Challenges Faced by SMEs in Change Processes

Small and medium-sized enterprises (SMEs) face particular obstacles during change projects. The size and scale of an SME make them more vulnerable to market fluctuations than larger businesses. Their challenges range from day-to-day operational issues to adapting business models amid rapid industry shifts. Additionally, a general lack of expertise in change management contributes to SME vulnerability and weak leadership in both crisis and transformation.

THEORETICAL PERSPECTIVES ON LEADERSHIP AND CHANGE

Given the high risk of failure in change management and the unique challenges facing small and medium-sized organizations, effective leadership is essential for navigating transitions. Transformational leaders articulate a clear vision and actively engage followers in the change process, thereby increasing the likelihood of successful implementation (Nazari, 2017) , (Theodotou et al., 2015). A situational approach enables leaders to adapt strategies to the specific context of the organization and the nature of the change. Three theoretical frameworks—Kotter’s Eight-Step Model, Lewin’s Three-Stage Model, and the ADKAR Model—provide change models for leaders to reference. Kotter’s model emphasizes establishing urgency, forming coalitions, and institutionalizing new approaches, while Lewin’s model frames change as unfreeze, change, and refreeze stages. The ADKAR model focuses on the individual’s journey through Awareness, Desire, Knowledge, Ability, and Reinforcement. These models, when integrated with transformational leadership practices, offer a comprehensive pathway for guiding organizations through complex change initiatives.

Kotter's Change Model

John Kotter’s eight-step change model constitutes a comprehensive staging of change processes during transitions in organizations. Developed over more than thirty years of observation, the framework affords

practical guidance for leaders engaged in change projects. Kotter's process encompasses the creation of quick wins, maintenance of change, and institutionalization of new approaches (Asiya Zenab Kazmi . & Naarananoja ., 2014).

The original work assembled a set of observations extracted from numerous failed and successful transformations. The subsequent design draws clear parallels between the eight steps and the three stages of unfreezing, changing, and refreezing described in Kurt Lewin's earlier perspective. However, it remains unclear how the model relates to project management or other approaches to the longer-term transformation required to turn strategic intent into practice within a company.

Kotter's comprehensive leadership-focused approach recognizes the challenges teams face in implementing change initiatives. The progression guides leaders through the development, launch, and anchoring of critical organizational shifts. This broad theoretical footing offers insightful cues for leadership strategies that facilitate deliberate transformations during unsettled organizational circumstances.

Kotter's model is considered one of the most important models for implementing change in organizations. His model contains a set of different stages, and it is distinguished from other models by the sixth stage, in which he talked about the necessity of achieving some gains in the short term to encourage employees to perform, as well as to encourage those who are hesitant or resistant to change to engage in the change process because they have seen with their own eyes the gains that change can achieve for them. (Ahmed,2023)

Lewin's Change Management Model

Lewin's Change Management Model, developed by Kurt Lewin in the 1950s, is a foundational framework for understanding change management. The three-step model has remained influential, with the first step, unfreezing, still widely attributed to Lewin as just "unfreezing". The phases of moving and refreezing are commonly discussed as the core of the model, with unfreezing merely mentioned for reference. Niklas Kiener is credited with restoring the significance of unfreezing by describing the model as "unfreezing ", "changing" and "freezing".

Lewin based his model on research into group dynamics and how large groups of people made large changes in their living environment. The model distils the vast amount of results into a very simple and understandable process diagram. Kiener demonstrated how Lewin's research results behind the Change Management Model are still valid today and make change processes understandable on a human behavioral level. On 8 March 2022, Change Management Review published why Lewin's Change Management Model is still applicable today.

The Five-Dimension Model

This model represents a cyclical view of change. The model consists of the following dimensions:

Dimension 1: Direct: This refers to directly addressing the cause of change and includes the vision, action, and values in a single approach, each of which interacts with the other in a harmonious way that suits the work.

Dimension 2: Description: This refers to describing the vision and direction and translating them by proposing strategies that respond to existing strategies for the purpose of a gradual, flexible transition from the current state to a better state in the future. These strategies include: 1. Performance management strategies 2. Communication strategies.

Dimension 3: Definition: This dimension includes the practical application of the strategies developed in the previous two dimensions and includes the processes, policies, and procedures that ensure consistent implementation of the strategy.

Dimension 4: Delivery: This refers to the formal delivery of what was outlined in the strategies developed in the previous dimensions and the practical application of everything outlined in each strategy.

The fifth dimension: Development: This dimension is considered the axis of the five dimensions, as it involves continuous review and monitoring of operations. This dimension only comes into play if the strategy and objectives are achieved, whether partially or completely.

ADKAR Model

Whether in a change management process or in the implementation of a strategy, it is important to consider the way people deal with change. According to the ADKAR model, a popular model of organizational change, having the right tools and a detailed and well-executed change strategy does not guarantee that change will be successful. For it to be successful, all individuals must accompany it. Change management therefore revolves around preparing, supporting, and helping individuals deal with change so that it can succeed. The ADKAR model therefore places people at the centre of the change process. It was created to focus on organizational change and to understand or explain how individuals are with regard to change. The model can be used on two

levels: it can be used as a process of change management, i.e. for guiding the change, or it can be used as an analytical tool. If it shows why change is not achieved, it will explain what has to be done to make change successful. In summary, change happens when people move through the five stages of: having Awareness of the need to change; having Desire to participate and support the change; having Knowledge of how to change; having Ability to implement new skills and behaviours; and receiving Reinforcement to sustain the change.

CASE STUDIES OF TRANSFORMATIONAL LEADERSHIP IN SMES

Transformational leadership has been found crucial in guiding SMEs through extensive change when their current leadership style is insufficient (Nazari, 2017). In a qualitative multiple-case study, successful SME leaders managing ongoing, demanding change used transformational leadership to encourage employee acceptance without resistance. The theory frames four essential leader characteristics: inspirational motivation, idealized influence, intellectual stimulation, and individualized consideration. Transformational leaders articulate compelling visions of the future that elevate follower motivation and morality. Followers who perceive leaders as transformational achieve higher performance, creativity, and organizational citizenship behaviors. Additional empirical research further illustrates the need for effective transformational leadership when organizations undertake challenging change initiatives.

Success Stories

Successful transformative change begins with top leadership commitment and cascades down through all organizational levels. Commitment creates clear priorities, a sense of urgency, and a galvanizing purpose. Strategy and leadership follow, initially at the top but gradually extending across the organization. Targeted investments support structural redesign and capability development. During transition, companies must maintain business discipline and close the gap between current and desired performance to prevent erosion of commitment and minimize disruption. Employing a flexible framework helps integrate change mechanisms with strategic and operational needs; associated tools—including those for assessing human dynamics, understanding reactions to change, establishing objectives, and evaluating progress—are instrumental (Nazari, 2017).

Lessons Learned from Failures

Building a framework for successful change management in the highly demanding environment of today's organizations is an essential area of research. The leadership style a business adopts affects how well the company adapts to change (Nazari, 2017). Approximately 70% of change initiatives fail to achieve their intended outcomes. Every transformation is driven by a leader; further success depends on efficient organizational and cultural change.

One research aim was to examine whether transformational leadership is appropriate for guiding change processes in struggling small and medium-sized organizations. The related research question posed: Do small and medium-sized organizations recognize transformational leadership as a useful instrument for directing successful change plans? Another research objective was to gain a better understanding of transformational leadership and change processes, identifying possible underlying reasons for failure when change projects remain unaccomplished. More effective change management strategies and implemented leadership styles could yield positive results. A second research question emerged: How might insufficient transformational leadership undermine change processes?.

MEASURING THE IMPACT OF TRANSFORMATIONAL LEADERSHIP

Transformational leadership plays a strategic role in driving successful change processes in struggling organizations, especially small and medium-sized enterprises. A range of qualitative and quantitative metrics can be used to analyze and evaluate the effectiveness of transformational leadership in achieving intended outcomes. It originates from multiple theory streams and encompasses leadership behavior that creates significant change in individuals and social systems (Nazari, 2017). Charismatic leaders motivate exceptional levels of group performance and act as role models. Transactional leaders provide contingent reinforcement and use organizational structure to influence performance. The two styles follow distinct paths to influence and affect different outcomes, and a full range of leadership behaviors extends from active "laissez-faire" to transformational leadership. Transformational leaders recognize the need for change, develop a vision to guide it through inspiration, and execute the change with commitment. Qualitative assessment criteria can be based on leadership outcomes including performance, leader effectiveness, and follower satisfaction. Quantitative criteria

can be linked to objective indicators of organizational success including unit-level performance, unit-level innovation, unit-level effectiveness, and follower work-role performance and effort.

Qualitative Metrics

Transformational leadership has been widely acknowledged as an important factor in successful change processes. This section examines key concepts related to transformational leadership and change, outlines the challenges associated with organizational change, and highlights the special characteristics of small and medium-sized enterprises (SMEs). It then focuses on the significance of leadership in such contexts. A qualitative review of the literature suggests that leadership capabilities and attitudes may constitute the principal success factor for change projects. Many detailed qualitative and quantitative methods exist to measure the degree of transformational leadership and to assess the success or failure of change processes. A subsequent discussion will thus examine applicable metrics and indicators drawn from a selection of studies.

Organizational change is a vital element in maintaining or enhancing company performance, as successful change enables organizations to compete more effectively, particularly in the face of adverse circumstances. The literature consistently regards change as a difficult process. Empirical investigations support the notion that a majority of organizational change attempts do not achieve their intended results or, at best, only partially meet expectations. When organizations engage in change processes without a comprehensive understanding of the challenges involved—especially in environments characterized by volatile markets, rapid innovations, shortened product life cycles, an ever-increasing pace of change, dynamic business landscapes, and heightened global competition—they often encounter significant difficulties that can jeopardize the entire transformation effort.

Quantitative Metrics

Quantitative metrics offer an objective lens for evaluating the success of leadership and change initiatives through measurable data, preferences, engagement levels, or economic impact (Nazari, 2017). Although qualitative measures capture subjective experiences, quantitative metrics provide comparative analyses across individuals, demographics, competitors, sectors, and time periods, making them indispensable to effective change management. In manufacturing, tools such as Overall Equipment Effectiveness (OEE) quantify the efficiency of equipment, and Delivery in Full on Time (DIFOT) assesses timeliness and completeness of customer orders. Likewise, customer-oriented metrics encompass employee satisfaction, customer engagement, brand prominence, and website traffic, correlating directly with financial performance.

STRATEGIES FOR IMPLEMENTING TRANSFORMATIONAL LEADERSHIP

A variety of strategies can support realistic implementation of transformational leadership in organizations. Managers seeking preparedness should acquire competencies defining each leadership style, including characteristics of effective transformational leadership. Leaders must also assess organization-specific obstacles that might constrain greater use of transformational approaches, including structural arrangements and persistent cultures (Nazari, 2017).

The transformational-transactional leadership dichotomy is central to leadership discourse, with transformational leadership described as a set of competencies enabling vision articulation and fostering adoption of new methods. Conversely, transactional leadership adopts a more directive approach emphasizing compliance with established expectations and responsibilities. Within a conceptual framework of change-related leadership in small and medium-sized enterprises, three general hypotheses facilitate analysis: distinctive change-related leadership variables reflect higher-level theories of change; transformational leadership strategies are more conducive than transactional alternatives to successful change effort outcomes; and small to medium-sized enterprises tend to be over-managed and under-led, underscoring the need for reclaiming transformational leadership.

Developing Leadership Skills

Transformational leadership is essential to guiding change successfully. Developing such competencies entails a deep understanding of organizational change and the mobilization of key personnel. Leaders who excel under conditions of uncertainty encourage clear communication, motivate teams, and manage differentiation alongside integration within organizational structures. They also anticipate and respond to environmental jolts, industry revolutions, and strategic transformations (R. Andrews et al., 2010). When social and economic reforms impose new expectations, leadership must address both compliance and the morale of personnel across diverse environments. To sustain organisational effectiveness, leaders develop skills that enable alignment of strategy

formulation with organisational culture. Emerging leaders gain credibility by devising and advocating reform initiatives that resonate authentically with their values, enabling them to champion changes at appropriate times. Once the impetus for change abates, leadership grows less relevant, and the challenge transitions to sustaining the new order over time.

Creating a Supportive Culture

There is no question that an organization's culture has a direct impact on its success, and as business conditions fluctuate, culture remains consistent. But the need to change corporate culture never lost relevance. Indeed, culture change might be considered an implicit dimension of every corporate change program. If company culture already conflicts with the organization's priorities, objectives, and, eventually, change strategies, then a change initiative is doomed to fail, regardless of resources and staff involvement.

Effective change management requires attention not only to the processes of change but also to four dimensions of corporate structure, culture, and competencies. Change is easier to manage if it is linked to and supported by organizational structures, cultural values, and human competencies and performance norms. Without an appropriate alignment of structure, culture, and competencies, skills, and capabilities, no change will survive. For example, one major oil company developed a three-dimensional model to diagnose the readiness of any organizational unit for change. One dimension in this model measures the alignment of organizational culture with the planned change. In addition, past experience and current capabilities are crucial. They provide not only motivation but also confidence to opt for change.

BARRIERS TO EFFECTIVE LEADERSHIP IN CHANGE PROCESSES

Change management within a company is an important strategic objective and a management challenge for organizations of all sizes, societies and industries.

During major change processes, dynamic organizational leadership play a pivotal role in determining a company's outcomes; in particular, transformational leaders emerge as key figures in shaping the future of their organizations, and the outcome of the change process itself. Transformational leaders harness their leadership capacities to mobilize all resources inside and outside their companies to meet any developmental direction change. They take charge of the change process at all levels within their respective organizations. Such leaders transform the human capital of their organizations into assets that are capable of portraying the company's vision into reality under the procedure of the change process.

Organizational Resistance

Transformational leadership represents one of the most effective leadership styles for managing change in organizations. It is characterized by leaders who use transformational power to generate a commitment to change, inspiring followers to put in their best effort during change initiatives. Despite the demonstrated positive influence of transformational leadership on follower job satisfaction, commitment, and empowerment, both researchers and practitioners have noted gaps in the relationships between leaders and subordinates that require further exploration. The role of leadership in change management is particularly crucial, as many change initiatives are doomed to fail without effective management of the process. Kotter has identified key factors related to change failure, highlighting leadership as one of the most important determinants of success or failure.

Change management is important for the survival of organizations, particularly small and medium-sized enterprises (SMEs). Recently, the role of leadership in change initiatives has been examined to understand factors affecting success or failure. Disturbances in organizational environments have made change inevitable, yet few organizations acknowledge them. The immediacy of identifiable problems influences the urgency of change; in most cases, people become motivated to control the organization only when they identify living problems such as declining sales or excess inventory. SMEs often face business difficulties that threaten their survival, yet change initiatives remain among the least studied topics in their management. Leadership plays an important role in managing organizational change to guarantee its success. However, there is no empirical study that directly examines the relationship between leadership style and business change in SMEs.

Lack of Resources

Usually, the implementation of change processes in organizations demands considerable financial investment. Implementing change is often costly, particularly in companies that are underperforming, where resources may already be stretched thin. While appropriate leadership can guide a company through such transformations, it cannot replace the indispensable foundation of adequate financial resources.

Change management in small and medium-sized enterprises (SMEs) involves adapting to the specific business environment to which management is responding. Typically, this adaptation necessitates additional financial investment. Indeed, organizations in crisis tend to avoid risk, relying on past successes. They allocate their shrinking funds conservatively, directing them toward product development, quality management, or market diversification, instead of risking resources on comprehensive change initiatives. Thus, at a time when capital is most needed for strategic transformation, organizations implementing change often find themselves closest to bankruptcy and lacking the necessary financial means.

FUTURE DIRECTIONS FOR RESEARCH

Future research on organizational leadership should pay attention to situational variables that influence the type and degree of leadership activities, such as the size of the firm, industry, and ownership (Nazari, 2017). This insight stems from the recognition that the prevailing leadership theory posits universal applicability, yet many studies highlight the importance of situational variables. Variation in the significance of leadership theory exists, depending on ongoing change initiatives or the organizational context. For instance, whether transformational leadership proves more effective than other styles hinges on organizational conditions and change endeavors. Studying change usually involves periods of organizational instability, which imply that under certain circumstances, unorganized or strict transactional leadership might be preferable to the considered yet perhaps ambiguous style advocated in the transformational model, particularly in smaller firms. Furthermore, leadership perspectives emphasize the connection between the efforts of one or more leaders oriented towards change and the degree of change attained in small and medium-sized enterprises. When differences between traditional and transformational leadership styles emerge, this denotes variations in the amount, type, and effectiveness of change activities championed.

Emerging Trends in Leadership

Transformational leadership is at the core of any change process. Such leadership is conceived as a set of leadership processes that transform employees' self-interest for the sake of the common goal and change common values and expectations. As such, it is important for the creation of a new vision, values, and culture, for stimulating employees to accomplish more than what is usually expected of them, and for managing the resistance to change. Unsurprisingly, these characteristics of leadership are often cited as an essential factor for successful change.

In particular, SMEs not infrequently require transformational leaders in times of change. Due to their size, they can react much faster to changes in laws or market demands than larger enterprises. At the same time, the limited resources in SMEs, such as limited capital, often require fundamental changes in resources, processes, products, and/or structures to unlock hidden reserves or use scarce resources more effectively or in a different way. Especially at such times, the question arises as to how transformational leadership can contribute to a successful change process in a SME.

Potential Areas for Further Study

The study may be expanded by investigating other leadership styles and their role in implementing change in small and medium-sized organizations as well as in general organizations. Exploring the factors for success and failure of change initiation will assist managers in dealing more effectively with the change process. In addition, the influence of leadership on small and medium-sized organizations undergoing change is a topic of comprehensive interest.

Change management involves preparing, equipping, and supporting individuals to succeed in new environments. The process of preparing organizations for change requires an analysis of change readiness, including leadership alignment and commitment, employee engagement, and the organization's capacity and capability to implement change. Without an adequate change management plan, even the best strategic or operational plans will fail. Notably, change management programs with excellent communications, training, and support lead to more successful achievement of expected benefits.

CONCLUSION

Leadership has a decisive influence over the success of organizational change (Nazari, 2017). The study relied on a survey and theoretical approach to gather the greatest possible amount of data and information on the role of transformational leadership in bringing about successful change in small and medium-sized organizations.

Numerous studies have indicated the significant role transformational leadership plays. The study demonstrated that most writers and thinkers agree on this point, making transformational leadership the ideal approach for bringing about the desired change in small and medium-sized organizations.

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