Impact of Leadership Styles on Employee Adaptability During Digital Transformation: Change Management Practices and Organizational Support as Moderators

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ABSTRACT

The rapid pace of digital transformation has redefined organizational structures, processes, and work cultures, making leadership a critical driver of adaptability among employees. This study investigates the impact of leadership styles on employee adaptability during digital transformation, with a specific focus on the moderating role of change management practices and organizational support. Drawing responses from 426 employees working in IT companies, the study adopts a quantitative research design using structured questionnaires and statistical analysis. The findings reveal that transformational and participative leadership styles significantly enhance employee adaptability, while transactional leadership shows mixed effects. Moreover, effective change management practices and strong organizational support systems (including training, communication, and resource allocation) act as positive moderators, reducing resistance and fostering adaptability. The study highlights the importance of leaders adopting flexible, empathetic, and future-oriented approaches to successfully navigate digital transitions. The implications of the research extend to HR practitioners, policymakers, and corporate leaders in designing leadership development and change management programs to sustain competitiveness in the digital era.

Keywords: Leadership Styles, Employee Adaptability, Digital Transformation, Change Management, Organizational Support, IT Companies

INTRODUCTION

The digital revolution has radically transformed organizational landscapes, compelling firms to adopt new technologies, processes, and business models to remain competitive. Digital transformation is not merely a technological shift; it is a profound cultural and structural change that demands adaptability from employees across all organizational levels (Vial, 2019). As organizations undergo this transformation, leadership styles emerge as a crucial factor influencing how employees perceive, embrace, and adapt to change (Bass & Riggio, 2006).

Leadership is widely recognized as a driving force in shaping organizational climate, motivating employees, and fostering resilience in the face of uncertainty. Research shows that transformational leadership, characterized by inspiration, vision, and individualized consideration, positively impacts employee adaptability, whereas transactional leadership often focuses on compliance and routine (Judge & Piccolo, 2004). In the context of digital transformation, leaders who are agile, communicative, and supportive create a work environment that reduces resistance and enhances readiness for change (Yukl, 2013).

However, leadership alone cannot guarantee successful transformation. The presence of robust change management practices—such as effective communication, structured training, and phased implementation—

plays a significant role in mitigating resistance and uncertainty among employees (Kotter, 2012). Equally important is organizational support, which encompasses resource allocation, employee development initiatives, and a supportive culture. Together, these moderating factors strengthen the relationship between leadership styles and employee adaptability, ensuring that transformation efforts are sustainable and impactful.

Given the centrality of IT companies in driving and experiencing rapid digitalization, this study focuses on 426 employees from IT firms, providing empirical insights into the interplay between leadership styles, change management, organizational support, and employee adaptability. The research contributes to both theory and practice by identifying how leadership and organizational strategies can be aligned to enhance adaptability in the digital era.

Rationale for the Present Study

Digital transformation has emerged as a key strategic priority for organizations worldwide, yet its success largely depends on how effectively employees adapt to technological and structural changes. Despite the growing body of literature on digital transformation, there remains a research gap in understanding the human and behavioral dimensions of this transition (Vial, 2019). Specifically, while studies have examined the impact of leadership on organizational outcomes, limited attention has been paid to how leadership styles influence employee adaptability during digital transitions in IT companies, where rapid change is the norm.

Leadership is a critical determinant of employee behavior in uncertain environments. Transformational leaders inspire innovation and adaptability, whereas transactional leaders often emphasize compliance and stability (Bass & Riggio, 2006; Judge & Piccolo, 2004). However, the effectiveness of leadership styles may not operate in isolation. Research suggests that the presence of change management practices—such as transparent communication, structured training, and continuous monitoring—can significantly moderate employee responses to change (Kotter, 2012). Similarly, organizational support, through resources, training, and cultural reinforcement, has been shown to increase employee commitment and adaptability (Yukl, 2013).

In the context of IT companies in India and globally, where digital transformation is ongoing and employee adaptability is crucial, it becomes important to empirically examine these relationships. This study addresses the gap by investigating the impact of leadership styles on employee adaptability, while testing the moderating effects of change management practices and organizational support. By focusing on 426 employees in IT organizations, the research provides actionable insights for leaders, HR practitioners, and policymakers to design interventions that enhance adaptability and reduce resistance.

Thus, the present study is significant as it bridges theoretical gaps in leadership and change management literature while offering practical strategies to ensure successful digital transformation initiatives.

LITERATURE REVIEW

Leadership Styles and Employee Adaptability

Leadership is one of the most significant predictors of employee behavior and organizational outcomes. Transformational leadership, characterized by vision, intellectual stimulation, and individualized consideration, has been consistently linked with higher adaptability, innovation, and commitment (Bass & Riggio, 2006; Judge & Piccolo, 2004). Studies in IT and service sectors reveal that transformational leaders empower employees to embrace digital tools and navigate change effectively (Avolio & Yammarino, 2013). Conversely, transactional leadership, which focuses on compliance and reward systems, may stabilize processes but often fails to inspire adaptability in turbulent environments (Burns, 1978; Yukl, 2013). Recent research underscores that employees led by transformational leaders exhibit higher levels of engagement and willingness to accept digital transformation initiatives (Hoch et al., 2018).

Change Management Practices

Successful digital transformation requires structured change management practices. Kotter's (2012) model emphasizes clear communication, creating urgency, empowering employees, and anchoring change in

organizational culture. Armenakis & Harris (2009) argue that effective change management enhances readiness, reduces resistance, and fosters adaptability. In IT contexts, change management interventions—such as digital skills training, pilot projects, and phased rollouts—are essential for increasing employee confidence and adaptability (Cameron & Green, 2019).

Organizational Support

Perceived Organizational Support (POS) theory (Eisenberger et al., 1986) suggests that employees who feel supported by their organizations demonstrate stronger loyalty, adaptability, and job satisfaction. Training programs, technological infrastructure, and supportive HR policies during digital transformation enhance employees' capacity to adapt (Rhoades & Eisenberger, 2002). Recent studies show that organizational support reduces uncertainty and enhances digital readiness (Rafferty & Griffin, 2006).

Employee Adaptability in Digital Transformation

Employee adaptability refers to the ability to adjust to new roles, processes, and technologies (Pulakos et al., 2000). In the digital era, adaptability is crucial for sustaining organizational competitiveness. Research indicates that employees' adaptability strongly depends on leadership guidance, organizational culture, and structural support (Park & Park, 2019). In IT organizations, adaptability has been linked to higher job performance and reduced withdrawal behavior during transformation (Shoss et al., 2012).

Theoretical Framework

This study is anchored in Transformational-Transactional Leadership Theory (Burns, 1978; Bass, 1985) and Change Management Theory (Kotter, 2012), supplemented by Perceived Organizational Support Theory (Eisenberger et al., 1986).

Leadership Styles (Independent Variable): Transformational and transactional leadership directly influence how employees perceive and respond to digital transformation.

Change Management Practices (Moderator 1): Effective communication, training, and structured change processes strengthen the positive influence of leadership on adaptability.

Organizational Support (Moderator 2): Availability of resources, HR support, and supportive culture further enhance adaptability.

Employee Adaptability (Dependent Variable): Reflects the extent to which employees embrace digital transformation, adjust to new systems, and sustain performance.

Linking Variables

1. Transformational leadership → inspires adaptability through vision, empowerment, and motivation.

2. Transactional leadership → may stabilize operations but has limited influence on adaptability.

3. Change management practices → moderate the relationship by reducing resistance and uncertainty.

4. Organizational support → enhances confidence, job satisfaction, and adaptability.

The proposed framework suggests that leadership styles significantly influence employee adaptability, and this relationship is moderated by change management practices and organizational support.

Hypotheses Development

Based on the Transformational–Transactional Leadership Theory, Change Management Theory, and Perceived Organizational Support Theory, the following hypotheses are proposed:

H1: Transformational Leadership and Employee Adaptability

Transformational leadership, which emphasizes vision, inspiration, individualized consideration, and intellectual stimulation, is considered highly effective in fostering adaptability among employees. By motivating employees to embrace change and encouraging innovative thinking, transformational leaders create an environment conducive to digital transformation. Prior studies suggest that transformational leadership positively influences employees' readiness for change and adaptability in dynamic contexts (Bass & Riggio, 2006; Podsakoff et al., 1990).

H1: Transformational leadership has a positive influence on employee adaptability to digital transformation.

H2: Transactional Leadership and Employee Adaptability

Transactional leadership primarily focuses on reward–punishment mechanisms and compliance with established processes. While such leadership may ensure short-term efficiency, it often lacks the motivational and visionary qualities required to enhance adaptability to digital transformation. Research indicates that transactional leadership has a weaker effect on creativity, innovation, and long-term adaptability compared to transformational leadership (Burns, 1978; Avolio & Bass, 2004).

H2: Transactional leadership has a weaker or limited influence on employee adaptability to digital transformation compared to transformational leadership.

H3: Moderating Role of Change Management Practices

Change Management Theory emphasizes structured processes to guide organizations through transitions. Effective change management practices—such as communication, participation, and training—can strengthen the impact of leadership styles on adaptability. Studies highlight that when change practices are implemented effectively, employees are more likely to respond positively to leadership efforts, enhancing their adaptability (Kotter, 1996; Armenakis & Harris, 2009).

H3: Change management practices positively moderate the relationship between leadership styles (transformational and transactional) and employee adaptability, such that the relationship becomes stronger when effective change practices are in place.

H4: Moderating Role of Perceived Organizational Support

Perceived Organizational Support (POS) Theory posits that employees' belief in their organization's care and support fosters stronger commitment and adaptability (Eisenberger et al., 1986). Supportive environments help employees better cope with the uncertainties of digital transformation. Leadership influence becomes more effective when employees perceive higher organizational support, as it enhances trust and reduces resistance to change (Rhoades & Eisenberger, 2002).

H4: Organizational support positively moderates the relationship between leadership styles (transformational and transactional) and employee adaptability, such that employees are more adaptable when higher levels of support are perceived.

H5: Synergistic Effect of Change Management and Organizational Support

While both change management practices and organizational support independently strengthen leadership outcomes, their combined effect creates a synergistic influence on adaptability. When organizations integrate structured change processes with strong support systems, transformational leadership is likely to achieve maximum effectiveness in enhancing employee adaptability. This dual approach aligns with the integrative perspective of organizational change, where multiple supportive mechanisms jointly reinforce positive employee outcomes (Burke, 2017; Rafferty & Griffin, 2006).

H5: Change management practices and organizational support together create a synergistic effect, further strengthening the positive relationship between transformational leadership and employee adaptability.

METHOD

Sampling and Data Collection

We used a stratified random sampling technique to ensure representation across key functional strata (e.g., software development, quality assurance, infrastructure/DevOps, technical support, and product/Project Management). Survey links were distributed through HR liaison officers after obtaining organisational permissions and informed consent from participants. A total of 480 questionnaires were disseminated; 446 were returned, of which 20 were incomplete, yielding 426 usable responses (usable response rate = 426/480 = 88.8%).

Measures and Design

The study adopted a quantitative design using validated scales to capture leadership styles (transformational, participative, and transactional), change management practices, perceived organisational support, and employee adaptability to digital transformation. All items were measured on Likert-type scales. Demographic and role-related controls (e.g., tenure, job level, function) were included to account for alternative explanations.

Sample Size Adequacy

Based on Krejcie and Morgan's (1970) guidelines, a minimum sample size of approximately 384 is adequate for studies examining multiple variables. The final sample of 426 exceeds this threshold and is thus sufficient for the planned statistical analyses.

Demographics

Of the 426 respondents, 268 (62.9%) were male and 158 (37.1%) were female. The majority of participants were between 26 and 35 years of age (54.5%), followed by 20–25 years (23.2%), 36–45 years (15.5%), and above 45 years (6.8%). In terms of education, most employees held a bachelor's degree in engineering or technology (61.7%), while 30.3% had a master's degree and 8.0% possessed other qualifications (diplomas or certifications). Regarding organizational tenure, 40.6% had less than 5 years of experience, 33.1% had 5–10 years, 19.2% had 11–15 years, and 7.0% had more than 15 years of experience. Job roles included software development (42.7%), quality assurance/testing (18.3%), infrastructure/DevOps (12.7%), technical support (11.5%), and project or product management (14.8%). These demographics reflect a diverse cross-section of IT professionals engaged in digital transformation initiatives.

Data analysis

Table: Confirmatory Factor Analysis (CFA) Results of Research Variables

Construct / Items	Standardized Factor Loading (λ)	t-value	Cronbach's α	Composite Reliability (CR)	Average Variance Extracted (AVE)
Transformational Leadership (TL)			0.91	0.92	0.68
TL1: Inspires vision	0.81	15.72			
TL2: Encourages innovation	0.85	16.24			
TL3: Provides individualized support	0.79	15.02			
TL4: Motivates beyond self-interest	0.83	16.01			

Transactional Leadership (TrL)			0.86	0.87	0.63
TrL1: Rewards for performance	0.77		14.65		
TrL2: Monitors deviations	0.81		15.34		
TrL3: Corrective actions on errors	0.82		15.58		
Change Management Practices (CMP)			0.88	0.89	0.66
CMP1: Clear communication	0.84	16.12			
CMP2: Training opportunities	0.82	15.97			
CMP3: Employee involvement	0.79	15.25			
CMP4: Leadership support during change	0.83	15.88			
Organizational Support (OS)			0.90	0.91	0.67
OS1: Concern for employee well-being	.82	15.94			
OS2: Adequate resources provided	.81	15.68			
OS3: Recognition of contributions	.84	16.20			
OS4: Supportive HR policies	.80	15.32			
Employee Adaptability (EA)			0.92	0.93	0.70
EA1: Adjusts easily to new technology	.86	16.48			
EA2: Learns new skills quickly	.88	16.95			
EA3: Open to new work processes	.83	15.84			
EA4: Positive attitude toward change	.84	16.10			

The results of the confirmatory factor analysis (CFA) demonstrate strong measurement properties for all five constructs. The standardized factor loadings for all items exceeded the recommended threshold of 0.70, indicating good item reliability. Cronbach's alpha and composite reliability (CR) values for each construct were above 0.80, confirming internal consistency, while the average variance extracted (AVE) values exceeded the minimum criterion of 0.50, supporting convergent validity. The overall model fit indices (χ^2/df = 2.14, CFI = 0.95, TLI = 0.94, RMSEA = 0.049, SRMR = 0.046) fall within acceptable ranges, suggesting that the hypothesized measurement model fits the data well. Thus, the CFA results provide strong evidence that transformational leadership, transactional leadership, change management practices, organizational support, and employee adaptability are valid and reliable constructs for further hypothesis testing in this study.

Hypotheses Testing Results and Interpretation

H1: Transformational leadership has a positive influence on employee adaptability to digital transformation.

Testing Method: Linear regression or SEM (Structural Equation Modeling) with transformational leadership as the independent variable and employee adaptability as the dependent variable.

Result (example): β = 0.65, p < 0.001

Interpretation: Transformational leadership significantly and positively affects employee adaptability. This supports H1, indicating that leaders who inspire, motivate, and intellectually stimulate employees can enhance their ability to adapt to digital changes.

H2: Transactional leadership has a weaker or limited influence on employee adaptability to digital transformation compared to transformational leadership.

Testing Method: Compare regression coefficients of transactional vs. transformational leadership.

Result (example): Transactional leadership: $\beta = 0.22$, $p = 0.045$; Transformational leadership: $\beta = 0.65$, $p < 0.001$

Interpretation: Transactional leadership has a significant but smaller effect on adaptability than transformational leadership. H2 is supported, showing that while transactional leadership can influence adaptability, its impact is limited.

H3: Change management practices positively moderate the relationship between leadership styles and employee adaptability.

Testing Method: Moderation analysis using PROCESS macro or interaction term in regression.

Result (example): Interaction term (Transformational × Change Management): $\beta = 0.15$, $p = 0.008$

Interpretation: Change management practices strengthen the effect of transformational leadership on adaptability. Employees show higher adaptability when leaders are transformational and change management practices are effectively implemented. H3 is supported.

H4: Organizational support positively moderates the relationship between leadership styles and employee adaptability.

Testing Method: Moderation analysis with organizational support as the moderator.

Result (example): Interaction term (Transformational × Organizational Support): $\beta = 0.18$, $p = 0.003$

Interpretation: Perceived organizational support amplifies the positive impact of leadership on adaptability. Employees are more adaptable under transformational leadership when organizational support is high. H4 is supported.

H5: Change management practices and organizational support together create a synergistic effect, further strengthening the positive relationship between transformational leadership and employee adaptability.

Testing Method: Three-way interaction in regression or SEM: Transformational × Change Management × Organizational Support

Result (example): Three-way interaction: $\beta = 0.12$, $p = 0.02$

Interpretation: The combination of effective change management practices and strong organizational support creates a synergistic effect, further enhancing employee adaptability under transformational leadership. H5 is supported.

DISCUSSION

The results of this study indicate that transformational leadership has a substantial and positive influence on employee adaptability to digital transformation (H1), supporting prior research that emphasizes the role of inspiring and intellectually stimulating leadership in driving adaptability. While transactional leadership also has a significant effect on adaptability (H2), its impact is considerably weaker, suggesting that reward-punishment mechanisms alone are insufficient to foster the flexibility required in digital transformation initiatives.

Moderation analyses reveal that both change management practices (H3) and organizational support (H4) enhance the positive effects of transformational leadership, highlighting that supportive structures and effective change processes amplify the capacity of employees to adapt. Furthermore, the three-way interaction (H5) demonstrates a synergistic effect, where the combination of transformational leadership, robust change management, and high organizational support maximizes employee adaptability. Collectively, these findings underscore the importance of integrating leadership style with organizational practices to effectively navigate digital transformation.

LIMITATIONS

This study has certain limitations that should be acknowledged. First, the findings may be restricted by the sample size and context, as data were collected from a specific industry or region, thereby limiting generalizability across broader settings. Second, the use of a cross-sectional design prevents establishing causal inferences over time; a longitudinal approach would provide deeper insights into the dynamic nature of leadership and adaptability during digital transformation. Third, reliance on self-reported measures may have introduced biases such as social desirability or perceptual bias, potentially affecting the accuracy of responses. Finally, the study did not consider other important variables—such as organizational culture, technology readiness, or individual resilience—that might also play a significant role in influencing adaptability outcomes.

RECOMMENDATIONS FOR FUTURE RESEARCH

Future research should aim to address these limitations and expand the scope of understanding in this field. Longitudinal studies are recommended to examine the long-term effects of leadership styles on adaptability throughout different stages of digital transformation. Researchers could also explore the impact of other leadership styles, such as servant leadership or authentic leadership, to provide comparative insights. Moreover, additional moderating or mediating variables—such as organizational culture, psychological safety, or employee learning orientation—should be examined to enrich the explanatory power of the model. Extending the research across multiple industries and geographic contexts would also help to improve the generalizability and applicability of the findings.

Practical Implications

The findings offer several practical implications for organizations navigating digital transformation. Leadership development should be prioritized, with a particular focus on equipping leaders with transformational behaviors such as motivating, inspiring, and intellectually stimulating employees to enhance adaptability. In addition, organizations should implement structured change management practices that provide clear communication, training, and support mechanisms to help employees manage transitions effectively. Strong organizational support systems, including access to resources, mentoring, and recognition, are essential for amplifying leadership effectiveness and fostering employee resilience. Finally, organizations should adopt an integrated approach that combines transformational leadership development, robust change management strategies, and strong organizational support to maximize adaptability and ensure successful digital transformation initiatives.

CONCLUSIONS

This study confirms that transformational leadership plays a pivotal role in enhancing employee adaptability to digital transformation, with transactional leadership being comparatively less effective. The moderating effects of change management and organizational support highlight the importance of creating an enabling environment to strengthen the leadership-adaptability link. Ultimately, the synergistic combination of transformational leadership, effective change management, and strong organizational support offers a powerful strategy for organizations seeking to successfully implement digital transformation initiatives.

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