The Moderating Role of Individual Adaptability in the Leadership Effectiveness Model: A Conceptual Paper

Albert Apoi, Hamril Binti Abdul Latip and Azzie Joyce Takong

To Link this Article: http://dx.doi.org/10.6007/IJAREMS/v10-i3/10202 DOI:10.6007/IJAREMS/v10-i3/10202

Received: 09 April 2021, Revised: 27 April 2021, Accepted: 20 May 2021

Published Online: 04 June 2021

In-Text Citation: (Apoi et al., 2021)

Copyright: © 2021 The Author(s)
Published by Human Resource Management Academic Research Society (www.hrmars.com)
This article is published under the Creative Commons Attribution (CC BY 4.0) license. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this license may be seen at: http://creativecommons.org/licences/by/4.0/legalcode

Vol. 10, No. 3, 2021, Pg. 16 - 30
http://hrmars.com/index.php/pages/detail/IJAREMS

Full Terms & Conditions of access and use can be found at http://hrmars.com/index.php/pages/detail/publication-ethics
The Moderating Role of Individual Adaptability in the Leadership Effectiveness Model: A Conceptual Paper

Albert Apoi, Hamrila Binti Abdul Latip and Azzie Joyce Takong
Faculty of Economic and Business, Universiti Malaysia Sarawak, 94300 Kota Samarahan, Sarawak Malaysia.
Email: arbalbert@yahoo.com, alhamrila@unimas.my, azzie_joyce@ymail.com

Abstract
Leadership effectiveness has been the subject of interest by researchers over the years. While transformational leadership and employee reactions have been strongly associated with leadership effectiveness, individual adaptability has also become increasingly important in the current working environment, which demands employees to apply creative, innovative, collaborative, and analytical skills that technology cannot replicate. Although studies on individual adaptability have focused on culture and unfamiliar environment, there are scarce findings on individual adaptability in the context of skills. For this reason, the present study extends the existing literature on individual adaptability in order to measure the impacts of these skills on the links between transformational leadership and employee reactions with individual work performance. To further explicate and extend the current leadership effectiveness model, the expectancy theory of motivation is applied in this study and the researchers also suggest that individual adaptability moderates the relationships between transformational leadership and employee reactions with individual work performance. Therefore, this paper contributes to the literature by developing a leadership effectiveness model of individual work performance by incorporating skills as the new measurements for individual adaptability as a moderator in the present study.

Keywords Organizational Commitment, Organizational Citizenship Behavior, Job Satisfaction, Transformational Leadership, Individual Work Performance, Individual Adaptability.

Introduction
Leadership effectiveness can be observed through the performance of individuals or organizations in both financial and non-financial contexts. While financial performance is based on the profit or number of sales generated by organizations, non-financial performance is frequently associated with and not limited to the behavior or satisfaction level of the targeted
audience. In this study, the researchers will particularly highlight individual work performance (non-financial) based on task, contextual, and counterproductive performances.

For decades, transformational leadership and employee reactions have attracted the attention of many researchers and they have been frequently associated with leadership effectiveness. In this regard, leadership effectiveness is profound due to its approach in motivating employees to perform beyond expectations (Moon, 2016). Meanwhile, employee reactions are often used to comprehensively monitor the psychological, behavioral, and emotional attitudes of employees based on three elements known as organizational commitment, organizational citizenship behavior, and job satisfaction. This can be further explained by the Expectancy Theory, which comprises three main elements called valance, expectancy, and instrumentality (Nelson & Quick, 2013). Briefly, the expectancy theory is a process theory that focuses on how individuals perceive the performance process, addressing the question of how someone values the rewards and subscribes to the belief that rewards will be awarded to the performance based on his or her effort.

Nowadays, individual adaptability has become increasingly essential in influencing the work performance of employees in organizations. In fact, this is triggered by the impact of Industrial Revolution 4.0 (IR 4.0), which has changed the landscape of human capital management at large. However, the established constructs of individual adaptability are not comprehensive enough to measure how individuals adapt to the new environment; besides, these constructs are also limited to the context of culture, uncertainty, interpersonal, and work stress. Hence, the present study is driven to incorporate skills as the new measurements for individual adaptability as defined by Polyhart and Beliese (2006), specifically creative, innovative, collaborative, and analytical skills. The incorporation of these skills is in line with Lau (2017), who asserted that in today’s working environment, employees with more adaptable and creative skill sets are necessarily required and great teamwork is essential for such skill sets.

Additionally, the present study suggests that individual adaptability plays a vital moderating role in the relationships between transformational leadership and employee reactions with individual work performance. Hence, the researchers are also driven to examine the potential of individual adaptability as a moderator in the leadership effectiveness model and, for this reason, the present study primarily aims to construct a new leadership effectiveness model for individual work performance by incorporating individual adaptability as a moderator in the relationships between transformational leadership and individual work performance with individual work performance. Correspondingly, individual adaptability that encompasses the four above-mentioned skills (creative, innovative, collaborative, and analytical) is believed to have a significant impact on individual work performance in the current working environment. To summarise, the primary objective of the present study is:

- to construct a new leadership effectiveness model for individual work performance by incorporating individual adaptability as a moderator

Briefly, the present study will expand and improve the current leadership effectiveness model based on the assumption that individual adaptability serves as a significant moderator in this model. To better organize this study, the next section of this paper discusses the literature review and this is followed by the theoretical framework development as well as the conceptualization of testable research hypotheses.
Literature Review

Transformational Leadership

Transformational leadership has been regarded as the most preferred and practised leadership style in many countries, cultural settings, situations, and industries around the world (Ozaralli, 2003; Brian & Lewis, 2004; Xirasagar, 2008; Ivey & Kline, 2010; Ling et al., 2011; Jogulu & Ferkins, 2012; Dai et al., 2013; Abd Rahman et al., 2013; Hardy, 2014; Dg Kamisah & Syed, 2015; Katou, 2015). Transformational leadership is generally acceptable because it can prompt employees to make an extra effort by improving morale in the workplace and motivating them in a way that aids both employees and organizations positively. On the contrary, according to Sarros and Santora (2001), transactional leadership exchanges monetary reward and recognition to employees in exchange for delivering the expected performance. Nonetheless, given the complexity of the working environment, unique cultural setting, and differences in the practices and policies across countries, one leadership style does not necessarily fit all settings; hence, the idea of combining both leadership styles emerges to gain maximum benefits for both employees and organizations (Brian & Lewis, 2004; Judge & Piccolo, 2004; Dai et al., 2013), thereby achieving leadership effectiveness at the same time (Evans & Lindsay, 2011). However, according to Erkutlu (2008), transformational leadership behaviors should rather be exhibited in a rapidly changing business environment today. Since leadership is conclusively grounded by the nature of an effective relationship between leaders and followers, the present study, therefore, solely delves into the significance of transformational leadership behaviors and their impacts instead of transactional leadership in order to add more evidence to the existing literature within this context.

Employee Reactions

This study employed three categories of employee reactions, namely organizational commitment, organizational citizenship behavior, and job satisfaction out of the four categories by Katou (2015) that includes motivation. The three constructs are selected because they have been extensively adopted in leadership-effectiveness studies on a global scale and they encompass a wide range of employee reactions from the comprehensive perspectives of psychology, behavior, and emotions. Firstly, organizational commitment encompasses a psychological state instead of attitudinal and/or behavioral states and it comprises three important components as outlined by Meyer and Allen (1991), namely affective commitment, continuance commitment, and normative commitment, which respectively look into the desire, need, and obligation of employees in the organizations. Secondly, organizational citizenship behavior observes the behavior of employees who voluntarily perform work that exceeds the work role required by the organizations or beyond the call of duty (Dai et al., 2013; Kreitner & Kinicki, 2013). Generally, this behavior enhances the organizations but it is not often considered in the rewards system (Organ, 1988). Finally, job satisfaction is depicted as an attitude instead of behavior and it reflects the feeling that an individual has about something or an individual’s positive state of mind, which involves the emotional effect of the work experience and appraisal of employees (Robbins & Coulter, 2005; Nelson & Quick, 2013). Job satisfaction is also one of the most frequently used indicators of leadership effectiveness that further indicates organizational performance.
**Individual Adaptability**

Rapid changes in procedures and policies, mergers of organizations, and the complexity of certain issues demand individuals to respond to ill-defined problems (Chan, 2014). As such, the concept of individual adaptability is established from environmental uncertainty and it is usually associated with a working environment. Generally, individual adaptability is defined as a positive motivational orientation towards changing oneself (Wang et al., 2017) and it has long been associated with one’s adaptability to culture, uncertainty, and interpersonal situations. However, as suggested by Polyhart and Bliese (2006), adaptability can also be extended to employees’ skills in a working domain. Since there are scarce studies on employee adaptability with regard to the crucial skills in adapting to the new era of Industrial Revolution 4.0, the present study, therefore, aims to explore the four skills as the new measurements for individual adaptability, namely creative, innovative, collaborative, and analytical skills that will be subsequently discussed in detail.

**Creative Skills**

Creativity refers to a skill set that artificial intelligence cannot replicate. Employees in the workplace are often encouraged to ‘think outside the box’ and come up with new ideas for new products or new solutions for an open-ended problem. Hence, employees are required to practice more creative skills because, nowadays, creativity has become increasingly significant for organizations to sustain in the dynamic business environment. Creativity is defined as the production of original and effective ideas to improvised existing products, services, processes, and operating procedures, which requires employees to have vast knowledge in subject matters (Moirana et al., 2020). Based on recent trends, creativity has also been integrated into multidisciplinary areas that consider the psychological, socio-cultural, and management perspectives as a whole. Therefore, the recent development trends have shown that creativity is progressively important for employees in organizations and this makes creative skills an important individual adaptability element in this study.

**Innovative Skills**

Creativity often leads to innovative ideas such that creativity is involved in every innovation implementation process (Dino, 2015; Oddane, 2015; Tang & Werner, 2017). However, while innovative ideas may bring benefits to organizations, they may also bring mixed impacts on the employees. For instance, Janssen and Nico (2004) raised the concern that innovative employees are likely to experience hindrance from their coworkers who want to prevent innovative change. Apart from that, innovative ideas may also bring insecurity and uncertainty to employees; thus, convincing employees of how innovation would benefit them might not only be difficult but also demanding. Nonetheless, according to Moirano et al. (2020), innovation generally involves the generation and implementation of creative ideas; hence, innovation or innovative skills are considered as another significant individual adaptability element in the present study.

**Collaborative Skills**

While creativity is mostly natural and further leads to innovation, collaboration has also been argued to leave a major impact on creativity due to its ability to optimize the requirement
of desirability, feasibility, and viability for developing products, services, and technologies for specific purposes (Kuo, Tseng, & Yang, 2019). As a matter of fact, the ability of collaborative skills to deal with a wide range of perspectives, examine issues in a broad context, and consider the complexity of issues gives the perfect blend for this element to serve as another dimension of individual adaptability. Furthermore, according to Leana et al. (2009), collaboration is also associated with higher satisfaction and commitment among employees; hence, collaborative skills are also selected as one of the individual adaptability elements in this study.

Analytical Skills

The IR 4.0 has significantly changed the working environment, thereby creating a very dynamic environment and challenging the existing process to move to the next level. Correspondingly, organizations are constantly faced with new issues and situations that require new, workable solutions for their employees to find. In this regard, analytical skills can be described as the rational thinking style or momentary thinking orientation (Novak & Donna, 2009). Additionally, the characteristics of analytical skills are more process-oriented and include making decisions based on reasons as well as considering the cause and effect, all of which makes them something that artificial intelligence cannot replicate. Hence, analytical skills are likewise selected as another individual adaptability element in the present study.

Individual Work Performance

Performance can be measured based on the growth, performance, survival, and preparedness of groups including their collective capacity in handling crises (Erkutlu, 2008). Besides, according to Md. Zabid et al. (2002), performance can also be measured based on financial, employee satisfaction, and employee commitment. Since the present study looks into performance at the individual level and focuses on actions or behaviors instead of what they result in, individual work performance will be measured based on the three elements of task performance, contextual performance, and counterproductive work behavior. Individual work performance, according to work and organizational psychology, generally refers to any influential activities or behaviors for organizational goals (Koopmans, et al., 2011). Briefly, individual work performance measures the behavior that one can control, which excludes the external behavior constrained by the environment and this further adds to the appropriateness of the construct (Ratundo & Sackett, 2002).

Theoretical Framework and Hypothesis Development

This paper utilizes the expectancy theory of motivation and the transformational leadership theory to develop an appropriate theoretical framework. The expectancy theory consists of three main constructs, namely valence, expectancy, and instrumentality. This additionally refers to a process theory that focuses on how individuals perceive the performance process (Evans & Lindsay, 2011), which looks into how someone values rewards and subscribes to the belief that the rewards will be awarded based on his or her effort in delivering the performance (Nelson & Quick, 2013). Besides, the current working environment demands more individual contributions of new ideas for new products, improved processes, and procedures in daily business activities. This also requires employees to be more creative, innovative, collaborative, and analytical. As the employees become the focal point (person-centric), the
expectancy theory becomes more relevant for depicting work motivation in the present study (Kanfer et al., 2008). On the other hand, transformational leadership has also been found to significantly uplift employee morale to perform beyond expectations (Bass, 1985), thus making it appropriate for explaining the leadership behavior conceptualized in this study.

Transformational Leadership

Employee Reactions

Individual Adaptability

Individual Work Performance

**Figure 1:** Theoretical Framework

Transformational leadership and employee reactions have been known to significantly influence work performance; however, the present study also suggests that individual adaptability plays a vital role as a moderator in the relationships between these variables. Hence, this study proposed the new leadership model that incorporates individual adaptability as illustrated in Figure 1.

Transformational Leadership

Individual Adaptability

Individual Work Performance

**Figure 2:** Relationship between transformational leadership and individual work performance

Employee Reactions

Individual Adaptability

Individual Work Performance

**Figure 3:** Relationship between employee reactions and individual work performance

Transformational leadership and employee reactions both have an impact on work performance in various ways. While most researchers claimed that the impact is direct, some researchers provide evidence of an indirect relationship or by stages; however, both contribute to either individual or organizational performance. Researchers have also expanded studies on the influence of transformational leadership to look at the output that affects both individual and organizational performance (Steyrer et al., 2008; Munchiri et al., 2012). For instance, although Braun et al (2013) found that transformational leadership has a direct, positive relationship with
team performance, Griffith (2004), however, found an indirect relationship between transformational leadership and school performance. On the other hand, Steyrer et al (2008) supported the claim that organizational commitment has a beneficial effect on company performance, while Braun et al (2013) corroborated the findings related to job satisfaction and performance at the team performance level. In line with the impact of Industrial Revolution 4.0 that has changed the workplace landscape in human capital management, organizations have also been demanded to transform their human capital to be more flexible, agile, and adaptive to the changes in their surroundings. Further, in recent years, there has been considerable interest in individual adaptability at the workplace; however, it focuses on unrelated contexts such as culture and unfamiliar environment (e.g. Zorzie, 2012; Hua et al., 2018; Bartone et al., 2018). Nonetheless, studies have shown that adaptability can influence individual performance in general (e.g. Vaughn, 2011; Zhou & Lin, 2016; Stachelek, 2018) and individual adaptability can also act as a moderator in the working domain (Ingusci, 2019). Thus, by hypothesizing individual adaptability as a moderator between transformational leadership and individual work performance, this study proposes the following hypotheses:

**H₁:** Individual adaptability will moderate the direct effect of transformational leadership on individual work performance.

**H₂:** Individual adaptability will moderate the direct effect of employee reactions on individual work performance.

### Discussions

The new leadership effectiveness model that incorporates individual adaptability as a moderator has been developed in the present study by assuming that creative, innovative, collaborative, and analytical skills contribute to work performance. This suggests the importance of these skills in creating a working culture that inculcates creativity in the working environment besides contributing to the production of new products or procedures more effectively for businesses to be economically competitive. As such, organizations must be different from others in terms of products or business processes to sustain themselves in the market more efficiently. Since technology will replace most repetitive jobs in companies, organizations must, therefore, fully utilize the human capital to perform jobs that technology cannot replicate such as inventing new products or procedures. Hence, the current performance measurement will lean towards the contribution of new ideas on top of the existing performance measurement. Drawing on the expectancy theory, a rationale employee will make an effort to produce new ideas that reflect their performance; however, the extent of the employee’s effort depends on how he or she values the rewards and this process can be interpreted by the expectancy theory through its valence principles. With a proper rewards system in place, an organization will indirectly create a culture that encourages creativity at work, innovative ideas, analytical decision-making, and collaboration among teams. Therefore, individual adaptability is believed to moderate the relationships between transformational leadership and employee reactions with individual work performance.

### Conclusions

Despite various empirical evidence on transformational leadership and its direct impact on employee reactions, the emergence of IR 4.0 in the industry has changed the direction of the
game that calls for attention to how individuals adapt to the new industrial requirement. Thus, the present study attempts to fill this gap from an individual adaptability viewpoint of the leadership effectiveness model by adding individual adaptability as a moderator in this model in order to give an extensive and more thorough perspective of leadership effectiveness. Furthermore, this paper will add to the body of knowledge by enlightening individual adaptability and its impact on individual work performance.

As organizations continue to quickly evolve in order to thrive in a competitively aggressive business environment, individual adaptability likewise garners greater attention at present. Employees are also becoming valuable organizational assets owing to their capacity to develop creative and innovative solutions or ideas as well as collaborating with colleagues in ways that technology cannot replicate. In this regard, placing a greater emphasis on individual adaptability can put organizations in a stronger business position in the future, especially in terms of competitiveness. As such, practitioners and policymakers should inculcate all creative, innovative, collaborative, and analytical skills in organizations because these skills significantly influence the development of a creative culture adopted by employees and further increases individual work performance.

References


