ASSESSING THE MODERATING EFFECTS OF ORGANIZATIONAL INNOVATION ON THE RELATIONSHIP BETWEEN TRANSFORMATIONAL LEADERSHIP AND JOB SATISFACTION

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ASSESSING THE MODERATING EFFECTS OF ORGANIZATIONAL INNOVATION ON THE RELATIONSHIP BETWEEN TRANSFORMATIONAL LEADERSHIP AND JOB SATISFACTION

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A thesis submitted in fulfilment of the requirements for the award of the degree of Doctor of Philosophy (Management)

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Dedicated to:

My beloved parents, *brother, sisters,*

*wife and my daughter*
ACKNOWLEDGEMENT

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ABSTRACT

This study examines the relationship between transformational leadership and job satisfaction in higher education in Iraq, with organizational innovation as a moderator. Transformational leadership has been termed as the most appropriate style of leadership which, when practiced, not only enhances employee morale and motivation, but also leads to enhanced organizational innovativeness. Organizational innovation is a well-researched area. For organizations, innovation is one of the most important factors contributing to competitiveness and differentiation. The context chosen for this study is higher education in Iraq as it is riddled with many challenges, such as lack of personal security, lack of infrastructure, brain drain and the government’s neglect towards science and technology that hinder the growth of existing higher education institutes HEIs. The theoretical underpinning on which the study is based on is these three main theories which are transformational leadership theory, theory of innovation diffusion and two factor theory. This is a descriptive study using a mixed method including both quantitative and qualitative approaches. Sample of the study consists of academic staff from ten Iraqi public universities. A sample of 271 respondents was chosen based on random sampling. The data collected through survey instrument was analysed using Statistical Package for Social Sciences (SPSS) software Version 21.0 and hierarchical multiple regression technique was used to test for moderation. Semi-structured interviews data were analysed by content analysis. The relationships analysis were examined by correlation method, while ANOVA was used for testing the difference among the Iraq’s HEIs in terms of transformational leadership, job satisfaction and organizational innovation. The results of the study indicate that organizational innovation has a significant moderating role on the relationship between transformational leadership and job satisfaction. Similarly, when organizational innovation is taken as a moderator between dimensions of the transformational leadership and job satisfaction, it was found that there are statistically significant influence on the relationships. Furthermore, there were significant differences among the universities in terms of transformational leadership, job satisfaction and organizational innovation.
ABSTRAK

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<td>Process Innovation</td>
</tr>
<tr>
<td>A</td>
<td>Administrative Innovation</td>
</tr>
<tr>
<td>M</td>
<td>Marketing Innovation</td>
</tr>
<tr>
<td>JS</td>
<td>Job Satisfaction</td>
</tr>
<tr>
<td>IJS</td>
<td>Intrinsic Job Satisfaction</td>
</tr>
<tr>
<td>EJS</td>
<td>Extrinsic Job Satisfaction</td>
</tr>
<tr>
<td>MOHESR</td>
<td>Ministry of Higher Education and Scientific Research</td>
</tr>
<tr>
<td>NAFHE</td>
<td>National Agency for Higher Education</td>
</tr>
<tr>
<td>UNESCO</td>
<td>United Nation’s Educational, Scientific and Cultural Organization</td>
</tr>
<tr>
<td>HEIs</td>
<td>Higher Education Institutes</td>
</tr>
<tr>
<td>OECD’s</td>
<td>Organization of Economic Co-operation and Development</td>
</tr>
<tr>
<td>LPS</td>
<td>Least Preferred co-worker</td>
</tr>
<tr>
<td>FRLT</td>
<td>Full Range Leadership Theory</td>
</tr>
<tr>
<td>LMX</td>
<td>Leader-Member Exchange</td>
</tr>
<tr>
<td>NPM</td>
<td>New Public Management</td>
</tr>
<tr>
<td>MLQ</td>
<td>Multifactor Leadership Questionnaire</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
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</tr>
<tr>
<td>JDI</td>
<td>Job Descriptive Index</td>
</tr>
<tr>
<td>JDS</td>
<td>Job Diagnostics Survey</td>
</tr>
<tr>
<td>JIG</td>
<td>Job in General</td>
</tr>
<tr>
<td>MSQ</td>
<td>Minnesota Satisfaction Questionnaire</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>PA</td>
<td>Path Analysis</td>
</tr>
<tr>
<td>ML</td>
<td>Maximum Likelihood</td>
</tr>
<tr>
<td>P</td>
<td>P value</td>
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<tr>
<td>ANOVA</td>
<td>Analysis of Variance</td>
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# LIST OF SYMBOLS

<table>
<thead>
<tr>
<th>Symbol</th>
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<tr>
<td>%</td>
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<tr>
<td>α</td>
<td>Alpha Cronbach</td>
</tr>
<tr>
<td>F</td>
<td>Frequency</td>
</tr>
<tr>
<td>β</td>
<td>Greek Small Letter Beta</td>
</tr>
<tr>
<td>≤</td>
<td>Less Than or Equal To</td>
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<tr>
<td>≥</td>
<td>Greater Than or Equal To</td>
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<tr>
<td>*</td>
<td>Asterisk</td>
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<tr>
<td>:</td>
<td>Semicolon</td>
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<td>:</td>
<td>Colon</td>
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<td>\</td>
<td>Reverse Solidus</td>
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<tr>
<td>χ²</td>
<td>Chi-square</td>
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<td>DF</td>
<td>Degree of Freedom</td>
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CHAPTER 1

INTRODUCTION

1.1 Introduction

The present study investigates the relationship between transformational leadership and job satisfaction, with organization innovation as a moderator. The current chapter elaborates on the background of the research and presents the problem statement formulated for the study. Furthermore, the research objectives, research questions, and scope and significance and limitations of the study are highlighted. Finally, the operational definitions of the variables used are given.

1.2 Background of the Research

In today's world, the influence of leadership can vary with regards to its role in the many facets of an organization (Wang et al., 2014b). This variability is mainly due to the fact that different people possess different abilities, which can be acquired either through experience. Leaders, in particular, have the ability based on their experience, traits and personal characteristics to influence other people within an
organization. Organizations of all sizes need leadership that can provide direction as well as create an environment where organizational and cultural factors are congruent with each other, thus helping the organization to succeed in its strategic environment (Birasnav et al., 2013; Sotirofski, 2011). These institutions of higher learning impart knowledge and skills that, when applied, can help organizations achieve their objectives. Investment in higher education is one of the most sustainable investments a country can make and something that cannot be achieved without the active cooperation and participation of the government, society. Such investment brings not only efficiency but also quality into higher education and the market (Börjesson et al. (2014); Harb, 2008; Schick, 2014; Van Dusen, 2014).

Zhu and Engels (2014) point out that organizations spend huge amounts of effort and energy on their processes in order to remain competitive. Innovation is the key to being competitive and maintaining a balance between future opportunities and efficient current operations (Schreyögg and Kliesch-Eberl, 2007; Stromquist and Monkman, 2014). To bring innovation into the organizational setting requires effort, time and overcoming the mindset barriers of employees (Börjesson, et al., 2014), all of which requires the commitment of the top management. It has been highlighted that transformational leadership that involves employees in decision-making helps organizations to overcome resistance and bring about change. Such leadership allows organizations to explore potential innovation opportunities that can establish the company in new markets and better cater to the needs of the customers (Nemerowicz and Rossi, 2014; Popescu Ljungholm, 2014), at the same time promoting an innovative culture (Yang and Islam, 2012). The literature is full of studies that are related to leadership and innovation; however, all of these studies have been conducted in the industrial setting. Studies related to leadership style and organizational innovation are lacking within the higher education sector, especially in the context of the Arab world and Iraq (Al-Husseini and Elbeltagi, 2014; Al-Janabi and Urban, 2011; Almayali et al., 2012; Harb, 2008; Mahmud, 2013; Paanakker, 2009).
1.2.1 Iraqi Public Universities

The present study has been conducted in Iraq, a developing country that has been in a redevelopment stage since 2013, following a decade of economic sanctions and the Iraq war. Iraq is located in Middle East, more specifically in the middle of Southwest Asia, and has a population of about 30 million (Abdullah, 2014; Harb, 2008). According to the Report of the Iraqi Ministry of Higher Education and Scientific Research (2011) and MOHESR. ( 2012b), Iraq’s first college, a law school, was established in 1908. From 1920 to 1950, various colleges and institutions were established by the government in different cities to cater to the needs of the people. The country’s first formal university was established in Baghdad in 1957 and was called University of Baghdad. In following ten years, three more universities were established by the government, namely the University of Al-Mustansiriyah in 1963, the University of Basrah in 1964 and the University of Mosul in 1967 (Davis, 2005; Harb, 2008).

According to a report by the National Agency for Higher Education (2003), all these colleges were merged together to form the university. The University of Mosul was a medical college and a branch campus of Baghdad University. In 1967, Mosul Medical College and other colleges in Mosul were merged to form the University of Mosul National Agency for Higher Education. From 1950 to 1990, Iraq had one of the most advanced higher educational systems in the Arab world (Al-Janabi and Urban, 2011). In 1991, economic sanctions were imposed on Iraq by the United Nations Security Council after its occupation and subsequent release of Kuwait. These sanctions, which lasted from 1991 until middle of 2003, badly affected the Iraqi higher education sector, leading to the destruction of infrastructure and information technology and reduced support for the higher education academic community. Many of the country’s universities, such as University of Basra and Al-Mustansiriya, were plundered by the people (MOHESR, 2012). Furthermore, the decade-long sanctions and the three decades of wars separated Iraq from global developments in science and technology and hampered the overall innovation capability of the Iraqi higher education institutions (HEIs) (Asif et al., 2013).
Iraqi higher education system also suffered the ‘brain drain’ phenomenon as many of the country’s intellectuals and scientists left Iraq. With the lack of contact with the outside world, Iraqi HEIs have suffered in terms of research and development (Al-Janabi and Urban, 2011), resulting in a decline in the overall enrollment rate of HEIs (UNESCO, 2004). According to Elameer and Idrus (2010), the higher education institutions in Iraq have shown in their performance, which is evident from the declining service quality, deficiencies in the basic skills of graduates, increasing dropout rates, the widening gap between the labor market and the capabilities of graduates, and the brain drain phenomenon. All these indicators emphasize the need for innovation in the higher education system that could help HEIs in Iraq to rise above the challenges, address the difficulties and prevent further deterioration of the situation.

According to a survey from the United Nations Educational, Scientific, and Cultural Organization (UNESCO), in 2004, Iraq’s universities housed two hundred colleges with about eight hundred departments and twenty-eight specialized institutes or research centers (UNESCO, 2004). Only two governorates Muthanna and Missan (both sparsely populated) were without a university. Two new universities (one an American-style private university in Sulaimaniya and the other at Koya). In late 2006, the list of Iraqi public universities included Dahuk, Irbil, Sulaimaniya, Koya, Mosul, Kirkuk, Tikrit, Diyala, Anbar, Baghdad, al-Mustansiriyya, Islamic Studies, al-Nahrain, Technology, Qadisiyya, Kufa, Karbala, Thi Qar, Babil, Wasit, and Basra (Mu’id 2006). Despite the presence of many universities in the country, the unchecked looting of state institutions including universities, research centers, museums, and libraries that occurred in the immediate aftermath of the invasion severely affected a sector that was already in poor shape. The Strategies MHESR (2003) published after 2003 paints a bleak picture of the sector, with science labs, libraries, computer centers, student cultural and sports clubs, and boarding halls all in dire condition.

For HEIs, their biggest asset is human capital, which aids in the growth of the institutions through efforts in teaching and research and development. Universities’
researchers and academicians help attract raw materials (untrained individuals) from the society and convert them into skilled workers who can undertake the industrial development of the country. In Iraq, the biggest issues faced by HEIs are attracting skilled academicians and increasing the overall capability of HEIs in terms of innovation and competitiveness, so as to achieve the state they were in prior to economic sanctions. The Table 1.1 shows the staff statistics for Iraqi HEIs.

Table 1.1 : Staff Statistics in Iraqi Public Universities

<table>
<thead>
<tr>
<th>Universities</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2013-14</th>
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</thead>
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<td>6336</td>
<td>6563</td>
<td>6599</td>
<td>6733</td>
</tr>
<tr>
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<td>2254</td>
<td>2471</td>
<td>2513</td>
<td>2619</td>
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<tr>
<td>University Technology of Iraq</td>
<td>1386</td>
<td>1380</td>
<td>1403</td>
<td>1501</td>
</tr>
<tr>
<td>University of Basrah</td>
<td>2413</td>
<td>2509</td>
<td>2589</td>
<td>2695</td>
</tr>
<tr>
<td>AL- Nahrain University</td>
<td>890</td>
<td>924</td>
<td>915</td>
<td>957</td>
</tr>
<tr>
<td>University of Wasit</td>
<td>441</td>
<td>475</td>
<td>521</td>
<td>690</td>
</tr>
<tr>
<td>University of Babylon</td>
<td>1345</td>
<td>1431</td>
<td>1597</td>
<td>1707</td>
</tr>
<tr>
<td>Iraqi University</td>
<td>--</td>
<td>411</td>
<td>453</td>
<td>589</td>
</tr>
<tr>
<td>University of Al-Qadisiya</td>
<td>827</td>
<td>888</td>
<td>951</td>
<td>1085</td>
</tr>
<tr>
<td>University of Misan</td>
<td>253</td>
<td>316</td>
<td>375</td>
<td>462</td>
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<tr>
<td>Mosul University</td>
<td>4104</td>
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<td>4624</td>
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<tr>
<td>Al- Qasim Green university</td>
<td></td>
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<td></td>
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<td>University of Sumer</td>
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<td></td>
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<td>University of Karbala</td>
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<td>University of Deyala</td>
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<td>University of Thi-Qar.</td>
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<td>638</td>
<td>714</td>
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<tr>
<td>University of Tikrit.</td>
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<td>1693</td>
<td>1612</td>
<td>1754</td>
</tr>
<tr>
<td>University of Kirkuk</td>
<td>408</td>
<td>427</td>
<td>453</td>
<td>690</td>
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</tbody>
</table>

Source: Report MOHESR, 2013/2014

According to Almayali et al. (2012), when there are supportive leaders who develop a favourable environment for employees, then the employees would be more willing to expend greater efforts with respect to their academic responsibilities, especially research and development. Three major wars and weighty sanctions against Iraq from 1980 to 2003 have taken their toll on the higher education system in the country, particularly with regard to information and communication technologies. AlHakim and Hassan (2012) and Almayali et al. (2012) have drawn attention to the significant role played by information technology in directing the
skills and experiences of staff towards improvements in organizational innovation and performance. Transformational leaders possess an interactive vision and pay maximum attention to effective communication and value sharing (Adair, 1990), while encouraging an appropriate environment for innovative teams (Nadler and Tushman, 1989). In addition, they support the collective processes of organizational learning, reciprocal trust between organization members and leaders (Scott and Weeks, 1996), and favorable attitudes toward proactivity, risk and creativity (Garcia-Morales et al., 2008).

The key to the implementation of innovation in any organization is the ability of leaders to be open to change, which can originate from within, or, as is often the case, is imported from other organizations (Bowen et al., 2013; Cummings and Worley, 2009; Eng et al., 2012). Several reasons support the expectation that transformational leadership will enhance employee creativity and innovation. First, transformational leaders go beyond exchanging contractual agreements for desired performance; they actively engage followers’ personal value systems (Bass, 1997; Gardner et al., 2005; Shamir et al., 1993) and provide ideological explanations that link followers’ identities to the collective identity of their organization, thereby increasing followers’ intrinsic motivation (rather than just providing extrinsic motivation) to perform their job. A number of studies have found that intrinsic motivation leads to creativity because intrinsically motivated people tend to prefer novel approaches to problem solving (Amabile et al., 1994).

Second, by articulating an important vision and mission for the organization, transformational leaders increase followers’ understanding of the importance and values associated with the desired outcomes, raise their performance expectations, and increase their willingness to transcend individual self-interests for the sake of the collective entity (Bennis and Nanus, 1985; House et al., 1991; Kanungo, 2001). Third, studies have provided indirect support for the leader’s role in inducing creativity. Sosik et al. (1998) found that transformational leadership increased followers’ creativity in a computer-mediated brainstorming exercise. Furthermore, in a study of 78 managers, Howell and Avolio (1993) found a positive relationship
between the intellectual stimulation provided by the leader and unit performance when there was a climate of support for innovation within the leader’s unit. However, when support for innovation is absent, the positive relationship between leadership and performance becomes insignificant.

Keller (2006) also found that transformational leadership positively influenced the performance of research and development (R&D) project teams in a large R&D organization. Performance was measured based on superiors’ ratings of their subordinates’ innovativeness and the extent to which their innovative orientation added unique value to their projects.

Chen et al. (2012b) Highlight that employees who integrate various aspects of their jobs in solving problems have higher job satisfaction, which is positively related to innovation. The relationships among innovation, competition, and consistently superior profits have been of great interest to a number of researchers (Blayney, 2010; Çetin et al., 2012; Fernandes et al., 2011; Hall et al., 2014; Machado-Taylor et al., 2011). Davenport (2013) categorized innovation into four domains: product innovation, process innovation, organizational innovation, and marketing innovation. Organizational innovation and marketing innovation deal with changes in organizational structure and moves to exploit new territorial markets or new segments within existing markets. Product innovation can be seen as the degree to which any good, service or idea is perceived by someone as new (Dries et al., 2014). Comparatively, process innovation is defined as any operations technology that is new to the organization that adopts it, or a change in the way products are made or delivered (Avermaete et al., 2004; Keupp et al., 2012).

The field of higher education in Iraq is encountering serious problems due to the political and social situation in the country. Wars, inadequate government services and civil disturbances have led to the destruction of its infrastructure. The higher education sector is still connected to the central government via the Ministry of Higher Education and Scientific Research (MoHESR), which was left over from
the previous government. The teaching methods and course designs are obsolete (Faylee, 2013). As stated earlier, the Iraqi higher education system has been under tremendous pressure due to the economic sanctions that lasted for more than a decade and nearly destroyed the higher education sector. Some of the major issues plaguing public universities in Iraq are briefly discussed below.

a) Personal Security

One of the most serious problems being encountered by Iraq in the field of higher education is the lack of personal security for intellectuals. It is reckoned that hundreds of professors, medical doctors, and professionals such as pharmacists, lawyers, engineers, journalists and so on, have been killed since the incursion of 2003 (Ranjan and Jain, 2009).

More than 50 percent of those killed were full or assistant professors, and half of the assassinations took place at the University of Baghdad, with the universities of Basra, Mosul, and al-Mustansiriya also being high on the danger list (Rad and Yarmohammadian, 2006). Ann Garrels of the National Public Radio was informed by an MoHESR representative in January 2007 that altogether a total of 550 professors had been killed (Ranjan and Jain, 2009). Primary and secondary school teachers have not been spared either, with 300 of them having lost their lives in 2006 itself (Mohammad, 2006). An anti-war organization, known as the Brussels Tribunal, which is comprised of intellectuals and artists who are interested in the fate of Iraqi scholars, reports that the killings appear to be for no particular reasons.

This worry over security concerns has triggered a mass departure of academics. Although there are no exact figures, thousands of intellectuals are believed to have fled Iraq since the downfall of the previous government (Emery and Barker, 2007). In the spring of 2006, a professor in the Department of Political Science at the University of Baghdad complained that it was not possible for the professors to conduct lectures as they were being monitored by soldiers, who were present in the classes (Mohammad, 2006). This same professor also mentioned
that professors were leaving the country the moment they had an opportunity to do so, and that they were being replaced by MA and PhD students. From 2006, the government has been trying to enlist around five thousand Iraqi academics from overseas by increasing basic salaries with a promise of more increments ahead.

b) Infrastructure

The educational system has declined drastically due to neglect as a whole, mainly by the government, as a result of Iraq’s involvement in the eight-year-long Kuwait war, which resulted in the imposition of sanctions by the United Nations Security Council, and ultimately to the American assault on Iraq in 2003. When the Gulf War erupted, the government was in a quandary as to education. Although they were facing a shortage of military manpower, the government was reluctant to recruit soldiers from among the university students, claiming that these youths were the country’s hope for the future. Therefore, from early 1988, the government has stood unswervingly by its policy to exempt students from military service until after they graduate. However, this policy has given rise to resentment among many people, particularly those who have been compelled to serve several tours of duty at the frontline due to a shortage of manpower. This was one of the factors that contributed to the high number of drop-outs from higher educational institutions in the early Nineties (De Santisteban, 2005; Ranjan and Jain, 2009).

c) Research and Development

The economic sanctions over the past ten years have practically stripped the universities of all research and development, primarily because of the obliteration of information technology and diminished support for academic staff to improve their teaching methods, research, and service (De Santisteban, 2005; MOHESR., 2012). Earlier research has also emphasized that the HEIs of developing countries lack research and development to bring them to the level of their counterparts in the developed countries. These HEIs need to conduct research and development if they are to be among the top 200 universities in the world (Lo et al., 2010). Research and development are vital for the advancement of organizations, especially with regard to innovations in administration, products and processes (Al-Enzi, 2008).
d) Science and Technology

Bowen, *et al.* (2013) were of the opinion that a country’s destiny, competitiveness and standard of living all hinge on how it manages to meet demands in the field of science and technology. They went on to emphasize on the role played by higher education in satisfying those demands. College students, who are the Generation Y of today, are relatively at ease with technology since it is connected to their learning situation as a whole (Bowen, *et al.*, 2013; Selingo and Carlson, 2006). In the same way, Elameer and Idrus (2010) and Faylee (2013) have discovered that due to the absence of technology and technological infrastructure, a decreasing number of students are joining the scientific and technological fields. Three major wars and weighty sanctions against Iraq from 1980 to 2003 have taken their toll on the higher education system in the country, particularly with regard to information and communication technologies. Alhakim and Hassan (2012) and Almayali *et al.* (2012) have drawn attention to the significant role played by information technology in directing the skills and experiences of staff towards improvements in organizational innovation and performance.

Another problem that has to do with higher education is that universities in the country are still referring to archaic and conventional education standards and regulations, since no actual national strategies have been adopted, it is still a long way from being transformed into an institutional nation (Elameer and Idrus, 2010). Following April 2003, there has been a growing demand in Iraq for all forms of higher education (Bachelors, Masters and PhD) due to social advancements and the rise in family incomes with the renewed growth of the national economy. However, many sectors have undergone violence and technical, security, political and financial problems, thus slowing down the reconstruction, rebuilding, rehabilitation, capacity building and provision of the necessary requirements and supplies for higher education (Paanakker, 2009).
e) Brain Drain Phenomenon

Several countries are affected by this “brain drain” phenomenon. It has been asserted by O’Malley (2010) that 31,598 vicious attacks were reported to have been initiated against educational institutions in Iraq from March, 2003 to October, 2008, and at least 30 percent of the entire population of doctors, professionals, engineers and pharmacists have migrated to other countries since 2003. Such circumstances compelled hundreds of scientific researchers and intellectuals from various specialized fields to leave their universities. also faced a significant decline in the number of HEIs due to poor communication internationally (Al-Janabi and Urban, 2011; Almayali, et al., 2012). The phenomenon of the outflow of skilled manpower to more developed countries is the most crucial factor in the decline of education and other sectors (Mahmud, 2013). In fact, brain drain has had an impact on the majority of the Arab countries, particularly Iraq.

f) Responsibility without Authority

Responsibility without authority is also a vital issue in the field of higher education. University employees carry out many functions and play a crucial role in the running of the universities as a whole. However, despite their many responsibilities, these staff members wield little authority (Hermsen, 2008; Johnsrud et al., 2000). They are the “firing-line managers”, who are there to check and enforce policies, but without possessing any authority to alter, modify, or develop the regulations they implement (Hermsen, 2008). Although their superiors look to them for the necessary information for policymaking, yet the academic staff themselves do not have a hand in the making of those policies (Johnsrud, et al., 2000). Yet, ironically, they are also blamed if a policy fails to be enforced or implemented due to issues pertaining to the policy itself (Johnsrud, et al., 2000).

Thus, the academic staff are justifiably upset over this matter concerning their work in view of the fact that they are highly skilled in their respective roles. The above examples are a few of the issues that are faced in the Iraqi HEIs. These issues are challenges for the leadership of HEIs to overcome in order to make their
institutions more competitive and bring about the organizational innovation so dearly needed to redevelop the destroyed Iraqi higher education system. (Yukl, 1998) have highlighted that organizations adopt different types of innovation depending on environmental conditions, organizational factors, processes of innovation and organizational sector.

The role of leadership is an important consideration in organizational innovation. Thus, keeping in view the issues and challenges faced by Iraqi HEIs, the present study aims to provide guidance for university leadership in formulating policies that would not only help them retain the best available resources but also help them overcome challenges by creating a culture of innovation. The present study investigates the relationship between transformational leadership, job satisfaction and organizational innovation specifically within the HEI sector of Iraq.

1.3 Problem Statement

The higher education sector acts as a backbone for any country, as it provides skilled human resources and helps in developing the socio-economic and cultural environment. The leadership of a higher education institution is responsible for bringing innovation in a university along with its research and development. The role of leadership in an academic context has become more important, as it has been noted that there is need for innovation in universities (Blumenstyk, 2005; Bowen, et al., 2013; Diament and Cypel, 2005; Greenberg, 2006; Hoff, 1999; Lo et al., 2010; Munir et al., 2012; Samad, 2012; Sotiroski, 2011), compelling HEIs to focus on leadership style especially transformational leadership which leads to improved organizational innovation (Munir, et al., 2012). For any organization, research and development is essential to become and remain competitive in its environment. The role of leadership in innovation is made a priority for organizations in developed
countries; however, there are very few studies that address the role of leadership in the educational organizations of developing countries (Lo, et al., 2010).

Having skilled human resources is a prerequisite for research and development (R&D) (Faylee, 2013; Elameer and Idrus, 2010). This is essentially due to the “brain drain” phenomenon, which involves the migration of skilled human resources to more developed nations, which negatively affects domestic education and other sectors in the country (Mahmud, 2013). In addition to Iraq, several countries are affected by this “brain drain” phenomenon. It has been asserted by O’Malley (2010) that 31,598 vicious attacks were reported to have been initiated against educational institutions in Iraq from March, 2003 to October, 2008, and more population of doctors, professionals, engineers and pharmacists have migrated to other countries since 2003.

R&D helps an organization to achieve competitive advantage by bringing in innovation, which can only happen if employees are satisfied with their working environment. Woodman et al. (1993) have highlighted that organizational innovation creates value and is useful for organizations as a competitive advantage, and that transformational leadership adopts and includes the returns brought by innovation. Both transformational leadership and organizational innovation have received attention from academics as well as practitioners, as it is considered one of the most important determinants of organizational behavior and the ongoing survival of both the business and educational world (Crossan and Apaydin, 2010; Mone et al., 1998).

Cummings and Worley (2005) and Mahmud (2013) have revealed that leadership plays a key role in the implementation of innovation and technological advancements. This is because leaders must be open to change, whether the change comes from within or from without. In higher education, leaders need to be adaptive to the environment if HEIs want to be competitive. While prior studies have demonstrated a positive relationship between transformational leadership and organizational innovation in the academic setting, some studies have highlighted that
the relationship between transformational leadership and organizational innovation can be limited or inconsistent within certain organizations (Mumford et al., 2009; Mumford et al., 2002; Sarros et al., 2008). University leadership should be proactive and design strategies that engage academic staff in promoting innovation culture in their institutions (Hameed and Abdallah, 2004).

The literature has shown that transformational leadership helps raise the satisfaction levels of employees by building trust and motivation (Cheung and Wong, 2011). During the years that Iraq was under world sanctions and later at war, the majority of its intellectuals and researchers left the country, leaving a deep void in research and development. The people who were unable to leave the country were unhappy with the working conditions and left their academic jobs to pursue other options for earning a livelihood (Elameer and Idrus, 2010; Faylee, 2013). Redevelopment of education system, retention of intellectuals and researchers is important and transformational leadership is a kind of leadership that is required not only to retain the intellectuals but also to be innovative.

The dawn of 21st century has seen bringing many challenges related to the nature, values and control of higher education in the developed world, especially in the United States (Zusman, 2005). Iraq, being a developing country, is no different. The expectation of Iraqi society has compelled HEIs to be more proactive, especially in the wake of dwindling federal funding, technological advancements and increasing quality awareness coupled with the increased competition (Mario, 2003; Mohamed, 2012). These have left Iraq’s universities with no choice but to be innovative in their processes and products in terms of curricula, programs, offerings, etc. (Al-Husseini and Elbeltagi, 2012).

Elameer and Idrus (2010) and Faylee (2013) suggest that this may essentially be due to insufficient technological infrastructure in the country. There has been a significant decrease in the educational system. This is due to an overall attitude to neglect shown by the government due to Iraq’s involvement in the eight-year-long
war in Kuwait, which led to the enforcement of sanctions by the United Nations Security Council, which, in 2003, were eventually imposed on Iraq.

It is also believed by students that there is a lack of personal security, and this is possibly due to the murders of several intellectuals like professors, lawyers, doctors, engineers and other professional since the incursion in 2003 (Ranjan & Jain, 2009). In addition, several economic sanctions have been imposed over the previous decade and these have deprived Iraqi universities of their R&D facilities and ample teaching resources (De Santisteban, 2005; Hohesr, 2012).

In this study, Iraqi public universities have been examined, since public HEIs offer job security and greater benefits to the staff which brings about greater commitment from the staff. A budget is allocated to Iraqi public universities for innovation and job satisfaction, and these universities have greater independence regarding academic work and incentives. It has also been found in this study that there are very few empirical studies that examine the relationships between organizational innovation, transformational leadership and job satisfaction in Iraqi public universities.

The issues pertaining to education are more prominent in Iraq compared to developed countries, and this is because of insufficient funding and infrastructure, brain drain, obsolete technology, low morale and satisfaction amongst employees, and the need to have skilled leadership. It is suggested that transformational leadership can help in resolving several of the issues that are faced by Iraqi HEIs.

According to Almayali et al. (2012), when there are supportive leaders who develop a favourable environment for employees, then the employees would be more willing to expend greater efforts with respect to their academic responsibilities, especially research and development. Alsalim and Mohamed (2013) highlight that the success of an organization depends on the organization’s ability to respect its
employees and their contribution, give support from relevant authorities and provide innovative services, all of which depends on the behaviors of the individuals exhibited through social interactions. The authors further stress that the role of departments heads as leaders is crucial in instilling and motivating subordinates to develop skills that can be utilized to enhance the overall performance of an institution. Therefore this study examines the relationship between transformational leadership and job satisfaction, with moderate organizational innovation in public universities in Iraq.

1.4 Research Questions

Based on the background of the study and research gaps, this study will answer the following research questions:

1. What is the relationship between transformational leadership and job satisfaction in Iraq’s public universities?
2. What is the relationship between transformational leadership components (Idealized Influence Attributed Behaviour, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration) and job satisfaction in Iraq’s public universities?
3. Does the effect of organizational innovation moderate the relationship between transformational leadership and job satisfaction in Iraq’s public universities?
4. Are there significant differences between Iraq’s public universities with regards to leadership, job satisfaction and organizational innovation?
1.5 Objectives of the Research

The main purpose of the study was to investigate the relationships between transformational leadership and job satisfaction. While investigating the relationship of particular components of transformational leadership with job satisfaction. Besides, the moderating effect of organizational innovation will be examined on the relationship of transformational leadership and job satisfaction. This aim can be divided into the following objectives according to the main research question of the study:

1. To examine the relationship between transformational leadership and job satisfaction in Iraq’s public universities.
2. To identify the relationship between transformational leadership components (Idealized Influence Attributed Behaviour, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration) and job satisfaction in Iraq’s public universities.
3. To determine the moderate effect job satisfaction on the relationship between transformational leadership and job satisfaction in Iraq’s public universities.
4. To compare Iraq’s HEIs in terms of leadership, job satisfaction and organizational innovation.

1.6 Scope of the Research

To adequately answer the questions formulated, the present study investigates the role of transformational leadership in job satisfaction when organizational innovation moderate the relationship in Iraq’s public universities. This is necessary to give clarity to the manifestation and the pattern of transformational leadership and
organizational innovation in HEIs in Iraq. More so, this will enable the formulation of a framework that is versatile and typical for transformational leadership and job satisfaction. In this study target population was academic staff working in public sector universities in Iraq, the sample is 379. Moreover the scope of this research was limited to ten public universities in Iraq. The present study will use a survey questionnaire adapted from previous studies and interviews. Cross sectional data from respondents belonging to the academic cadre will also be collected.

1.7 Significance of the Research

The significant of this study lies in its contribution to theoretical and practical, gap in body of knowledge and the robustness of the research methodology. The present study investigates the role of transformational leadership in job satisfaction when organizational innovation moderating the relationship. The following are some of the contributions and gaps:

Most prior research on leadership especially transformational leadership has focused on developed countries, with very few studies on focusing on emerging economies, particularly in the Higher Education sector (Lo, et al., 2010). A search of known databases returned very few publications in this area of study, particularly with regards to higher education. Thus, a gap exists in the body of knowledge, which needs to be filled. Therefore, the present study is an attempt to fill the contextual gap in the literature.

The author gap considered organizational innovation as moderate the relationship between transformational leadership and job satisfaction. Previous studies have either focused on transformational leadership and organizational commitment (Lo, et al., 2010); transformational leadership and employees’ job
satisfaction (Çetin, et al., 2012; Munir, et al., 2012); transformational leadership and technology innovation (Al-Husseini and Elbeltagi, 2012, 2014; Bowen, et al., 2013); or have looked at transformational leadership and academic performance. The majority of these studies have been done in the context of higher education in developing countries and are based on qualitative and quantitative approaches. From the perspective of studying the influence of transformational leadership on employees’ job satisfaction regarding organizational innovation in higher education.

This study contribute to the existing body of knowledge regarding transformational leadership, job satisfaction and organizational innovation in the context of Arab countries, especially Iraq. As previously stated, the Iraqi educational system is controlled by rigid bureaucracies. By conducting this research, the importance of transformational leadership in organizational innovation be highlighted, especially in case of Iraqi higher education institutions. Moreover, insights from this study contribute towards expanding our understanding of the role of department heads and top management in achieving organizational innovation, especially in higher education institutions in Iraq.

The present study on the transformational leadership style of academic staff is the first of its kind looking at Iraqi HEIs. The results of this study will be helpful to university management, as the study provide practical recommendations based on the results to enhance organizational innovation and increase the satisfaction of academic staff. This study also provide insights into the type of leadership that is currently being practiced in Iraqi HEIs. The study of the transformational leadership style of academic staff is not only important, but is necessary, since academic leadership styles determine the success and quality of education in Iraq’s universities. This study help the HEIs to consider their practices as they relate to leadership and employees, in order to attain better results for their institutions. The study will further assist the top management of Iraqi universities in planning, organizing, controlling and developing training programs to provide management with transformational leadership skills.
1.8 Limitations of the Study

Although the study achieved its objectives, it is not without certain constraints and challenges, which may provide guidelines for future research. Following are some of the limitations encountered by the researcher during the study.

First, while this research targeted public universities in Iraq as its sample, it did not consider the fact that characteristics and capabilities of educational institutions can different according to their fields of expertise. The study further restricted itself to faculty members as its respondents.

Second, the study is restricted by its approach and scope of investigation, because choosing to investigate a certain leadership style is affected by external and internal social, cultural, personal, political, and economic factors. These factors and other strategic and process variables have not been included in the study because inclusion of such factors would have made it impossible to construct and test the model empirically.

Third, the study uses faculty members as its respondents. The inclusion of administrative staff in the survey might have yielded different results because the administrative staff are directly in contact with the leaders of the universities and help them with policy-making and its implementation.

Fourth, the study was restricted by time and cost, which limited the researcher to conducting an in-depth data collection covering all aspects. Furthermore, due to time constraints, the researcher limited himself to only ten public Iraqi universities.
1.9 Operational Definitions

The present study investigates the relationship between transformational leadership style, job satisfaction and organizational innovation. Further this study examines the relationship between transformational leadership and job satisfaction, with moderate organizational innovation in public universities in Iraq. The operational definitions that have been adopted for the present study are given as follows:

1.9.1 Transformational leadership

Transformational leadership is more effective, productive, innovative where a leader tries to address the needs of employees, promote dramatic change of individuals and motivate them to perform beyond their expectations to achieve collective goals (Barbuto, 2005; Bass, 1985; Boehnke et al., 2003).

1.9.1.1 Idealized Influence Attributed

Transformational leaders behave in ways that result in their being role models for their followers and the attribution or ascription assigned to a leader by the followers also refers to whether the leader is seen as charismatic, powerful and confident by the followers (Aydogdu and Asikgil, 2011; Barnett et al., 2001; Conger and Kanungo, 1987).
1.9.1.2 Idealized Influence Behaviour

Transformational leaders have the ability to arouse people and bring them to follow their mission and vision and the employees’ respect and admiration towards leaders who communicate values to them (Bass, 1985; Sanders et al., 2003).

1.9.1.3 Inspirational Motivation

The leader articulates an appealing vision of the future, has the potential to arouse others to meet new challenges and opportunities with positive attitudes, talks optimistically and with enthusiasm also the leader’s ability to motivate employees through challenges (Bass, 1985; Sanders et al., 2003).

1.9.1.4 Intellectual Stimulation

The leader creates an environment that persuades followers to evaluate their attitude and values also leader’s initiative in inventing new ways of solving workplace problems among employees (Bass, 1985; Sanders et al., 2003).

1.9.1.5 Individualized Consideration

Transformational leaders recognize the unique needs and abilities of their employees (Purvanova and Bono, 2009) and refers to a leaders’ ability to recognize the uniqueness of each employee for the organization’s benefit so provide the necessary support and encouragement to develop and care for their employees based on those individual needs (Bass, 1985; Kark et al., 2003; Purvanova and Bono, 2009).
1.9.2 Job Satisfaction

Job satisfaction is individual’s positive emotional reactions to a particular job. Refers to an employee’s affective reaction to a job based on a comparison between actual outcomes and desired outcomes that are exhibited based on the inputs of pay, recognition, status, and security (Herzberg et al., 1993; Oshagbemi, 1999; Spector, 1997).

1.9.2.1 Intrinsic Job Satisfaction

Intrinsic Job Satisfaction is the level of satisfaction with the features associated with the job itself and an attitude that people have about their jobs and the organizations in which they perform these jobs. Intrinsic factors such as achievement, recognition, the work itself, responsibility, advancement, and growth (Bogler, 2001; Rad and Yarmohammadian, 2006).

1.9.2.2 Extrinsic Job Satisfaction

Extrinsic Job Satisfaction is the level of satisfaction with various features associated with the environment in which the work is performed. Also, hygiene factors, including supervisors’ behavior, organizational policies, behavior of colleagues, job security, and compensation, are related to the organizational working environment (Bogler, 2001).

1.9.3 Organizational Innovation

Organizational Innovation is the creation of a new process, procedure or technology within an organization that is implemented and adopted by others (Fuglsang, 2010; Gumusluoglu and Ilsev, 2009).
1.9.3.1 Product Innovation

Product Innovation is the development of new product or service by the organization. The product or service developed is new to organization and it may be developed or adapted from other sources (Popadiuk and Choo, 2006). In the case of Iraqi higher education institutions, it relates to adoption of new products in terms of curricula, programs, etc., that are most relevant to market needs and that satisfy the customers (students).

1.9.3.2 Process Innovation

Process Innovation is technological innovation and steps taken by the organization to improve its efficiency (Popadiuk and Choo, 2006; Tsai et al., 2008). In the case of Iraqi higher education institutions, it refers to adoption of technology to improve the existing processes and procedures.

1.9.3.3 Administrative Innovation

Administrative Innovation refer to new strategy, structure, systems, or culture developed by an organization (Ho, 2011; Popadiuk and Choo, 2006; Tsai, et al., 2008). Administrative innovation involves innovations that pertain to the organizational structure and administrative processes. In this case it can be specifically related to strategies, structure, systems, or people in the organization (Popadiuk and Choo, 2006). In the case of Iraqi higher education institutions, it refers to the adoption of new strategies to retain qualified faculty or changes in the institutional culture to create a more research and development oriented culture to enhance organizational innovation.
1.9.3.4 Marketing Innovation

Marketing Innovation refers to price, promotion, and place innovation to attract potential customers (Popadiuk and Choo, 2006). For Iraqi higher educational institutions, it refers to strategies to attract skilled and qualified faculty and students.

1.10 Organization of the Thesis

The present research study is organized into five chapters. Chapter One discusses in detail the research background, providing a brief description of Iraq’s higher education system and the issues and challenges it faces. Based on the research background, the problem statement is formulated. Research objectives, research questions, significance and scope of study are also presented in this chapter. Chapter Two elaborates upon the previous studies related to the research, along with the theoretical and conceptual framework. These studies have helped in formulating the conceptual framework and have helped in the selection of the theories that form the underpinnings of the conceptual framework. Chapter Three outlines the research methodology, discussing issues like research design, population and sampling, the survey instrument, and the statistical techniques used for data analysis. Chapter Four presents the results and their interpretation and analysis, while Chapter Five presents a discussion of the results. Recommendations, future directions and conclusions will also be presented in Chapter Five.
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