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The Mediating Role of Organizational Culture and The Impact of Transformational Leadership in Building the Smart Organization in Jordanian Insurance Companies

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Article History:

Received: 5 August 2024; Accepted: 18 August 2024;
Published: 21 August 2024

Abstract The study aimed to identify the impact of transformational leadership in building smart organizations with the presence of organizational culture as a mediating variable in insurance companies in Jordan. To achieve the objectives of the study, the researchers adopted the descriptive analytical approach, developed a questionnaire and distributed it to a sample of (98) individuals. The arithmetic mean, regression analysis, and path analysis were used. The study concluded that there is an impact of transformational leadership in building smart organizations, with the presence of organizational culture as a mediating variable in Jordanian insurance companies. The study recommended the necessity of paying attention to transformational leadership behaviors and benefiting from their positive impact, paying attention to the strategic vision, working on adaptation and the desire for change, and consolidating the organizational culture in its various dimensions.

Keywords Transformational Leadership, Smart Organization, Organizational Culture, Jordanian insurance companies

Volume 15, 2024

Publisher: The Brooklyn Research and Publishing Institute, 442 Lorimer St, Brooklyn, NY 11206, United States.

DOI: <https://doi.org/10.30845/ijbss.v15p19>

Reviewers: Opted for Confidentiality

Citation: ALrousan, D. A., and ALrousan, M. A. (2024). The Mediating Role of Organizational Culture and The Impact of Transformational Leadership in Building the Smart Organization in Jordanian Insurance Companies. *International Journal of Business and Social Science*, 15, 191-198. <https://doi.org/10.30845/ijbss.v15p19>

1. Introduction

Jordanian insurance companies need to emerge from a state of stagnation in the face of various environmental changes, and the need to realize the sufficient benefits and opportunities behind the development and modernization of a smart organization, as disciplined change requires a leadership style different from what is traditional that works to develop and encourage subordinates intellectually and creatively, and transform their self-interests to be a part of Essential to the organization's mission, and this matter takes place in light of an organizational culture in which the individual's personality grows and influences his denial, attitudes, skills, and experiences. Therefore, Jordanian insurance companies need these three variables: transformational leadership, building the smart organization, and organizational culture, to work together to be a lever. Real success.

2. Study Problem

The research problem can be formulated with the following main question: Is there an effect of transformational leadership in building a smart organization in the presence of organizational culture as the mediating variable in Jordanian insurance companies?

3. Importance of studying

The importance of the study is highlighted by its exposure to three important variables that are still a fertile field for study and research, in addition to the economic and social role of insurance companies in the Jordanian economy.

4. Objectives of the study

The study aims to identify the role of transformational leadership in building a smart organization with organizational culture as a mediating variable, in addition to providing a number of recommendations for insurance companies in Jordan.

5. Study Hypotheses

H01: There is a statistically significant effect at the level $(0.05 \geq \alpha)$ of transformational leadership in building the smart organization in insurance companies in Jordan.

H02: There is no statistically significant effect at the level of $0.05 (\geq \alpha)$ of transformational leadership in building a smart organization with the presence of organizational culture as a mediating variable in insurance companies in Jordan.

6. Study methodology

The descriptive and analytical approach was used, which is considered one of the best approaches in studying human phenomena, as the phenomenon is described accurately, and the meanings and connotations contained in the data are extracted and interpreted.

7. Study tool

The study questionnaire was developed based on previous studies and theoretical literature regarding the study variables. A five-point (Likert) scale was adopted for the degree of agreement. The questionnaire was subjected to apparent validity by presenting it to a number of specialized arbitrators. The internal consistency coefficient was calculated using (Cronbach's Alpha). The results indicated: It was accepted because it exceeded (0.72).

8. Study population and sample

Insurance companies in Jordan are the population of the study, numbering (22) companies. Each individual in these companies who holds the position of (manager, deputy director, assistant manager, department head) was targeted, and they numbered (118) individuals. The questionnaire was distributed to them, and (103 questionnaires, 5 questionnaires were excluded, and the analysis was conducted on 98 questionnaires.

9. Previous studies

AL Harbi et al. 2019

It aimed to identify the impact of transformational leadership on the creativity of employees in Saudi government organizations. The questionnaire was used to collect data and show that there is an impact of transformational leadership on the creativity of employees and organizational innovation.

Safdar & Liu, 2018

The study aimed to identify the effect of transformational leadership on employee creativity through organizational commitment among employees in Chinese commercial banks. The result of the study was a positive effect of transformational leadership on creativity in the presence of organizational commitment.

Lidya et al. 2019

We aimed to identify the impact of leadership and organizational culture on the performance of the employee who is educated through motivation in Indonesia. It was found that there is no impact of leadership on the employee's performance, while organizational culture has an impact on the employee's performance.

Mohsem et al. 2020

The aim was to identify and determine the impact of organizational culture on the performance of employees in the telecommunications sector in Afghanistan, using a questionnaire and to show that there is a relationship and influence between the independent and dependent variables.

Study by Alqdh et al., 2020 -

- The study aimed to identify the impact of practicing the characteristics of the smart organization in promoting innovation. A questionnaire was used, and the telecommunications and information technology companies in Jordan were a population for the study. It was found that there was a statistically significant effect of the characteristics of the smart organization in promoting innovation.

Study by Ahmed and Ismail, 2018 -

The study sought to verify the influence and correlation relationships between the dimensions of empowerment and the characteristics of the smart organization, among business organizations in Dohuk / Al-Iraq, and it showed that there is a significant correlation between the dimensions of empowerment and the characteristics of the smart organization, in addition to the moral influence.

10. Theoretical framework

First: Transformational leadership

Many jurisprudences have been mentioned in the administrative literature regarding transformational leadership, as Al-Hadayris (2019) considered it to be the process of advance preparation that occurs as a result of providing technical, administrative, cognitive and behavioral skills in order to use the available material, human and other resources in a more efficient and effective way to transform from the current reality to the hoped-for future within... A specific period of time with the least negative results and the least effort and cost, and (Jahidi, 2020) viewed it as the leader's ability to change the structure and motivate employees and work values, so that they are more able to improve performance to achieve organizational goals.

Transformational leadership is based on three elements, the first of which is change, which expresses organizational development to finance the organization to be more effective, and the second element is creativity, as transformational leadership is based on innovative thinking to confront work problems, and finally the spirit of risk, where what distinguishes transformational leadership is the ability to take adventures and accept the challenge. The importance of transformational leadership is that it helps increase employee satisfaction and motivation, and leads them to a higher level of performance, because it not only meets work expectations, but exceeds them. This enhances creative thinking, builds confidence in leaders, improves the performance of individuals and groups, and creates a shared vision and a shared commitment to conduct... Changes (Harb & Didin, 2019), and there are four dimensions that were the area of agreement between writers and researchers for transformational leadership. The first is

influence and attractiveness, which express the leader's personality and the extent of its strength, in addition to self-confidence, tact, and the level of commitment, through which the leader becomes a role model and model for subordinates (Aburman and Al-Farran, 2019). The second is motivation and inspiration, by giving meaning to their tasks and entrusting them with challenging tasks. Workers are also given the opportunity to participate in generating denial, which raises their morale (Jahidi, 2020), and the third is innovative encouragement, which is concerned with improving the worker's ability to think in his own way about how to carry out his work tasks. AbAzeed (2018), and the latter is attention to individual feelings, as the leader acts as a coach and guide who accompanies the employees in order to constantly develop their potential and take it to higher levels (Ghimire.et.al,2021).

Second: Organizational culture

Organizational culture is a pattern of basic assumptions, invented, discovered, or developed by a group of workers in the organization and presented well so that these assumptions are considered correct, and they are taught to new members to facilitate their integration into the organization (Kimata, Itakura, 2021), and organizational culture is a process that creates awareness and understanding Shared between managers and workers, with regard to their different views and interests (Nasroobaghdadi, 2021), culture is the social bond that binds every individual in the organization together and that organizational culture refers to a set of basic rules, beliefs, values, and claims shared by the organization's employees(Shah2ad.et.al,2017).

There are four basic dimensions around which most writers and researchers have agreed. The first is organizational values and refers to the collective decisions taken by members of one social organization regarding what is desirable or undesirable, and they shape the behavior of workers under certain circumstances (Kharmoush and Bahri, 2021), and the second is organizational beliefs. They represent shared ideas about the nature of work, social life in the workplace, how work is completed and shared organizational responsibilities. The third is organizational norms, which are standards that employees in the organization adhere to, considering that they are restrictive to the organization, such as the organization's commitment not to appoint a father and son in the same organization (Jabouri, 2019), and the last is organizational expectations regarding the psychological contract that took place between the worker and the organization, which is what the employee expects from the organization, and what the organization expects. From the worker (Hiba, 2019).

Third: The smart organization

Organizations aspire to be smart organizations, so that they can succeed and excel in a competitive business environment. Organizations are now striving for their employees to have the talent and business intelligence that qualifies them to fight the competitive battle that currently depends on the intelligence of organizations. On the other hand, smart workers are required to be in harmony with... Their organizations achieve many organizational benefits (Al-Abadi, 2012), and smart organizations are organizations characterized by high levels of performance, through their goals that they seek to achieve, which represent achieving flexibility, knowledge and skill among workers (Ahmed and Ismail, 2018). Smart organizations in the origin are sustainable organizations, meaning focusing on the ability to continue and focusing on renewal, where continuity and longevity (Radi et al., 2018).

Researchers and writers differ in defining the dimensions of smart organizations, and this is due to the difference in the goals that they seek to achieve in their studies. The current study has adopted three dimensions of smart organizations in order to comply with the requirements of the study. The first of these dimensions is the desire for change, as this reflects the need to write models. New businesses that are intelligent, or learning new methods that lead to achieving the desired goals, and the desire for change reflects the superior ability of organizations and their overall flexibility in light of the availability of more capabilities and skills to achieve change (Qasim and Kanaan, 2019), and the second dimension of the smart organization is the strategic vision, which means determining the path that the organization adopts to achieve its mission in the long and short term in light of the surrounding environmental conditions and competition (Al-Karimawi, 2016). The strategic vision constitutes the predictive state to form a true picture of relevant future events or circumstances. The relationship to a specific framework (Hajira and Munir, 2016). The last dimension is adaptation, which is the organization's ability to recognize complexity and uncertainty in its work environment and in ways that facilitate effective decision-making in a way that enables it to adapt and adapt to environmental variables.

11. Analysis of the results

Sample characteristics

Table No. (1)

Frequencies and percentages for study sample characteristics

The ratio	Repetition	Categories	
0.673	66	male	Gender
0.326	32	female	
0.122	12	Less than 30 years old	the age
0.183	18	From 30 to less than 40 years old	
0.520	51	From 40 to less than 50 years old	
0.173	17	50 years and over	
0.122	12	diploma	Qualification
0.724	71	Bachelor's	
0.153	15	Postgraduate	
0.173	17	manager	Job title
0.183	18	Deputy/Assistant manager	
0.642	63	Head of the Department	

1. Gender: It is clear from the table that males are more frequent and their percentage is (0.673). This reflects the reality of most Jordanian business organizations in terms of females reaching leadership positions at a lower rate than males.

2. Age. It was clear from the table that the highest percentage were from the age group ranging from (40 to less than 50 years), which is a good thing because those who were targeted had middle and upper job titles.

3. Academic qualification: (71) individuals hold a bachelor's degree, which indicates that those who hold middle and senior administrative positions are qualified.

4. Job level: Most of the sample were department heads, which is normal given that Jordanian insurance companies are not large in size to have deputies and assistant directors, and because the number of companies is limited.

12. Relative importance of study variables

Table No. (2)

Overall arithmetic means and standard deviations related to the study variables

Relative importance	standard deviation	SMA	Study variables
Medium	0.776	3.05	Transformational Leadership
Medium	0.682	3.00	Organizational culture
Medium	0.795	2.85	Smart organization

The results in Table No. (2) indicate that there is a moderate level of practice in transformational leadership with a mean of (3.00), and that the organizational culture has had a mean (3.00), with medium relative importance. The

same applies to changing the smart organization, where the arithmetic mean reached 2.58), which is of medium relative importance.

13. Hypothesis testing

H01: It is clear from Table (3) that there is a statistically significant effect of transformational leadership in building the smart organization in Jordanian insurance companies. The correlation coefficient R reached (0.634) at the level of significance ($\alpha \geq 0.05$), while the coefficient of determination R² reached (0.402), meaning that transformational leadership explains a percentage of 10.2) of the changes in building the smart organization. The significance of this effect is confirmed by the value of F, which reached (536.716) which is significant at the level of significance ($(0.05 \geq \alpha)$). This confirms the validity of rejecting the null hypothesis and accepting the alternative hypothesis, and the effect size reached ($\beta=0.834$).

Table No. (3)

Statistical significance	F*Sig	F	R ²	R	Significance level Sig*t	T	Regression coefficient β	Independent variable
0.388	0.000	536.716	0.402	0.634	0.000			Transformational Leadership

H02: where the results showed a statistically significant effect of transformational leadership in building an intelligent organization in light of the presence of organizational culture as a mediating variable, as the calculated chi value reached 9.875, which is statistically significant at the level of 0.05 ($\geq \alpha$), and the value of the Goodness of fit index reached (0.975), which is close to the value of one, and in the same context, the comparative fit index reached 0.982, which is close to the value of one, and the value of the Root mean square Approximation index reached 0.062, which reflects complete alignment, and the direct effect of transformational leadership reached... In organizational culture (0.813), which indicates that transformational leadership in Jordanian insurance companies affects culture. Therefore, increasing interest in transformational leadership in insurance companies in Jordan would generate an impact on its organizational culture, and the direct effect of transformational leadership in building the smart organization reached (0.821), which shows that transformational leadership affects the building of the smart organization in companies. Insurance in Jordan, which requires these companies to increase their attention to aspects of transformational leadership. In the same context, the direct effect of organizational culture in building the smart organization in insurance companies in Jordan reached (0.854), Therefore, increasing interest in organizational culture would generate an impact in building the smart organization, and the indirect effect of transformational leadership in building the smart organization in insurance companies in Jordan in light of the presence of organizational culture as an intermediary variable reached (0.785). The calculated T value for the impact factor of the first path (transformational leadership and organizational culture) reached 18.182, which is statistically significant at the level of $\alpha \leq 0.05$. The calculated T value for the influence factor reached.

Table (4)

Results of the path analysis test to verify the direct and indirect effect of transformational leadership on building an intelligent organization in the presence of organizational culture as an intermediary variable

*Sig	T Calculated path effect factor value	Dependent variable		Mediator variable	Impact type	Independent variable
0.000	18.182	Building the smart organization	0.821	0.813	Direct effect	Transformational Leadership
0.000	18.235					
0.000	19.139					
		0.854		Organizational culture	Indirect effect	
		0.785				

9.875	Chi	
0.975	GFI	
0.982	CFI	

The second path (transformational leadership and the smart organization) (18.235), which is significant at the level ($0.05 \geq \alpha$), while the T value calculated for the effect factor of the third path (organizational culture, the smart organization) was 19.139), which is significant at the level ($0.05 \geq \alpha$). The result indicates that there is an impact of transformational leadership on building the smart organization in Jordanian insurance companies with the presence of organizational culture as a mediating variable. Accordingly, the second null hypothesis is rejected and the alternative hypothesis is accepted.

14. Results

First: There is an average level of practicing transformational leadership, as well as the level of building a smart organization, and this applies to the organizational culture in insurance companies in Jordan.

Second: There is a statistically significant effect of transformational leadership on building the smart organization.

Third: There is a statistically significant effect of transformational leadership in building an intelligent organization with organizational culture as a mediating variable.

15. Recommendations

1. It is necessary to pay attention to transformational leadership behaviors and practice them in their dimensions (ideal influence, individual considerations, intellectual consultation, and inspirational motivation).
2. The necessity of strengthening and consolidating organizational culture with its dimensions represented in (organizational values, organizational beliefs, organizational norms, and organizational expectations).
3. The need to focus on the dimensions of the smart organization (desire for change, strategic vision, adaptation).

Conflict of Interest: None declared.

Ethical Approval: Not applicable.

Funding: None.

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