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## Relationship between Organizational Structure and Transformational Leadership Practice in Public Sector: Evidence from Local Governments of Nepal

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### Abstract

This study investigates the relationship between organizational structure and transformational leadership practices within local governments of Nepal. Transformational leadership was assessed using subscales of charismatic leadership, including vision, role modeling, inspirational communication, and intellectual stimulation. Organizational structure dimensions included hierarchical authority, lateral and upward communication, human resource bureaucracy, procurement bureaucracy, and performance measurement. Data were collected from 206 respondents from local levels of Bagmati and Madhesh provinces and analyzed using descriptive and inferential statistical techniques, including regression analysis. Findings reveal a positive relationship between lateral/upward communication, performance measurement use, and transformational leadership. However, hierarchical authority, human resource red tape, and procurement red tape showed no significant impact. This research highlights the potential of transformational leadership in navigating organizational challenges within the Nepalese public sector. The study concludes that effective communication and performance measurement systems are critical for fostering transformational leadership in local governments, offering practical implications for public sector reforms in Nepal and similar contexts globally.

**Keywords:** transformational leadership, organizational structure, public sector, Nepal, local government

## Introduction and Background

The VUCA (volatile, uncertain, complex, and ambiguous) world has subjected every institution to unprecedented change. The COVID-19 pandemic exacerbated these challenges, demanding rapid adaptations in organizational structures and leadership practices globally (Warrick, 2011) and has created a greater need than ever for strong and effective leadership in the organizations. The complex environment and structure seek for adaptive leaders (Pink, 2006) and in this context, transformational leadership—a style that inspires followers to transcend self-interest for collective goals—has emerged as a critical driver of organizational resilience (Bass et al., 2006). While transformational leadership is well-studied in Western corporate contexts, its application in public sectors, particularly in transitioning democracies like Nepal, remains underexplored. This gap is especially pronounced at the local government level, where structural reforms and leadership practices intersect to shape service delivery and governance outcomes.

Prior to Nepal's federal restructuring in 2015, the public sector was characterized by centralized, hierarchical governance rooted in a unitary system (Bajracharya & Grace, 2014). Leadership practices were largely transactional, with bureaucrats prioritizing compliance over innovation, and elected officials at the local level having limited autonomy (Shrestha, 2017). For instance, district development committees (pre-federal local bodies) operated under strict directives from the central government, stifling grassroots decision-making and community engagement (Poudel, 2020).

The adoption of the federal constitution in 2015 marked a paradigm shift, decentralizing power to 753 local governments and mandating elected representatives to lead with greater accountability. This structural overhaul created opportunities for transformational leadership to flourish, as local leaders were now expected to articulate visions, engage communities, and navigate complex bureaucratic landscapes (Acharya, 2018). However, the transition also exposed systemic challenges, such as overlapping jurisdictions, resource constraints, and persistent red tape issues that complicate the alignment of organizational structure with leadership practices (Pandey & Wright, 2006).

In order to lead such a change, the leader should be skillful in controlling and directing the process of policy-making by regulating the power, structure and process. The leader should also lead and manage the employees working in the local bodies. Such intervention will make them depart from other leadership styles and their traditional role and encourage them to become community mobilizers and facilitators. The leaders also should figure out the community values and make everyone move towards the collective values. S/he should use their communication skills to collect information and disseminate it to the public in order to create uniformity.

Similarly, the leader should set the culture that affects the structure of the organization. Through progressive interactions and strategic planning, the leader should act as a catalyst and construct the support group required to operate the office at the local level. The ultimate benefit of having a clear vision is to establish a system in which the organization's resources are prioritized to address strategic concerns.

There are multiple levels of actors in local governments including elected officials, government employees, and other stakeholders that influence the overall performance of the local government (Valero et al., 2015). Elected officials of local governments are more likely to build organizational resiliency because they are expected to respond to the needs and interests of the citizens who elected them into office as the vote of constituents is important for re-election (Mayhew, 2004). Transformational leadership is more likely to emerge in times of distress and change, while transactional leadership is observed during periods of stability (Adanri & Singh, 2016).

Historically, leadership practices in Nepalese local governments were often characterized by hierarchical, top-down decision-making, with limited citizen engagement. Prior to the adoption of the new constitution in 2015, local governments operated under a centralized system where decision-making authority rested primarily with the central government. This often led to inefficiencies, lack of innovation, and poor service delivery. Elected representatives had limited autonomy, and their roles were largely ceremonial rather than transformative.

Despite Nepal's federal reforms, there is a limited empirical understanding of how organizational structure—hierarchical authority, communication channels, red tape, and performance measurement—shapes transformational leadership in local governments. Existing studies focus predominantly on private sectors or central governments (e.g., Bass & Riggio, 2006; Wright & Pandey, 2009), neglecting the unique dynamics of decentralized governance. This gap hinders policymakers and practitioners from designing structures that empower local leaders to drive change effectively.

## **Research Objectives**

This study aims to bridge this gap by investigating the relationship between organizational structure and transformational leadership in Nepal's local governments. Specifically, it addresses two objectives:

- i. To explore the practice of transformational leadership among elected representatives in local governments.
- ii. To analyze how hierarchical authority, communication, red tape, and performance measurement influence transformational leadership practices.

By addressing these objectives, the study contributes to both scholarly debates on public sector leadership and practical strategies for enhancing governance in federalizing democracies.

## **Literature Review**

### **Conceptualization of Transformational Leadership**

Transformational leadership, introduced by Burns (1978) and expanded by Bass (1985), is a leadership style that inspires followers to transcend self-interest for collective organizational goals. Bass (1985) conceptualized transformational leadership through four dimensions: idealized influence (role modeling ethical behavior), inspirational motivation (articulating a compelling vision), intellectual stimulation (encouraging innovation), and individualized consideration

(providing personalized mentorship). Transformational leadership refers to leaders who seek to new ideas and perspectives to create a noble path of growth and prosperity in front of the organization. By developing commitment, passion, and loyalty among managers and staff, they mobilize the organization's members to make fundamental changes in the fundamentals and basis of the organization to be prepared and to gain the necessary capabilities for moving in new directions and reaching higher ideal performance peaks (Sadegh et al., 2012). These dimensions have been widely validated in diverse contexts, from corporate settings (Bass et al., 2006) to public sector organizations (Wright & Pandey, 2009).

In the public sector, transformational leadership is particularly relevant due to its potential to drive organizational change and improve service delivery. For instance, studies in Jordan (Taamneh et al., 2021) and Nigeria (Adanri & Singh, 2016) have demonstrated that transformational leaders in local governments enhance employee engagement and community trust by fostering a shared vision and aligning organizational goals with public needs. However, the effectiveness of transformational leadership is often contingent on organizational structure, which can either enable or constrain leadership practices (Wright & Pandey, 2009).

### **Organizational Structure: Theoretical Foundations**

Organizational structure refers to the formal arrangement of roles, responsibilities, and relationships within an organization (Robbins & Judge, 2007). It provides the framework for decision-making, communication, and coordination, shaping how leaders and employees interact. Classical organizational theorists, such as Weber (1947), emphasized hierarchical authority and formalization as key structural dimensions, arguing that they ensure efficiency and control. However, contemporary scholars have critiqued rigid structures for stifling innovation and adaptability, particularly in dynamic environments (Pandey & Wright, 2006). Organization size, culture of working, organizational chart, formal reporting channels, grouping of individuals into departments, and the design to ensure communication, coordination, and integration are vital in determining the functioning of the organization (Sibindi, 2014).

In the context of public sector organizations, structural dimensions such as hierarchical authority, communication channels, red tape, and performance measurement play a critical role in shaping leadership effectiveness. For example, hierarchical structures may limit leaders' ability to communicate vision and inspire followers, while flexible structures with effective communication channels can enhance leadership effectiveness (Rainey et al., 1995). Similarly, performance measurement systems can align employee efforts with organizational goals, fostering a sense of purpose and accountability (Moynihan, 2005).

The span of control is the number of subordinates reporting to a manager (Gulick, 1937). It ultimately reflects in the decision-making process and the power of the organization as it lays authority to a specific layer. It also pinpoints the concept of centralization and decentralization affecting the leaders in exhibiting transformational leadership practices.

In the public sector, communication is supposed to be goal-oriented, planned, and logical to a large extent, making it predictable, accurate and effective. Given the recent public sector reforms,

it is expected that the models and ideas of strategic communication to be imported from the private sector following upward, lateral and two ways (top-down and down-up) approaches to improve the performance and capacity to meet specified goals and assist internal processes of coordination, control, and assessment (Fredriksson & Pallas, 2018). Researches show that effective communication can affect employees' attitude which is indeed related to organizational identification (Wiesenfeld et al., 1999).

Red tape is defined differently by authors in various contexts. According to (Argyris, 1957) and (Baldwin, 1990) red tape is an ineffective procedure that reduces organizational performance and may inhibit self-expression, responsibility, growth and achievement. In other words, "rules, regulations, and procedures that remain in force and entail a compliance burden for the organization but have no efficacy for rules' functional object (Rainey et al., 1995). Pandey (2020) provides a psychological process view definition as follows, "Bureaucratic red tape is a role-specific subjective experience of compliance burden imposed by an organization." The term role-specific recognizes that the reality of bureaucratic red tape is tied to specific roles with respect to the organization. The existence of human resource red tape in the public sector implies unnecessary and counter-productive obsession with rules rather than results and with processes instead of outcomes. (Boyne, 2002)

### **Transformational Leadership and Organizational Structure**

The interplay between transformational leadership and organizational structure has been a focal point of organizational studies and theories. Empirical studies have explored the interplay between transformational leadership and organizational structure, particularly in public sector contexts. Wright and Pandey (2009) found that transformational leadership thrives in organizations with flexible structures and effective communication channels, as these enable leaders to articulate visions and align employee efforts. Conversely, rigid hierarchical structures and bureaucratic red tape can hinder transformational leadership by limiting leaders' autonomy and innovation (Pandey & Scott, 2002).

In Nepal, the adoption of the federal system in 2015 created opportunities for transformational leadership to emerge at the local government level. Despite its potential, the adoption of transformational leadership in the public sector faces challenges such as red tape and formalized processes. Procedural constraints, including human resource and procurement red tape, often hinder innovation and adaptability (Pandey & Scott, 2002). Additionally, structural challenges such as overlapping jurisdictions, resource constraints, and persistent red tape complicate the alignment of organizational structure with leadership practices (Acharya, 2018). However, these challenges can be offset by leaders who leverage performance measurement systems to clarify organizational goals and align employee efforts (Rainey et al., 1995). This duality underscores the importance of understanding structural dimensions to optimize leadership effectiveness.

The successful implementation of organizational change should therefore be considered as a key managerial task (Nging & Yazdanifard, 2015). Authors and researchers all agree that leadership plays a very important role in managing organizations or in achieving different organizational changes

(Abbas & Asghar, 2010). The role of leadership is becoming more and more crucial. Thus, according to (Warrick, 2008) the leaders who will be able to face these difficult times that are undergoing dynamic changes are the transformational leaders. Nothing could transform an organization faster or prepare it better for future success than competent transformational leaders (Warrick, 2011).

The literature underscores the importance of aligning organizational structure with transformational leadership practices, particularly in public sector organizations. While transformational leadership has the potential to drive change and improve service delivery, its effectiveness is often constrained by structural barriers such as hierarchical authority and bureaucratic red tape. Conversely, flexible structures with effective communication channels and performance measurement systems can enhance leadership effectiveness by enabling leaders to articulate visions and align employee efforts with organizational goals. These insights provide a theoretical foundation for this study, which seeks to explore the relationship between organizational structure and transformational leadership in Nepal's local governments.

## **Theoretical Framework**

The theoretical framework of this study posits organizational structure as the independent variable influencing the dependent variable, transformational leadership. Drawing from established literature, each component of organizational structure and transformational leadership is conceptualized as follows:

### **Hierarchical Authority Structure**

Rooted in Weber's (1947) bureaucratic theory, this refers to the extent of centralized decision-making and formalized authority levels within an organization. In the context of Nepal's local governments, it is operationalized through the degree to which power is concentrated at higher administrative levels, potentially constraining leaders' autonomy (Pandey & Wright, 2006).

### **Lateral/Upward Communication**

Defined as the flow of information horizontally across departments (lateral) and vertically from subordinates to superiors (upward). Effective communication channels, as emphasized by Fredriksson and Pallas (2018), enable leaders to disseminate visions and gather feedback, fostering alignment with organizational goals (Wright & Pandey, 2009).

### **Human Resource (HR) Red Tape**

Conceptualized by Pandey (2020) as employees' subjective experience of burdensome HR regulations that impede efficiency. This variable measures perceived delays in recruitment, promotions, and disciplinary processes, which may stifle innovation (Rainey et al., 1995).

### **Procurement Red Tape**

Similar to HR red tape, this involves excessive procedural delays in acquiring goods/services, operationalized through employees' perceptions of inefficiencies in procurement systems

(Bozeman, 2000). Such red tape may divert leaders' focus from strategic goals to compliance (Pandey & Scott, 2002).

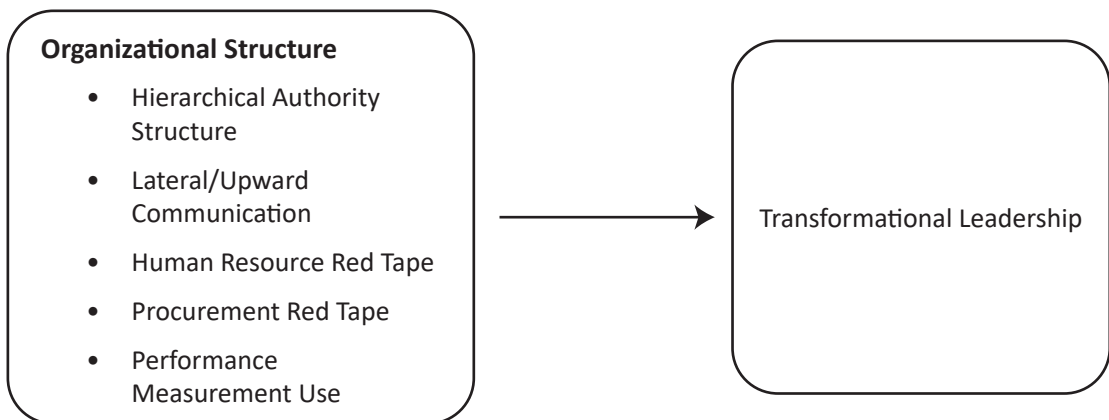
### **Performance Measurement Use**

Based on Moynihan (2005), this refers to the systematic application of performance metrics to evaluate outcomes. Effective use of these metrics aligns employee efforts with organizational objectives, enhancing accountability and vision-driven leadership (Wright & Pandey, 2009).

### **Transformational Leadership**

Defined by Bass (1985) as leadership that inspires followers through four dimensions: idealized influence (role modeling ethical behavior), inspirational motivation (articulating a compelling vision), intellectual stimulation (encouraging innovation), and individualized consideration (providing personalized support). In Nepal's decentralized context, this leadership style is critical for navigating structural complexities (Acharya, 2018).

The theoretical framework for this study is presented in the figure below:



*Figure 1: Theoretical Framework Of Research*

### **Research Hypothesis**

The following hypotheses were set for the study:

H1: The hierarchical authority structure has relationship with the practice of transformational leadership behaviors.

H2: The lateral/upward communication in an organization has a relationship with the practice of transformational leadership behaviors.

H3(a, b): The organizational formalization (measured as [3a] procurement red tape and [3b] human resource red tape) has a relationship with the practice of transformational leadership behaviors.

H4: The use of organizational performance measures has a relationship with transformational leadership behaviors.

## Research Methodology

### Study Design

This study employs a quantitative, cross-sectional design to investigate the relationship between organizational structure and transformational leadership practices in Nepal's local governments and mainly focuses on the five major components of organizational structure namely lateral/upward communication, performance measurement use, human resource red tape, procurement red tape, and hierarchical authority structure (Wright & Pandey, 2009). Quantitative methods were chosen to objectively measure variables and test hypotheses using statistical tools, ensuring generalizability and replicability (Creswell & Creswell, 2018). Inferential statistics, specifically linear regression analysis, were selected to examine the predictive relationship between organizational structure dimensions (independent variables) and transformational leadership (dependent variable). Regression analysis is appropriate for this study as it allows for the simultaneous testing of multiple predictors, aligns with the study's hypothesis-driven approach, and provides insights into the strength and direction of relationships (Field, 2018).

### Sample and Data Collection

There are a total of seven provinces and 753 local governments in Nepal. The sample was drawn from two provinces with relatively higher percentage of municipalities in Nepal: Bagmati (38% municipalities) and Madhesh (57% municipalities). These provinces were purposively selected to ensure diversity in geographic, demographic, and administrative contexts. Bagmati, which includes the capital Kathmandu, represents urbanized municipalities with relatively advanced infrastructure, while Madhesh is a relatively more rural province. This contrast ensures that the findings capture a spectrum of organizational structures and leadership practices across Nepal's local governments.

A total of 206 valid responses were collected from employees across municipalities in these provinces. The sample size was determined using the formula for regression analysis ( $n \geq 50 + 8k$ , where  $k$  = number of predictors) proposed by Green (1991), which recommends a minimum of 90 participants for 5 predictors. With 206 responses, the study exceeds this threshold, ensuring statistical power and reliability. The sample also included municipalities of varying sizes (small, medium, large) and functional capacities (e.g., health, education, infrastructure). Stratified random sampling was employed to ensure proportional representation of different municipality types, reducing selection bias (Etikan et al., 2016). The data collection from outside Kathmandu Valley was done using an online questionnaire in Google Forms and responses from Kathmandu Valley were collected using both online and physical questionnaire .

### Data Collection and Instrumentation

The questionnaire was designed carefully so that it is reliable and fits the purpose and objective of the study. The questionnaire included structured questions and answers in the form of single responses and Likert Scale responses. The questions were also translated into Nepali by the researchers for effective understanding by the respondents. The questionnaire used for this study



was broadly divided into 3 broad sections containing a demographic and geographic profile, transformational leadership-related questions and organizational structure-related questions.

### **Data Analysis**

Descriptive statistics (mean, standard deviation) were used to summarize variables, while Spearman's correlation assessed bivariate relationships. Linear regression analysis tested the hypotheses, with variance inflation factors (VIF < 5) confirming the absence of multi-collinearity. The choice of linear regression aligns with the study's aim to model the linear relationship between organizational structure and leadership, providing actionable insights for policymakers (Allison, 1999). Robustness checks included sensitivity analysis (e.g., removing outliers) and subgroup analysis by province to ensure consistency in findings.

### **Reliability Analysis**

The reliability of the Likert scale items used in the research is shown in tables 1 and 2.

*Table 1: Reliability Analysis of Independent Variables*

<b>Independent Variables</b>	<b>Cronbach's Alpha</b>	<b>No. of Items</b>
Upward and Lateral Communication	0.814	2
Performance Measurement	0.847	3
Human Resource Red Tape	0.752	4
Procurement Red Tape	0.787	3

*Table 2: Reliability Analysis of Dependent Variables*

<b>Dependent Variable</b>	<b>Cronbach's Alpha</b>	<b>No of Items</b>
Transformational Leadership	0.949	5

From tables 1 and 2, it can be observed that the Cronbach's alpha value for both the independent variables and the dependent variable is above 0.7. Hence the Likert scale statement used in the research have internal consistency and reliability for the data collected for analysis.

### **Linear Regression Model**

In this study, linear regression analysis has been used to analyze the relationship between organizational structure on the transformational leadership practices in the local governments of Nepal. The variables of the study are fitted in a regression model for analysis. The regression model is shown below:

$$TL = \beta_0 + \beta_1 \text{Com} + \beta_2 \text{PM} + \beta_3 \text{HR} + \beta_4 \text{PR} + \beta_5 \text{HAS} + e_x$$

Where,

TL = Transformational Leadership

Com = Upward and Lateral Communication

PM = Performance Measurement

HR = Human Resource Red Tape

PR = Procurement Red Tape

HAS = Hierarchical Authority Structure

### Respondent's Demographic Profile

The demographic profile of the respondents consists of various groups based on gender, age group and education level. The profiles are summarized in tables 3, 4 and 5

*Table 3: Respondent's Gender Profile*

Gender	Frequency	Percentage
Female	50	24.27
Male	155	75.24
Others	1	0.49

Among the total respondents, about 75% of the respondents are male and about 25% are female. The percentage of female employees at various governments is only about 23% (Shrestha, 2017). Considering the national averages, the population sample, hence, can be assumed to be fairly distributed across both the male and female genders and can be considered as representative sample of both genders.

*Table 4: Respondent's Age Profile*

Age Group	Frequency	Percentage
21-30 years	67	32.52
31-40 years	76	36.89
Above 40	63	30.58

The respondents are almost equally distributed among the age groups of 21-30 years, 31-40 years and above 40 years. The conclusion of this research would be representative of the employees of all age groups.

*Table 5: Respondent's Education Level Profile*

<b>Education Level</b>	<b>Frequency</b>	<b>Percentage (%)</b>
SLC	1	0.49
10+2	33	16.02
Bachelors	68	33.01
Masters and above	104	50.41

The respondents are highly educated with more than half having at least a master's degree. About one-third respondents have a bachelor's degree. From the analysis of the demographic profiles, it can be concluded that the sample used for this study consists of mostly highly educated employees of different age groups and are fairly representative of both the genders.

### **Analysis and Findings**

To address the first objective of exploring transformational leadership practices, descriptive statistics were analyzed for the five dimensions of transformational leadership: vision, role modeling, inspirational communication, intellectual stimulation, and individualized consideration. The mean scores for these dimensions are summarized in table 6.

*Table 6: Descriptive Statistics of Transformational Leadership Variables*

<b>Variables</b>	<b>Mean</b>	<b>Standard Deviation</b>
Idealized Influence	5.4854	1.67835
Inspirational Motivation	5.3204	1.62804
Intellectual Stimulation	5.0388	1.88407
Individualized Consideration	5.2282	1.85614

These results indicate that elected leaders in Nepal's local governments exhibit stronger transformational leadership behaviors, particularly in idealized influence (M = 5.48) and inspirational motivation (M=5.32). However, scores for intellectual stimulation and individualized consideration were comparatively lower, suggesting areas for improvement in fostering innovation and personalized mentorship.

The descriptive characteristics of the various variables used for this study are presented in the table 7. Similarly, the correlation matrix is presented in table 8.

Table 7: Descriptive Statistics of Variables

Variable	Mean	Std. Deviation	Coefficient of Variance
Transformation Leadership (TL)	5.2786	1.6183	0.3066
Upward and Lateral Communication (Com)	5.0243	1.5755	0.3136
Performance Measurement (PM)	4.5227	1.6604	0.3671
Human Resource Red Tape (HR)	5.5692	1.2407	0.2228
Procurement Red Tape (PR)	5.0906	1.4186	0.2787
Hierarchical Authority Structure (HAS)	5.8600	2.5070	0.4278

The standard deviations among the variables of the study are in acceptable range and none of the variables have shown a higher coefficient of variance. On further analysis of the values of the variables, it can be observed that the local-level organizations are bureaucratic and the hierarchical authority structure falls around the mid-range values of 5.86. However, the human resource red tapism and procurement red tapism is relatively higher at the local levels of the provinces under the study. Similarly, political leadership has shown a higher degree of transformational leadership behavior with an average score of 5.27. The employees at local levels have perceived their political leadership as transformational leaders.

Table 8: Collinearity Matrix among Variables Of Study (Spearman's Correlation Coefficient)

Variables	TL	Com	PM	HR	PR	HAS
TL	1					
Com	.592**	1				
PM	.693**	.710**	1			
HR	0.087	0.103	0.109	1		
PR	0.13	0.07	.205**	.377**	1	
HAS	.222**	.192**	.224**	-0.044	-0.041	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

From the collinearity analysis, it can be stated that out of five components of organizational structure, upward/lateral communication, performance management use and hierarchical authority structure show a positive correlation with transformational leadership behavior and the

values are significant at 0.01 level. The correlation matrix table supports the fact that organizational structure has a positive relationship with transformational leadership behavior at the local levels of Nepal. Further analysis can be done using the regression analysis.

### **Multicollinearity Analysis**

*Table 9: Multicollinearity Statistics of Independent Variables*

Independent Variables	Collinearity Statistics	
	Tolerance	VIF
Upward and Lateral Communication (Com)	0.497	2.01
Performance Measurement (PM)	0.483	2.069
Human Resource Red Tape (HR)	0.878	1.138
Procurement Red Tape (PR)	0.871	1.149
Hierarchical Authority Structure (HAS)	0.93	1.075

The VIF for the independent variables is between 1 and 2 and below 5 which is an acceptable number. Similarly, the tolerance is also below 1. Also, as shown in table 4, the Spearman's correlation coefficient between the independent variables is below 0.9, which is also in an acceptable range. Hence it can be concluded that the data set used for this study doesn't have any serious case of multi-collinearity between independent variables.

### **Regression Analysis**

The linear regression analysis was performed in order to test the effect of the five components of Organizational Structure (independent variables) on Transformational Leadership (Dependent Variable). The hypotheses of the study predicted that all five components of the organizational structure have a relationship with transformational leadership behavior. The same hypotheses are tested using regression analysis and the results of this regression are expressed in tables 10, 11 and 12.

*Table 10: Model Summary*

Model	R	R Square	Adjusted R Square
1	0.690	0.476	0.462

Predictors: (constant), Com, PM, HR, PR, HAS

Table 11: ANOVA Statistics

Model 1	Sum of Squares	df	Mean Square	F	Sig.
Regression	255.308	5	51.062	36.273	.000
Residual	281.538	200	1.408		

a. *Dependent Variable: TL*

b. *Predictors: (Constant), Com, PM, HR, PR, HAS*

Table 10 shows the model summary of the regression analysis. The R Square value of the regression model is 0.476 and is also significant at 0.05 confidence level as shown in table 11. A general rule of thumb for interpreting the strength of a relationship based on its R-squared value states that the R-squared value  $0.3 < r < 0.5$  is generally considered a weak or low effect size (Moore et al., 2013). The R value in this model is 0.476 which is an acceptable goodness of fit and represents a weak or low effect of the independent variables on the dependent variables. The R square value of 0.476 means that the 47.6% of the variances in transformational leadership is explained by the organizational structure in this model. The beta coefficients and the significance level are illustrated in table 12.

Table 12: Model Coefficients

Regression Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.969	0.508		3.873	0.000
Com	0.199	0.075	0.194	2.669	0.008
PM	0.521	0.072	0.535	7.26	0.000
HR	-0.031	0.071	-0.024	-0.437	0.663
PR	0.001	0.063	0.001	0.017	0.986
HAS	0.021	0.034	0.032	0.6	0.549

a. *Dependent Variable: TL*

The beta value for lateral/upward communication and performance measurement use are 0.194 and 0.535 respectively and both the values are significant at 0.01 level of significance. This means that the one-unit increase in communication would bring 0.199-unit increase in transformational leadership practices and one-unit increase in performance management would bring 0.535-unit increase in transformational leadership practices. The positive values of beta suggest a positive

relationship between the independent and dependent variables and the relationship of both of these independent variables are significant. However, the other three components of organizational structure – human resource red tape, procurement red tape and hierarchical authority structure do not have any significant relationship with transformational leadership. The research hypotheses H2 and H4 are supported by this study, while H1 and H3 are not supported by this study.

## **Discussion**

The findings of this study offer critical insights into the interplay between organizational structure and transformational leadership practices in Nepal's local governments. By aligning the results with the theoretical framework and addressing both supported and unsupported hypotheses, this discussion bridges empirical observations with broader scholarly and practical implications. Furthermore, the study provides a nuanced understanding of how structural dimensions influence leadership effectiveness in a transitioning democracy like Nepal, offering lessons for similar contexts globally.

The theoretical framework posited that organizational structure dimensions—hierarchical authority, communication channels, red tape, and performance measurement—shape transformational leadership. The regression analysis confirmed two hypotheses (H2 and H4), revealing that lateral/upward communication ( $\beta = 0.199$ ,  $p < 0.01$ ) and performance measurement use ( $\beta = 0.521$ ,  $p < 0.01$ ) significantly enhance transformational leadership. These findings align with Bass's (1985) transformational leadership theory, which emphasizes vision communication and goal alignment as central to inspiring followers. Similarly, Wright and Pandey's (2009) assertion that flexible structures foster leadership effectiveness is validated here, as open communication channels and performance metrics enable leaders to articulate visions and monitor progress, key tenets of transformational leadership.

Conversely, hierarchical authority (H1), human resource red tape (H3a), and procurement red tape (H3b) showed no significant relationship with transformational leadership. This contradicts classical bureaucratic theories (e.g., Weber, 1947) that associate hierarchy with leadership constraints. However, in Nepal's context, hierarchical structures may be perceived as a normative aspect of governance rather than a barrier, given the historical centralization of power (Bajracharya & Grace, 2014). Similarly, red tape—though prevalent—may be institutionalized to such an extent that leaders and employees view it as an immutable feature of public sector work, thereby normalizing its impact and diminishing its perceived hindrance to leadership practices (Pandey, 2020).

The lack of significance for hierarchical authority and red tape suggests that transformational leadership in Nepal's local governments is less constrained by structural rigidity than previously assumed. Instead, leaders may have developed adaptive strategies to navigate bureaucratic constraints, such as leveraging informal networks or focusing on areas where they have greater autonomy. This finding aligns with recent studies in other developing countries, where leaders in highly bureaucratic systems have been found to exhibit transformational behaviors by focusing on relational and motivational aspects of leadership rather than structural reforms (Adanri & Singh, 2016; Taamneh et al., 2021).

The study's first objective—to explore transformational leadership practices revealed that elected leaders in Bagmati and Madhesh provinces exhibit strong transformational behaviors ( $M = 5.28$ ). This contrasts with pre-federal leadership practices in Nepal, which were often transactional and centralized (Shrestha, 2017). The shift aligns with the post-2015 federal reforms that decentralized authority, empowering local leaders to adopt participatory and visionary approaches. For instance, elected officials now engage in frequent community consultations, a practice linked to inspirational communication and intellectual stimulation—core components of transformational leadership (Bass et al., 2006).

However, the persistence of bureaucratic red tape underscores a tension between structural rigidity and leadership adaptability. While leaders strive to innovate, procurement and HR processes remain bound by national regulations, limiting their autonomy. This duality reflects Rainey et al.'s (1995) observation that public sector leaders often navigate "structural ambidexterity," balancing compliance with creativity. For example, leaders may comply with procurement regulations while finding innovative ways to expedite processes, such as leveraging technology or fostering partnerships with local stakeholders.

Moreover, the study highlights the importance of performance measurement systems in enabling transformational leadership. Leaders who use performance metrics effectively can align employee efforts with organizational goals, fostering a sense of purpose and accountability. This finding resonates with Moynihan's (2005) argument that performance measurement systems in the public sector can enhance leadership effectiveness by providing clear benchmarks for success and facilitating data-driven decision-making. In Nepal's context, the use of performance metrics may be particularly important given the diverse and often competing priorities of local governments, such as balancing service delivery with resource constraints.

Nationally, this study fills a critical gap in understanding how Nepal's federal restructuring influences leadership practices. It demonstrates that decentralization, coupled with effective communication and performance systems, can catalyze transformational leadership, a finding with direct policy implications. For instance, training programs for local leaders could emphasize lateral communication strategies and data-driven decision-making to amplify their impact. Additionally, the study underscores the need for structural reforms to reduce bureaucratic red tape, which, while not directly hindering leadership, may limit organizational efficiency and innovation.

This research also contributes to the discourse on public sector leadership in transitioning democracies globally. Similar to findings in Jordan (Taamneh et al., 2021) and Nigeria (Adanri & Singh, 2016), this study highlights that structural flexibility (e.g., reduced hierarchy) is less critical to transformational leadership than previously assumed. Instead, communication and accountability mechanisms emerge as universal enablers, suggesting that even in highly bureaucratic systems, leaders can foster change by prioritizing transparency and goal alignment.

Furthermore, the study contributes to the broader literature on transformational leadership by highlighting the role of context in shaping leadership practices. While transformational leadership is often associated with private sector organizations or developed countries, this study demonstrates



its relevance and applicability in the public sector of a developing country. By focusing on Nepal's local governments, the study provides a unique lens to examine the interplay between leadership and structure in a resource-constrained and politically dynamic environment.

The study underscores actionable strategies for enhancing transformational leadership in public sectors: local governments should invest in communication training (e.g., active listening, digital tools) to foster transparency, prioritize technology-driven performance metrics to align goals and accountability and streamline bureaucratic processes (e.g., decentralizing HR decisions) to empower leaders. These reforms can bridge structural constraints and community needs, promoting adaptive governance in Nepal and similar contexts.

While this study advances scholarly understanding, limitations exist. The cross-sectional design precludes causal inferences, and the focus on two provinces may limit generalizability. Future research could adopt longitudinal methods to track leadership evolution across Nepal's diverse regions. Additionally, qualitative interviews with leaders and employees could unravel the subjective experiences of red tape and hierarchy, enriching the quantitative findings.

## **Conclusion**

The findings of this study underscore the dynamic interplay between organizational structure and transformational leadership practices in Nepal's local governments, offering critical insights for both academic discourse and public sector governance. The research reveals that elected leaders in municipalities across Bagmati and Madhesh provinces exhibit significant transformational leadership behaviors, particularly in articulating an idealized influence ( $M = 5.48$ ) and inspirational motivation ( $M=5.32$ ). These strengths align with Nepal's post-2015 federal reforms, which emphasize participatory governance and decentralized decision-making (Acharya, 2018). However, the study also identifies gaps in intellectual stimulation ( $M=5.03$ ) and individualized consideration ( $M=5.22$ ) indicating that leaders prioritize collective goals over fostering innovation or personalized mentorship which seems to be a reflection of lingering bureaucratic norms inherited from Nepal's centralized past (Bajracharya & Grace, 2014).

The regression analysis further highlights that lateral/upward communication ( $\beta=0.199$ ) and performance measurement ( $\beta=0.521$ ) are pivotal enablers of transformational leadership. These findings resonate with global studies (e.g., Wright & Pandey, 2009; Taamneh et al., 2021), affirming that open communication channels and data-driven accountability systems transcend cultural and institutional boundaries to empower leaders. In Nepal's context, initiatives like participatory budgeting and digital governance platforms have institutionalized these practices, enabling leaders to bridge the gap between bureaucratic constraints and community expectations.

Contrary to classical bureaucratic theories (Weber, 1947), hierarchical authority and red tape showed no significant relationship with transformational leadership. This paradox can be attributed to Nepal's unique institutional landscape, where leaders navigate structural ambidexterity—complying with rigid protocols while leveraging informal networks to drive change (Rainey et al., 1995). For instance, procurement delays, though pervasive, are often circumvented through

partnerships with local NGOs, illustrating how leaders adapt to structural limitations without sacrificing transformational goals.

The study's contributions extend beyond Nepal, offering lessons for federalizing democracies globally. For example, the emphasis on communication and performance measurement aligns with successful reforms in Jordan (Taamneh et al., 2021) and Nigeria (Adanri & Singh, 2016), suggesting that these dimensions are universal facilitators of transformational leadership in resource-constrained settings. Policymakers in similar contexts could prioritize training programs focused on visionary communication and data literacy to amplify leadership impact.

However, the study's limitations—including its cross-sectional design and geographic focus on two provinces warrant cautious interpretation. Future research should adopt longitudinal approaches to track leadership evolution across Nepal's diverse regions and incorporate qualitative methods to explore the subjective experiences of red tape and hierarchy. Additionally, comparative studies across South Asian countries could unravel cultural nuances in leadership practices, further enriching the global scholarship on public sector leadership.

This research, thus, affirms that transformational leadership is not merely a product of individual charisma but a systemic outcome shaped by organizational structures. While Nepal's local governments have made strides in adopting transformational practices post-federalism, sustained progress will require structural reforms to reduce bureaucratic inertia and institutionalize innovation. By aligning communication systems, performance metrics, and leadership development programs, Nepal can serve as a model for other nations navigating the complex terrain of decentralized governance.

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