

THEORETICAL ASPECTS OF TRANSFORMATIONAL LEADERSHIP

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Abstract. Leadership is one of the important topics in today's economic science. The topicality of the research is based on economic development requirements. Leadership influences important processes and development in the company. The paper contains a theoretical analysis of the term „transformational leadership” aspects presented in scientific literature and a determination of transformational leadership structure and research results. In the paper, the author researches four dimensions of transformational leadership. The research is based on an analysis of the specific literature and scientific publications, research papers, studies, survey results and other sources of information. Research methods: the monographic or descriptive method for research of the transformational leadership concept, the interview method. The aim of the paper is to research the conception and theoretical aspects of transformational leadership in contemporary economic science in order to develop suggestions for a company's leaders. Tasks of the paper: to find out the main aspects of the term „transformational leadership”; to make interviews with a company's leaders in order to clarify transformational leadership influence on interactions between the leaders and their followers; to develop conclusions and suggestions. The author concludes that main aspect of transformational leadership is symbiosis between the leader and the followers - transformational leaders transform the personal values of their followers to support the vision and goals of the organization.

Keywords: business, company, innovation, leadership, organization, transformational leadership, transform.

Introduction

Every company has a mission, vision, and goals that are not just about the ability of the manager, but also about the leadership skills. Leadership helps to develop and implement a business concept. Leadership stimulates, drives the business to success.

Leaders' most important job is to cultivate creativity. Their mandate is to increase the success rate of innovation rather than improve the efficiency of the operation (Ming, 2018). Leaders can help employees adopt a learning mindset by communicating the importance of learning and by rewarding people not only for their performance but for the learning needed to get there. Leaders can also stress the value of learning by reacting positively to ideas that may be mediocre in themselves but could be springboards to better ones (Gino, 2018).

Uninterrupted transformations are taking place in the contemporary economy and business. The Cambridge dictionary explains the meaning of „transformational” in English – an ability to produce a significant change of improvement in a situation. For example, the company’s chief executive described the transaction as a „transformational step” in implementing a new corporate strategy (Cambridge Dictionary, 2019).

Determining the nature of leadership influence on the development of a company takes important part of the scientific interests of many scientists all over the world. Leadership is one of the important topics in today's economic science. The topicality of the research is based on economic development requirements. Leadership influences important processes and development in the company. Leadership is divided into different directions; one of it is transformational leadership. In literature, different researchers focus on theoretical research on transformational leadership. The research is based on an analysis of the specific literature and scientific publications, research papers, studies, survey results and other sources of information.

The paper contains a theoretical analysis of the term „transformational leadership” aspects available in scientific literature and a determination of transformational leadership structure and research results. Research methods: the monographic or descriptive method for research of the transformational leadership concept, the interview method. The aim of the paper is to research the conception and theoretical aspects of transformational leadership in contemporary economic science in order to develop proposals for a company’s leaders. The author of the paper is trying to provide new insights into why and under what circumstances transformational leadership enhances the employees, including job performance and organizational citizenship behaviours directed towards the organization. Tasks of the paper: to find out the main aspects of the term „transformational leadership”; to make interviews with a company’s leaders in order to clarify transformational leadership influence on interactions between the leaders and their followers; to develop conclusions and suggestions.

Main aspects of leaders and followers in contemporary economics

The word “to transform” as a term means to change the appearance or character of something completely or someone, especially so that the thing or person is improved (Cambridge Dictionary, 2019). Transformational leaders transform the personal values of their followers to support the vision and goals of the organization by fostering an environment where relationships can be formed and by establishing a climate of trust in which visions can be shared (Stone, Russell, & Patterson, 2004). Leaders following transformational leadership styles and techniques work to transform their followers, creating a climate in the

organizations where commonly accepted and recognized values are equally shared. As a result of such an effect on followers, transformational leadership has rapidly become the approach of choice for much of the research and application of leadership theory. In many ways, transformational leadership has captured the imagination of scholars, of noted practitioners, and of students of leadership (Bass & Riggio, 2006).

Transformational leadership refers to an approach by which leaders motivate their followers to identify themselves with organizational goals and interests and to perform beyond expectations. Transformational leadership plays a critical role in causing changes necessary for effective management. As suggested by Kim (Kim, 2014), “transformational leaders have the ability to transform organizations through their vision for the future, and by clarifying their vision, they can empower the employees to take responsibility for achieving that vision.” These leaders typically display four different behaviours: idealized influence, inspirational motivation, intellectual stimulation and individualized consideration (Bass, 1985, 1990). Transformational leadership is one of the more effective leadership styles for encouraging positive in-role and extra-role behaviours in employees (MacKenzie, Podsakoff, & Rich, 2001).

Transformational leaders engage and motivate others to increase expectations and performance (Bass, 1985), which can include their service performance. Although transformational leadership has been linked to employee performance in service jobs and the service literature has also theorized and discussed the possible link between transformational leadership and service recovery performance (Lin, 2010), research has yet to examine this relationship.

Transformational leaders raise followers’ self-expectations, providing a vision and a sense of mission, helping the followers emphasize rational solutions and to challenge themselves constantly (Cho & Dansereau, 2010). A meta-analysis of transformational leadership showed that transformational leadership motivates employees to achieve performance aligned with organizational goals (Judge & Piccolo, 2004).

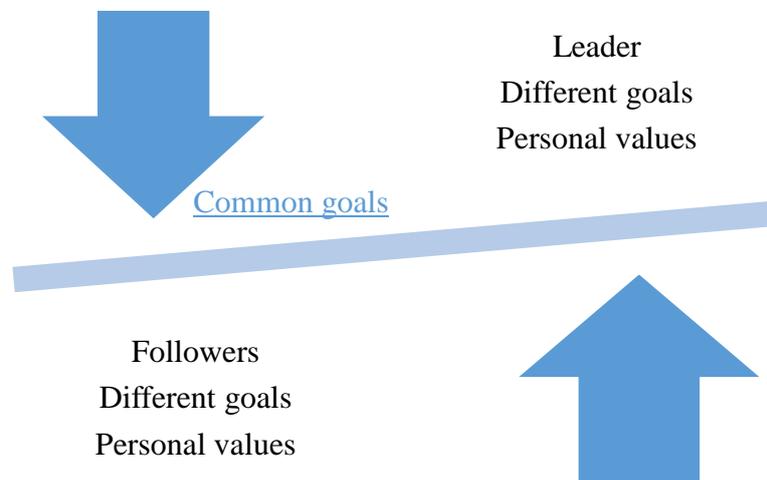
Transformational leadership means providing inspiration towards constant change through idealized influence, inspirational motivation, intellectual stimulation and individual consideration (Avolio & Bass, 2004). Because the four dimensions of transformational leadership are consistently found to be highly interrelated, they are typically regarded as and combined into a higher order transformational leadership construct (Judge & Piccolo, 2004). Transformational leadership is a style of leadership geared towards change and towards improving individual and collective performance (Bass & Bass, 2008).

Analysing the literature on the term „transformational leadership”, the author of the paper concludes that transformational leadership plays an important role in causing changes necessary for effective management and development of

the company. Transformation leadership as a result of the impact on followers, has become the choice for a lot of researchers. Understanding of the concept "transformational leadership" differs, and it is reflected in the research studies of various authors. There is no universal and precise definition.

Content and structure of transformational leadership

Burns defines transformational leadership as a symbiosis of the leader and the followers, in which the leader and his/her followers are in a complementary relationship - complementing each other, and both leaders and their followers achieve higher levels of motivation and morality. Initially, the different goals become common, which is precisely the consequence of such leadership. (Dubkevičs, 2011)



*Figure 1 Transformational leadership - symbiosis between the leader and the followers
(compiled by the author based on Burns theory (Burns, 1978))*

According to Burns, transforming leadership is a process in which 'leaders and their followers raise each other at higher levels of morality and motivation.' It is assumed that followers break their egoism for the sake of a common cause, take long - term goals into account, and develop the ability to perceive the important. According to Bennis, effective leaders make three fusions: coordinate, create and empower. Leaders transform organizations by coordinating human and other resources, building an organizational culture that promotes the free expression of ideas and allows others to benefit the organization. Bennis separates leadership from the concept of governance, he says, "Leaders are the people who do the right things; managers are the people who do things right (Kovejs, 2008). Burns also distinguishes between leaders and "power wielders". Leaders in some way satisfy the motives of their followers, whereas power-wielders are intent only

on realizing their own purposes, whether or not these are shared by the people over whom they exert their power (London, 2015).

Transformational leadership consists of four core dimensions: idealized influence (attributes and behaviours) describes a manager who is an exemplary role model for followers, sets high standards of conduct, and is able to articulate the vision of the organization in an effort to win the trust of the followers. The second dimension, inspirational motivation, reflects a leader's clear articulation of a compelling vision through words, symbols, and imagery (Bass, 1985) to inspire followers to act. The third dimension, intellectual stimulation, reflects the extent to which a leader solicits the employees' perspective on problems and considers a wide variety of opinions in making decisions (Bass, 1985). Finally, leaders engaging in individualized consideration - the fourth dimension of transformational leadership - attend to the individual differences in the needs of their employees and seek to coach or mentor them in an effort to help them reach their full potential (Avolio, Bass, & Jung, 1999).

The author of the paper made research on and interviewed a few managers from the micro-small and medium-sized enterprise (SMEs) category in Latgale region (companies wanted to stay anonymous) in different fields about transformational leaders. The purpose of the interviews was to find out - have the companies introduced the four - factor model of transformational leadership and which element was mainly used in their daily work. The question methodology was based on Prachi Juneja's model of transformational leadership. (Juneja, 2019) Interviews were done in November 2018. The author chose managers by their availability and different spheres of activity. Type of enterprise activity: first company represents water tourism, employs 4 people; second company represents catering business, employs 16 people; third company represents retail business, employs 34 people. The author of the paper interviewed chairmen's of companies boards. All companies have simple management structure – employees are subordinate to manager.

Table 1 Analysis of transformational leadership factors (compiled by the author, based on answers of interviewees)

Question	Company 1	Company 2	Company 3
Inspirational Motivation			
Is there a vision, mission and set of values in your company? What exactly?	The vision of our company is the provision of quality leisure services for all visitors. Promoting a sporty and active lifestyle.	There is no specific vision. But I started my business with the idea - if others can, I can do better!	Yes, of course, but not specifically defined. Our focus is on product quality.

Are there any promotional activities for your team members?	Informal activities outside working hours, mostly athletic.	Yes. Usually it is praise and gratitude for work on a daily basis. Also financial motivation.	Yes, out of work. Premiums for a good job.
Is your vision of work in the company convincing when you work with your employees?	Yes, of course, I know what needs to be done, prepare for a specific job, but I always ask the staff for their opinion about work.	Yes, I have a specific vision.	A business manager should always be convinced of what s/he is doing.
Do you challenge your employees?	I expect the employee to take the initiative to see the problems and find solutions independently.	Usually, work and customers are challenging every day.	It should be asked to my employees. But I think I challenge them.
Do you work enthusiastically and optimistically to promote team spirit and commitment?	Yes, I always try to be positive.	Yes, we try to work in a team.	Of course, I am an optimist by nature. Collegial relations are very good, so team spirit is strong.
Intellectual Stimulation			
Do you encourage your employees to be innovative and creative?	Employee ideas are heard, but I rationally evaluate if it is possible to realize creative ideas.	Workers are aware of the outcome of the work, but s/he chooses how s/he does and for how long time. I think they are allowed to be creative and innovative.	My employees are already creative.
Are the new ideas discussed / criticized publicly?	No, under no circumstances. When the idea is expressed publicly, but I am not satisfied, I always answer that I have to think and evaluate.	Yes, if ideas relate to work, improving the result.	Ideas are discussed but criticized under no circumstances.
Do you focus on problems without paying attention to the guilty person?	The problems and mistakes I perceive as joint, which will be tackled by common forces.	Usually, yes. There is no time in my company to find the guilty person. If a problematic situation arises, it must be resolved immediately.	All problems are common and are dealt with together.
Idealized Influence			
Do you act as a role model in your company?	Of course, I take the initiative for any job. I am always punctual and polite.	Trying. Generally, I do not dictate tasks, I show an example how work needs to be done.	I hope I am a model. I'm trying to be like that.
Do you always gain confidence	Full confidence and always get impossible,	So far, yes.	I am trying to be a trust person to my

and respect from your employees by your actions?	but I try to build my relationships with employees to bring mutual trust, friendship and comfort closer together.		subordinates to have mutual understanding.
Do you use your power to influence your organization's overall goals?	I understand that it depends on me whether the company will function and be able to live. This will make it possible to catch up with the company's goals.	Perhaps sometimes. Power is not directed against employees.	The use of power depends on the situation.
Individualized Consideration			
Do you act as a mentor for your employees and reward them for creativity and innovation?	I tell everything to my employees what I know about the specific nature of the job, so I transfer knowledge. The awards have not been made yet, as I believe that this is not a motivating factor for a small team. Informal events are better organized, where joint collective work is appreciated.	Yes. Employees are not dictated by obligations, but rather by explaining the purpose of the company. The employee is always rewarded with gratitude and financial support.	As my employees are already creative, we learn from each other. I reward more for achievements than for creativity.
Do you know the talents and knowledge of your employees?	Yes, I have close contact with employees.	Yes of course. Therefore, the employee is offered the appropriate duties, even if those duties do not correspond to the job description.	Of course, I have good contact with my employees, I know a lot about them.
Are your employees empowered to make decisions and always have the support they need to make their decisions?	It depends on the situation and degree of responsibility of the decision. If an employee has taken the initiative and has made a decision, after evaluation I try to provide support.	Usually yes. Employees know what the outcome of the job should be, but how they will achieve, it is a relatively free choice.	It depends on the kind of decision. But support I'm giving always.

From the answers, the author made a conclusion that transformational leadership is positively related to job performance. The first dimension of transformational leadership is inspirational motivation - all companies have a vision, not specifically defined, but leaders know future development directions; mostly promotional activities are out of work time; leaders are giving financial

support; all leaders are convinced of a job with employees; all leaders challenge employees; all leaders are optimistic and they keep team spirit strong. The second dimension of transformational leadership is intellectual stimulation - not all leaders encourage employees to be innovative and creative, main difference - one motivates, others do not; new ideas under no circumstances are criticized in public. The third dimension of transformational leadership is idealized influence - all leaders are trying to act as role models in the company; leaders definitely are trying to build relationships with employees to bring mutual trust and respect; use of power to influence the organization's goals is not directed to employees, and it depends on situation. The fourth dimension of transformational leadership is individualized consideration - action as a mentor for employees is used in every company; employees are not always rewarded with gratitude and financial support; leaders know the talents and knowledge of the employees; they have good relationship and contact; employees are not always empowered to make decisions but they have the support from the leader. Based on the research, the author concludes that companies have introduced the four factor- model of transformational leadership and all the elements are used in daily work.

Conclusions

The results of the research shows that the issue of transformational leadership is a common topic in literature and that it can be topical and interesting for future research in science. Understanding of the concept "transformational leadership" differs, and it is reflected in the research studies of various authors. There is no universal and precise definition. Analysing the literature on the term „transformational leadership”, the author of the paper concludes that transformational leadership plays an important role in causing changes necessary for effective management and development of the company.

The main aspect of transformational leadership is symbiosis between the leader and followers - transformational leaders transform the personal values of the followers to support the vision and goals of the organization. From the interviews, the author made a conclusion that transformational leadership is positively related to job performance. The four dimensions of transformational leadership - inspirational motivation, intellectual stimulation, idealized influence, individualized consideration are very important factors in action between the leaders and their employees/followers. Inspirational motivation - companies have a vision, not specifically defined, but leaders know future development directions. All leaders are optimistic and they keep team spirit strong. Intellectual stimulation - not all leaders encourage their employees to be innovative and creative. Main difference - one motivates, others do not. Idealized influence - all leaders are trying to act as role models in the company. Leaders are definitely

trying to build relationships with their employees to bring mutual trust and respect. Individualized consideration - action as a mentor for employees is used in every company. From the research, the author concludes that companies have introduced the four-factor model of transformational leadership and all the elements are used in daily work.

The author of the paper recommends to leaders – creativity of employees should be encouraged for the issues occurred in the company/organization, and individual differences of employees should be respected.

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