

# Application of transformational leadership as an incentive for innovation i.e. developing subordinates with durable values

ISSN 1857-9973

005.322:316.46]-026.12:303.725.3

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Transformational leadership plays a very important role in organizations for changing the culture and the behavior of the subordinates. This affects the improvement of the performance of the employees and thus raising the image of the organization and developing its long-term success. Its application points to the development of a positive transformation of the persons on the charismatic conceptions of the followers and the insurance of the results of the operation. This means that leaders need to create a culture that promotes building of personalities, i.e employees with real values and realization of the goals of the company. The transformation approach is capable of creating a significant change in both individuals and the wider organization through adjustments, expectations, aspirations, perceptions and values. That relies on the personality of the leader, the character, the vision, the challenge and his example. Transformational leaders are focused on the "greater good" instead of their individual " power base". These leaders are wider and respect the interests of employees. People with these leaders will often feel the desire to work harder than expected, to create and to innovate. This paper includes the views on transformational leadership, based on charismatic, its role in organizations for innovation i.e for building personalities with durable values, empirical research for the image in organizations formulated through the statements of the examined managers and employees and the same presented through tabular, graphic and computational correlative values.

**Key words:** leadership, transformation, charisma, innovation, followers, inspiration, creativity, teamwork

## 1. Introduction

Today we are witnessing that companies in this modern business are facing new challenges to new changes, which they have to respond in a dynamic and inventive way, as well as to mobilize all available resources in order to maintain their competitive advantage, but also to find ways to the maximum to mobilize the creative potentials. That involves a new way of running and managing companies where leaders inspire their followers, to follow their vision and to implement the required change voluntarily, with full enthusiasm and as part of the team that collaborates and is jointly committed to the common goal. The transformation leader is a model for his followers, challenging them to undertake an individual initiative and responsibility, to understand their weaknesses and strengths and to work constantly on their own improvement and innovation.

The transformation leader is distinguished with features such as: personal integrity, trust of followers, creativity, team orientation, gratitude to others, learning, responsibility, recognition, and others. Through concrete personal examples and actions he changes the perception and the expectations, and their contagious enthusiasm is an additional motivation for their followers to make an additional step forward to complete the task. Transformation leaders, by their personal example, inspire and encourage human resources in the organizations for their most effective engagement. Additionally, they have the potential to manage the changes in the organizations and their employees in a way that will provide growth, risk management, and minimizing negative effects.

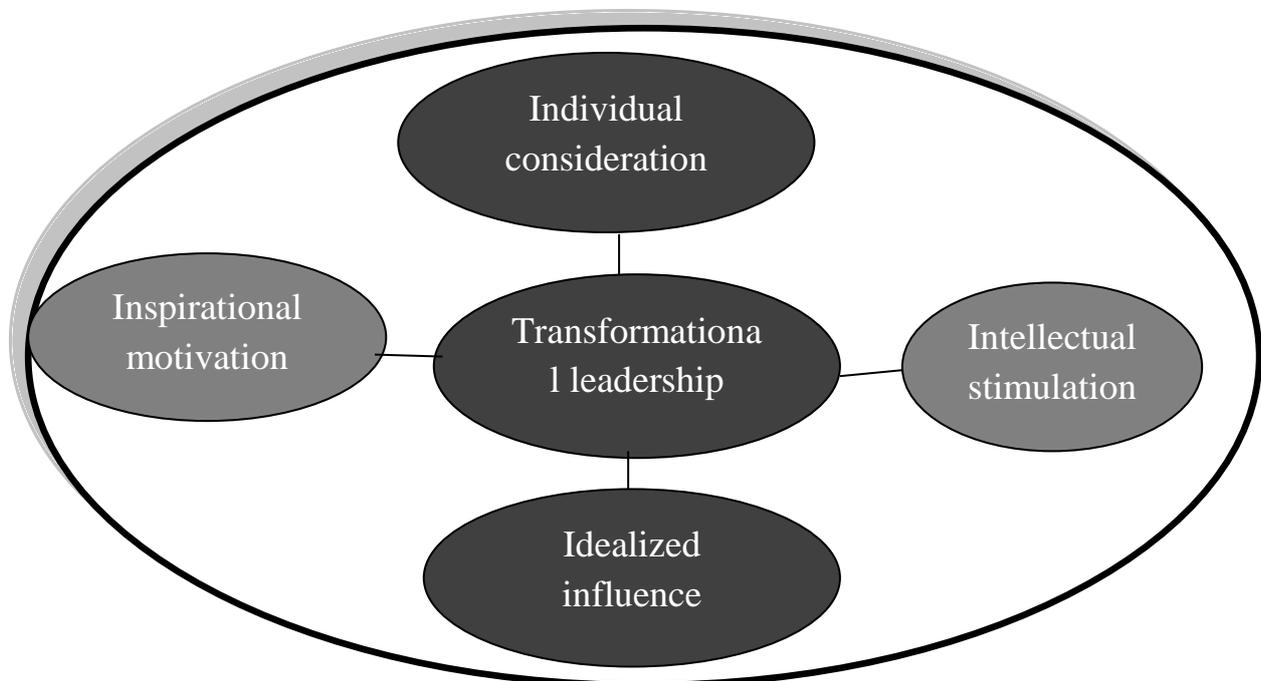
## 2. A reflection on transformational leadership

Transformational leadership causes mutual incentives and rises, turning the followers into leaders in their activities, and the leaders in moral mediators and instigators.[1] Good transformation leaders inspire confidence from them, conveying that confidence in people, and people inspired by such trust, are fulfilled by themselves. Transformation leaders impose a special power to transform both by lower-level managers and followers into persons who will jointly adhere to the preference of durable values. Transformation leaders are focused on "the greater good" instead of their individual power base[2].

In preference of transformational leadership, the leaders themselves become broader and express broad respect for the interests of employees.

People with these leaders will often feel the desire to work harder than expected. They also show a sense of trust, respect, loyalty and admiration.[3] This process is in line with nature, and the followers develop ways to change the environment, to challenge the current practice, and to provide mutual support to the team.

Although some authors distinguish four main elements in transformational leadership,[4] however, in this paper we will highlight five elements:



**Figure 1.**Main elements of transformational leadership

1. *Individual consideration:* Individual consideration involves providing support, encouragement and training to followers, because each person has specific needs, desires

and concerns. Leaders show support and empathy and challenge their team, but they can also recognize the contribution of individuals to overall goals.

2. *Intellectual stimulation*: Intellectual stimulation provides a way of behavior, which causes an awareness of the followers about problems and affects them to see the problems of their resolution. The whole team is involved in decision making and becomes more creative and innovative in identifying solutions to problems, with careful listening and independent thinking.

3. *Inspirational motivation*: This motivation involves communicating and expressing symbols to focus subordinates in achieving the vision.[5] The team has confidence, a sense of belonging and motivation.

Communication is particularly expressed and this is the key to that leadership. This means that the messages, the vision and the mission are distributed to all.[6]

4. *Idealized influence*: The idealized influence is behavior that causes strong emotions among the follower and its identification with the leader. Setting example for courage, dedication, and self-sacrifice in the interest of the followers are examples of this type of behavior. Transformation leaders are charismatic and act as an example (ideal). They have a strong sense of conviction, value and principle. This gives the group pride and they receive respect and trust towards one another.

5. *Creativity*: In transformational leadership, the leader is creative and able properly to direct his creativity and to encourage and to develop creativity towards others. The creativity of a leader is understood as a way or as a form of managing people's behavior and approach to things, and from static causes movement and excellence.

According to Tom Peters's[7] views, the key features of a successful creative leader are the following: honesty, competence, modernity, inspiration, fairness, liberality, endurance, imaginativity, creativity.

With transformational leadership, followers feel trust, respect, loyalty, and respect for the leader, whereby they are motivated to do more than they originally expected to do.

According to Bass, the leader transforms and motivates followers in a way that:

- 1) makes them more aware of the importance of the results of the task,
- 2) encourages them to overcome their own interests for the benefit of the organization or the team, and
- 3) activate their higher order needs.[8]

Transformational leadership is a leadership where people describe their leader as ideal and an example they want to identify with.[9] Transformational leadership is a process in which leaders take action in which they try to raise awareness among their supporters of what is in right and important, to raise their motivational maturity to move beyond their own interests, for the benefit of the group, the organization, or the society

### **Empirical research**

Theoretical aspects of transformational leadership indicate that this directly affects the transformation of the existing into higher values and the realization of organizational goals more successful. The goal of theoretical and empirical research is to look at the theory and practice and to perceive the situation by applying the transformational leadership in research firms.

The main hypothesis in this paper was the assertion that:

Transformational leadership is a key factor in the incentive for innovation i.e developing followers with durable values, and thus more successful realization of the tasks set.

The methods used in this research are: analysis, survey and statistical analysis, processing and calculation of data. The survey as a method of research and is conducted by formulating questionnaires with standardized questions for managers and employees, divided into several groups of statements. The collected data is statistically processed, which enables the

ranking of data and their presentation through a tabular and graphic display, in order to provide more detailed conclusions from the conducted practical research.

40 questionnaires were distributed to managers, of which 36 managers answered all questions and 200 questionnaires to the employees, out of which 189 questionnaires were completed with answers.

In the empirical research, the  $\chi^2$ -test and the coefficient of contingency (C) were used, in order to understand the relationship between the statements of the examined managers and employees. As one of the most commonly used tests, the  $\chi^2$ -test was used to examine the differences between the group variance of the investigated and theoretical frequencies.[10]

Below is a tabular and graphical presentation of the received and processed data from all the questions that are the subject of this research, as well as their interpretation.

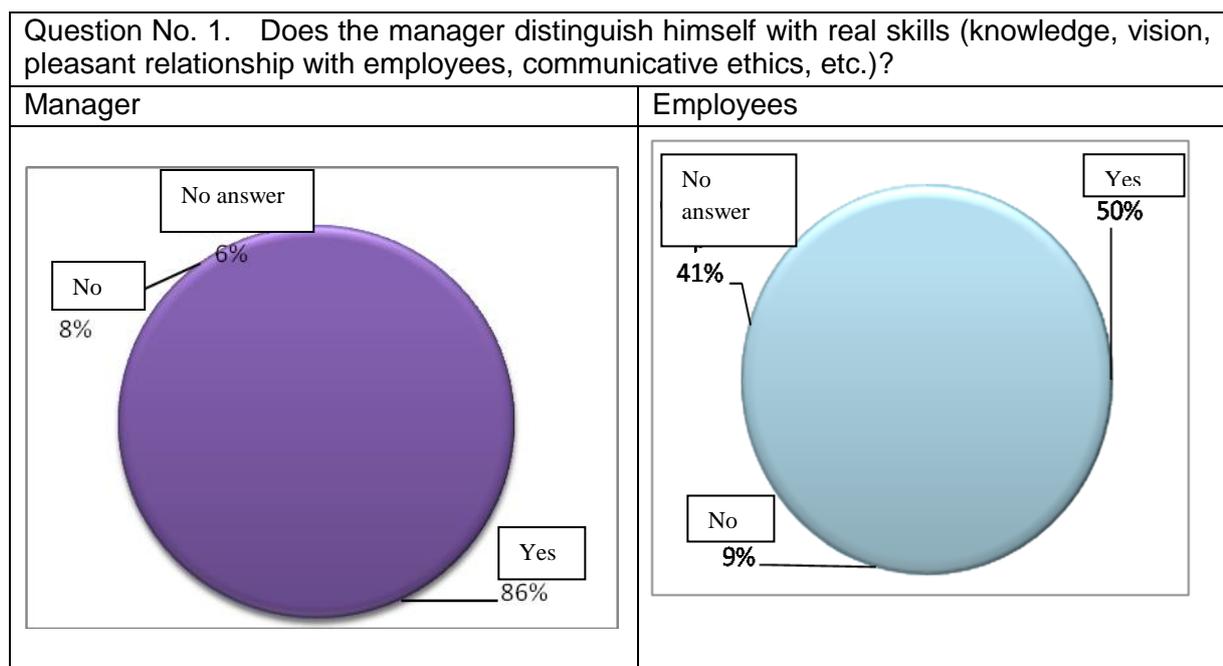
The first question was: *Does the manager distinguish himself with real skills (knowledge, vision, pleasant relationship with employees, communicative ethics, etc.)*

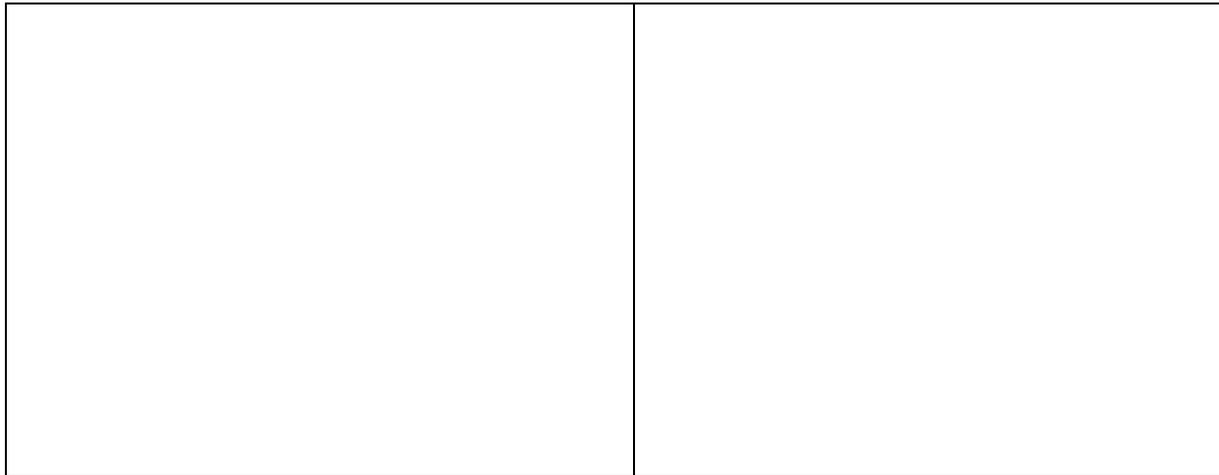
**Table 1.** Does the manager has real values?

Question 1	Answer	Manager		Employees	
		N	%	N	%
Does the manager distinguish himself with real skills (knowledge, vision, pleasant relationship with employees, communicative ethics, etc.)?	Yes	31	86	95	50
	No	3	8	17	9
	No answer	2	6	77	41
	Total	36	100	189	100

**Calculated value of  $X^2= 35.652$**

The answers to this question are shown in Graph 1:





**Graph 1.** Graphic presentation of the answers of the examined managers after the first question

From the tabular and the graphic display, it can be seen that 86% of the managers on the first question in the surveyed companies consider that they have real capabilities such as: knowledge, vision, pleasant organizational behavior, communication, ethics, etc. , 8% of them answered negative, while 2% remained unanswered. While 50% of the total surveyed employees believe that their managers are characterized by the stated values, 9% have declined negatively, and 41% have remained unanswered. The calculated value of the  $X^2$  test for this question is 35,652 which is greater than the tabular value of  $X^2$  of 5,991, which can be concluded that the answers of the managers and the employees do not match with this question. The coefficient of contingency is 0.389 indicating a very weak interdependence between the examined variables.

The second question was: *Does the manager (leader) apply transformational leadership, i.e, directs the attention of the employees to stimulate innovative and creative ideas for raising the personality value system?*

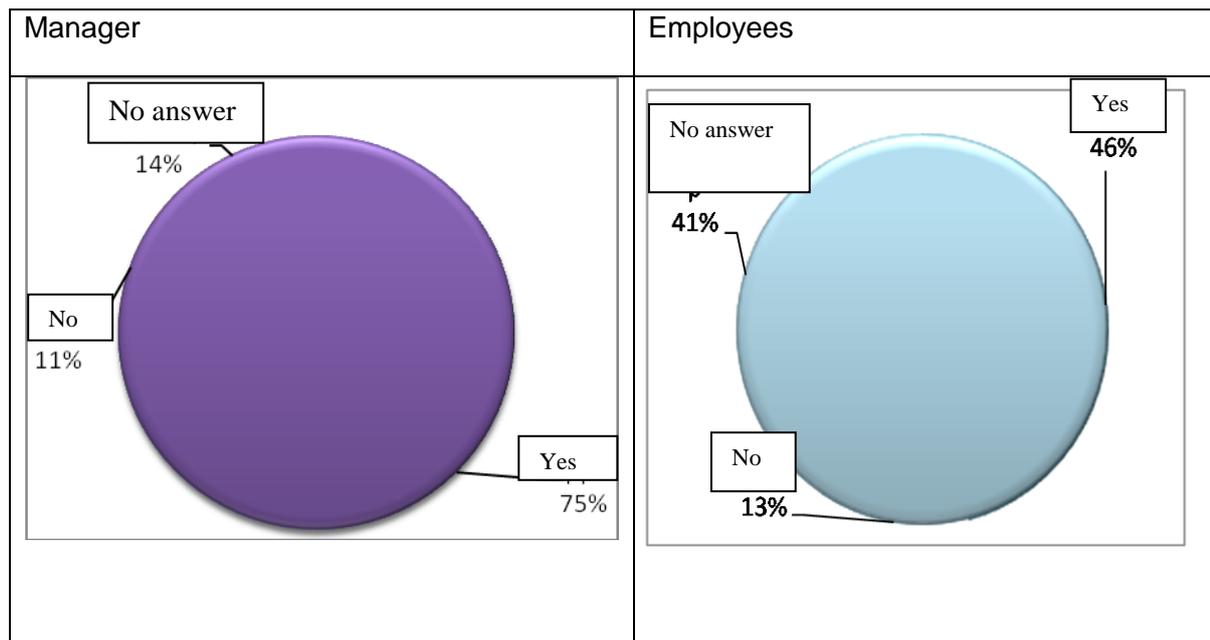
The answers of the examined managers and employees are shown in the table and in the graph below.

**Table 2.** Does the manager (leader) apply transformational leadership

Question No. 2	Answer	Manager		Employees	
		N	%	N	%
Does the manager (leader) apply transformational leadership, i.e, directs the attention of the employees to stimulate innovative and creative ideas for raising the personality value system?	Yes	27	75	87	46
	No	4	11	25	13
	No answer	5	14	77	41
	Total	36	100	189	100
<b>Calculated value of <math>X^2= 20,372</math></b>					

The answers to this question are shown in Graph 2:

Question 2. Does the manager (leader) apply transformational leadership, i.e, directs the attention of the employees to stimulate innovative and creative ideas for raising the personality value system?



**Graph 2.** Graphic presentation of the percentage representation of the answers of the managers and the employees in relation to the transformation leadership in the surveyed companies.

From Table 2 and Graph 2 it can be seen that 75% of the managers, and 46% of the employees share the same opinion. On the same question, they thought otherwise, i.e 11% of the managers and 13% of the employees answered negatively. 14% of the managers and 41% of the employees remain unanswered. The calculated value of the  $X^2$  test for this question is 20,372 which is greater than the tabular value of  $X^2$  of 5,991, whereby the answers of the managers and the employees to this question do not match. The coefficient of contingency is 0.304 indicating very weak interdependence between the examined variables.

Third question: *Do you think that the manager (leader) with a personal example motivates the employees and encourages actions towards positive changes in the behavior and operation of the firm?*

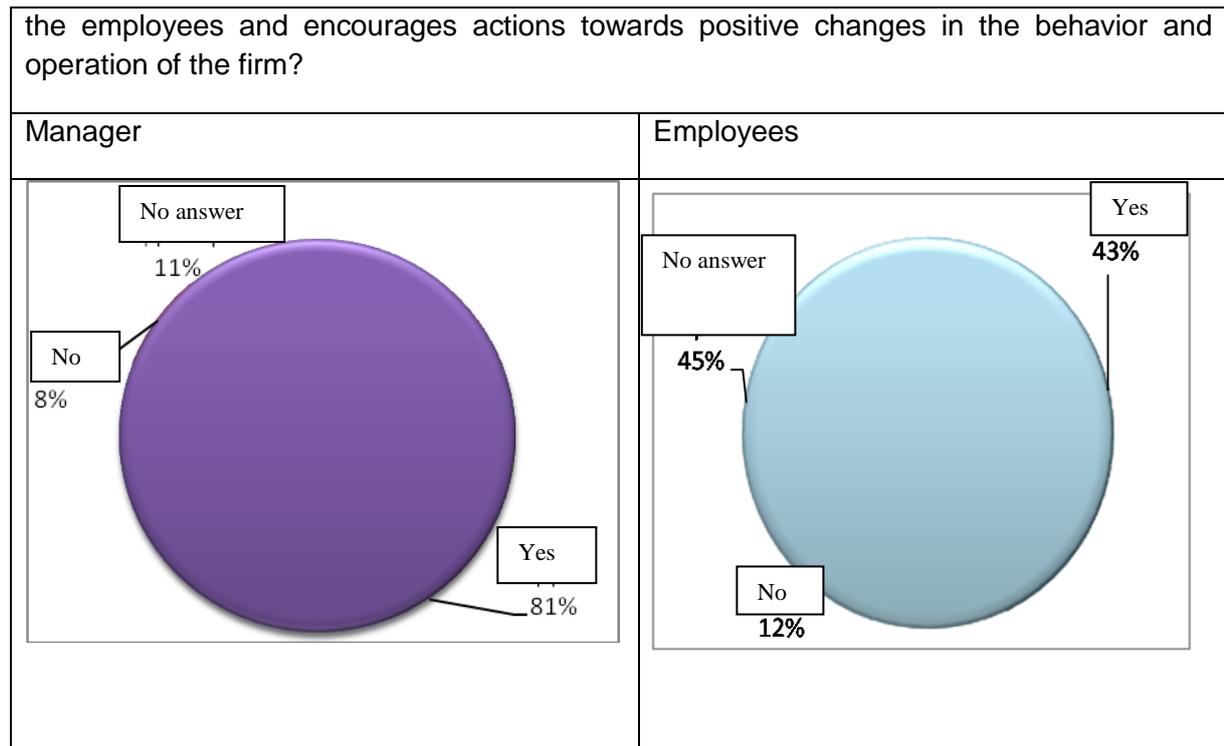
**Table 3.** Does the manager (leader) apply transformational leadership

Question 3	Answer	Manager		Employees	
		N	%	N	%
Do you think that the manager (leader) with a personal example motivates the employees and encourages actions towards positive changes in the behavior and operation of the firm?	Yes	29	82	81	43
	No	3	8	23	12
	No answer	4	11	84	45
	Total	36	100	189	100

**Calculated value of  $X^2= 33,088$**

The answers to this question are shown in Graph 3:

Question 3. Do you think that the manager (leader) with a personal example motivates



**Graph 3.** Graphic presentation of the percentage representation of the answers of the managers and the employees to the third question.

The table and graph show that out of the total number of 36 surveyed managers, 81% answered positively that the manager (leader) with a personal example motivates and inspires employees towards positive changes in the behavior and operation of the firm, and out of 189 of the total surveyed employees, 43% share the positive opinion on this question, while 8% of the surveyed managers answered this question negatively, ie with no, and 12% of the surveyed employees answered in the same way or negatively. Unanswered remain 11% of the surveyed managers and 45% of the surveyed employees. And here the calculated value for the  $X^2$  test, which is 33,088 is greater than the tabular.

The presentation enables us to see that in the surveyed companies it can not be said that the transformational leadership is applied, or, it can be concluded that the principles of the transformational leadership are not sufficiently recognized and applied.

From all this it can be concluded that the results of this empirical research show that in most cases, the basic hypothesis that transformational leadership is a key factor in the incitement for innovating i.e developing followers with durable values, and thus more successful realization of the tasks set, is not confirmed.

It points to the properly selected area of research and directs to greater training i.e upgrading especially for managers, but also for employees.

### 3.Conclusion

Transformational leadership is a special inspirational relationship between the leader and the followers, in which the leader represents a revolutionary idea, transcendental image or ideal, while the follower accepts this direction of action not because of its rational probability of success, but because of the effective belief in the unusual qualities of the leader.

Subordinates inspired by the transformational leadership show positive results reflected in increased innovation, creativity, ethics and higher values.

Success depends primarily on the characteristics, knowledge, abilities and skills of the leader. In this regard, the transformational leader with his inspirational, confidential and energetic nature is the one who should create an organizational culture that will encourage the exchange, expansion and upgrading of the knowledge of the employees through appropriate training and development programs.

Transformation leaders encourage followers not only to personally trust the leader, but also to believe in their own potential for innovation in the direction of raising their worthy value system with real values.

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