

A STUDY OF TRANSNATIONAL AND TRANSFORMATION LEADERSHIP STYLES AND FACTORS AFFECT THE LEADERSHIP STYLE

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ABSTRACT

Current Global Corporative World provides the opportunity to the organizations to interact with various nations across the geographical limits. These interactions grant the cultural and value variations among the nations which recognized as the biggest challenge in front of the corporative managers. Suitability of an organization depends on the Effective leadership style in the complex competitive world. An Effective and Efficient Leadership style is the best tool to face these kinds of challenges. The paper focuses on the most popular Leadership style used by the international organizations in the current scenario. The study represents the picture of the existing literature on Transactional and Transformational Leadership styles and as well as on the cross-cultural dimensions model given by Greet Hofstede. The objectives of the paper (a) Comparative study of Transactional and Transformational Leadership Style and (b) Determine the cultural factors affect the leadership style.

Keywords: Transnational leadership, Transformation leadership, Cross cultural, Personality factors, Leadership.

1. INTRODUCTION

Today era is the global era where corporate sector required an effective leadership style to manage the cultural and value variation among the nations while running smoothly at global level(maintain the position globally). World is a complex system of various cultures and the corporate sector facing many challenges due to difference in cultural values. Although many opportunities are granted by the globalization and liberalization but it is too difficult to manage the human resource from different cultures in same project. So operative guidance and valuable direction provided by a manager play a vital role to face with these kinds of problem. A manger must have qualities of an effective leader.

Many leadership styles existed in the academic literature where leader is the integral part of the whole story these theories are based on traits of the leader, behavior of leader and on the basis of specific situation. After that Leader and followers theory invented where followers play an important part in the practice of leadership. This theory molds the leadership style to another

path. Transactional leadership style and transformational leadership style are the two specific styles that uses as from the last couple of decades in many research program in the diversify world.

The concept of transactional leadership as transaction occurs between the followers and the leaders. The transactional leadership based on the work performance measurement of the followers by rewards and the punishments on the basis of specify standards. The followers were rewarded and recognized by the leader in response to meeting or above the standard performance. Burn is the first researcher who focused the attention on the exchange of follower's current needs. In this style leader recognize the current requirement of the followers and try to fulfill them in the exchange of attainment of organizational goal. Leader tries to satisfy the followers to meeting the current demands and requirements. In general, transactional leadership aimed to getting things done for the organization. The main features of the transactional leadership style which discusses as follows:

- To motivate the followers to attainment of organizational goal.
- To satisfy the followers in exchange of their efforts.
- To understand the followers and their interest for framing the mutual interest with organization
- To eliminate the hurdles in the path of organizational goal.
- To maintain the contort zone between leader and followers for negotiation.

Bass explain the transactional Leadership style with the category of two determinants – Contingent rewards and management- by- expectation.

Transformational leadership is the expansion work with the performance of the followers goes beyond the expectation. Transformational leaders try to raise the new and extra needs of the followers and satisfy that by inspiring them to perform better and above the specific and predetermined standards. The transformational leaders try to promote the followers as an individual and as well as the organization. The style focuses on the development of the followers with the concern of the growth and development of the organization with the new and different perspectives.

Transformational Leadership features drawn out from existing literature describes as:

- To develop the efficiency and skills of the followers.
- To growth and development of the organization.
- To obtain the performance of the followers above expectation and standard.
- To make more flexibility and frequently.
- To reduce the grievance and stress of the followers.
- To develop the new and different prospective
- To generate the quality of bearing stress and risk.

Initially Brass and Avolio explained the Transformational theory with three identifications Charisma, Individualized Consideration and Intellectual Stimulation. After that it revised and

proposed the theory with 4 aspects which are popular as the name of 4 Is. Inspirational motivation, Individual Consideration, Intellectual stimulation & Idealized influence.

This further customized a new version with seven factors adapting the previous concept and categorized it with the name of active and passive. The four Is representing the active determinants and passive determinants include the contingent reward, management by expectation and laissez-faire (Transactional Leadership). Laissez-faire defining the eighth dimension

Determinants of Transaction Leadership and Transformational Leadership given as:

1.1. Transactional Leadership

1. Contingent rewards: The mutual rewards concern between Leader and subordinates in the exchange of attainment of target by optimum performance on the basis of specific benchmarks.

2. Active management-by- expectation: The leader actively participates for the correcting the followers mistakes and try to find out the reasons of variation between prescribed benchmarks and actual work performance by the subordinate.

3. Passive- management-by- expectation: The leader does not actively participate for correction; he/she wait and take the corrective action after occurrence of mistake.

1.2. Transformational Leadership

1. Inspirational motivation: Leaders motivate and inspire those around them by providing meaning and challenge to their followers' work and create a clear vision to attain the target and reach up to the future level by increasing the efficiency at workplace

2. Individual Consideration: Leader treat each subordinated according to his/her particular requirements and capabilities. The leader gives the personal attention to each individual to build the healthy relationship by providing the new learning opportunities according to their interest and skills.

3. Intellectual stimulation: Leaders stimulate followers' efforts to be innovative and creative by reframing and approaching new situations to followers. The main aim of the leader to provide the free flow of ideas and imagination so that the subordinates and followers try to come up with new approaches and techniques.

4. Idealized influence: Leaders become role models for their followers by friendly behavior. They admired, respected and trusted by the followers. They consider the needs of followers over their own needs and avoid using power for personal benefits.

1.3. Laissez-Faire

The laissez-faire style refers to the absence of leader. This style represents the followers are free to act without the guidance of any leader. The style is known as the non-leadership style.

1.4. Cultural Dimensions

A management scholar from Dutch, is probably the most influential researcher on systematic cultural differences. His research shows conducted on than forty countries he identifies four cultural dimensions of work-related values:

1. Power distance
2. Uncertainty avoidance
3. Individualism / collectivism
4. Masculinity / femininity

1. Power distance: This dimension has a particular relationship with leadership and its balance with fellowship. It is the degree in which a particular culture accepts or does not accept the uneven distribution of power. In high power distance cultures, people expect leaders to have more authority and they are more likely to comply with rules and directive without questioning or challenging them. Subordinates are less willing to challenge the bosses or express disagreement with them. Participative leadership as a more favourable leadership attribute in low power distance cultures. Not all cultures appreciate participative styles of leadership. Many cultures prefer the leader takes full responsibility; there are other cultures that expect participation.

2. Uncertainty avoidance: This dimension measures the extent to which people and organizations feel either comfortable or uncomfortable in unstructured situations. In cultures with high avoidance of uncertainty there is more fear of the unknown, and people desire more security, stability, and order. Social norms, tradition and values are more valued, because they offer a way to avoid uncertainty and disorder. Certain leaders perform better in novel, unknown, surprising situations while others avoid uncertain and undefined roles in different cultural. When there is high uncertainty avoidance, valued qualities for managers include being reliable, orderly, and cautious, rather than flexible, innovative, and risk taking. Managers use more detailed planning, formal rules and standard procedures, and monitoring of activities, and there is less delegation

3. Individualism / collectivism: This dimension recognizes the degree in which individuals act and identify themselves in relation to collectivities. In some cultures individualism is viewed as important values, while others prefer collectivism. In an individualistic culture, individual rights are more important than social responsibilities, and people are expected to take care of themselves. The implications of collectivistic values depend in part on whether they are more

important for in-groups or the larger society, but most of the cross-cultural research has emphasized in-group collectivism.

4. Masculinity / femininity: This dimension refers to the distribution of emotional roles between the genders. The distinction is not clearly defined by gender, but shifted on one side in relation to “tough” masculine or “tender” feminine societies. In cultures with high gender egalitarianism, sex roles are not clearly differentiated, and jobs are not segregated by gender. Women have more equal opportunity to be selected for important leadership positions, although access is still greater for public sector positions than in business corporations. Masculine cultures value leaders that challenge the system and encourage competition while feminine cultures value leaders that cooperate and invest in relationships within teams and organization.

In subsequent research of Hofstede, he and his colleague identified one another (fifth) dimension that is also known as another pillar. It also correlated with the other four dimensions. Confucian work dynamism, now more commonly called long-term orientation versus short-term orientation to life. This dimension includes such values as thrift, persistence, having a sense of shame, and ordering relationships. Confucian work dynamism refers with the qualities such as dedication, motivation, responsibility, and eligible candidates with a sense of commitment and loyalty toward the organization. Long-term orientation defines with encourages thrift, determination toward results, saving and a willingness of subordinate for a purpose. Short-term orientation is consistent with spending to keep up with social pressure, less savings, urge for quick results, and a concern with face.

2. REVIEW OF LITERATURE

Cross culture is the most prominent issue in today's era. Cross cultural leadership is the most important technique to control and manage the various cultural employees under one roof. From last couple of years many studies have been done in this direction. Most of the researches, after extensive survey, sum up with the conclusion that an effective and efficient leadership style which uses as a universal leadership style beyond the culture variation.

House *et al.* (2002) The authors study the GLOBE project where survey conduct on 61 nations focusing on the culture and Leadership styles. The study aimed on the nine cultural dimensions: performance orientation, future orientation, assertiveness, power distance, humane orientation, institutional collectivism, in-group collectivism, uncertainty avoidance, and gender egalitarianism. In this survey the authors considered the middle managers of different industries like: food processing, finance and telecommunications. The authors compared the cultures and attributes of effective leadership of the different countries. The study concluded that attributes and practices that distinguished cultures from each other are more frequently enacted the leadership attributes, behavior and the organizational practices.

Jogulu (2010) Stated in her study that leadership style significantly difference between cultural groups with argument that culture and leadership style interact in diverse ways. The empirical research analyses based on the transformational subscale: Idealized influence, Inspirational motivation, Intellectual stimulation and Individual consideration. The study highlighted the leadership perception toward the different culture and it concluded that the

culture strongly influence the selection of leadership style with reference of Malaysia leader preferred the transformational leadership style and Australian leaders followed the transactional leadership style on the bases of culture variation.

Boehnke *et al.* (2003) the study main aim to examine the universal leadership theory and to find out the key leadership behavior for exceptional success of the organization and the leadership dimensions for extraordinary performance at universal level. The analysis based on the evaluation of the six counties with respect to given four dimensions (Inspirational motivation, Individual Consideration, Intellectual stimulation, Idealized influence) of transformational leadership style. The study implied that the transformational leadership behavior help to generate the extraordinary performance. The study also revealed the importance of the cultural variation on the bases of nationality. The study concern the learning of the national differences by leaders to generated the exceptional performance with transformational leadership style.

Alan and Berry (1998) study explored the link between leadership style and goal orientation. The study used two leadership styles: Transformation leadership style and Transactional leadership style. The result of the study supported by the empirical evaluation and the data was collected from the corporate professional from UK. The study highlighted the correlation between leadership style and goal orientation. The study used the concept of perception of professional toward the goal. The study conjectured that transformational leadership would be highly associated with learning goal orientation and transactional leadership style would be associated with the performance- goal orientation

Shalin and Wright (2004) the study conducted on the model of transformational and transactional leadership dimensions in Middle Eastern country Egypt. Most of the leadership theories are western origin and not appropriated to the worldwide due to cultural differences. The study examined the additional dimensions of effective leadership with reflection of fundamental aspect of Egypt. The illustrated that transformational leadership style has universal potential but it also required the some adjustment as change in the culture western to non-western. The result of the study based on the geographical, economical, political and historical data. Authoritarian leadership style is consistent with the Egyptian culture.

Dorfman (1996) concluded that the cross culture differences affect the organizational working environment. He stated by his study that “given the many bilateral and multicultural exchange agreements with other countries to which the U.S is a party, there is almost no policy arena that does not require public administrators to engage with international counterparts and monitor global trends and events. More and more, successful mission accomplishment for agencies require the ability to influence events and ideas across national and cultural boundaries- in essence, to exercise effective global leadership”

Sarros and Santora (2001) The study examined the linkage among Leadership behavior and the value orientation of business executive based on the Bass & Avilio’s model of transformational- transactional leadership style and the behavior of the leader toward the followers for attainment of the organizational goal. Transactional Leadership leads with management by expectation and contingent rewards by performing the up to the expectations/

standards. Transformational Leadership motivates workers to perform beyond the expectations. The data of the research was collected from 500 Australian company's executives. The study was a comparative study of value orientation of Australian with Russian, Japanese and Chinese. The study analyzed the similarities as well as differences between the culture values and Leadership behavior on the bases of four section- Demographic information, multifactor leadership Questionnaire (MLQ), and Schwartz value survey (SVS), Open Ended Section. This revealed the Japanese leaders prefer the paternalistic attitude toward the followers & they also believed in the Autonomy to achieve organizational goals but Chinese managers were not believed in the self directive nature. Russian leaders were preferred to maintain social stability and security. The research also concluded that there is a strong correlation between transformational leadership behavior and value orientation to encourage the personal & professional development.

Bernard (1997) the paper is presented a report based on an exploratory investigation to determine the relevance and nature of transformational leadership with UK management context. The author used Padsakoff Model of seven leadership factors and two measures: leadership behavior of the managers and appraisal of follower's performance by superior and subordinates. The leadership effectiveness based on the performance appraisal by superior and subordinates. The data was collected through individual interview from pharmaceutical company based in UK. The author used the leadership factor, subordinate, superior rating of the manager's effectiveness to find out most significant correlation between them.

Brain and Lewis (2004) the study explored the attention on the leadership preference at the workplace due to the diverse culture of the employees. The study conducted on the Australian government department to examine the leadership style and behavior due the cultural variation. Author used the semi-structured interviews, review of organizational document and on-site observations on the basis of Transactional and transformational leadership approaches at the Australian or Non-Australian background (NAB). The study revealed that the Australian managers and followers were not aware of the Leadership styles. It concluded that the both workgroup prefer to transformational leadership they just preferred what the supervisor display. It also supported the theory of transactional and transformational leadership was two conceptually bipolar independent dimensions. The finding of the study agreed with Australian setting endorsement of that transformational leader displayed a mixture of both transformational and transactional leadership behaviours.

Apart from this style some researcher were there who were interested to study the transformational leadership style with the personality factor of the leader with the inspiration of previous literature that raveled that the personality of leader effect the behavior and performance if the leader. So they mould the study to another direction.

Many researchers studied the relationship of the transformational leadership and the personality factors. They believed that the leader's personality factors affect the leadership behavior at cross cultural project. The effectiveness of the leadership depends on the nature and the behavior of the leader for particular situation or particular object.

They used the transformational leadership attributes and the Hofstede's five dimensions cultural model Hautal (2006) used the personality factors: Extraversion/ Introversion, Sensing/Intuition, Thinking/ Feeling, Perceiving/ Judging associated with the behavior of leaders. Shao and Sheila (2006) and Laura and Migliore (2011) used the Five Factor personality traits: Agreeableness, Conscientiousness, Extraversion, Neuroticism and Openness to experience.

Abdullah *et al.* (2008) used Kouzes and Posner's Transformational Leadership Model used with the different elements of personality: Challenging the process, Inspiring a shared vision, enabling others to act, Modeling the way and Encouraging the heart. All the above researchers agreed that transformational leadership style is best suited to the cross cultural context with respect to the personality factors.

Sr.No	Year	Name of Author	Name of Research	Country	Leadership Style
1	1996	(Dorfman)	International and cross-cultural leadership research	Mexico	Transactional, Transformation
2	1997	(Bernard)	Transformational leadership in the UK management culture	UK	
3	1998	(Alan and Berry)	Transformational Leadership and Learning Orientation	UK	Transactional, Transformation
4	2001	(Sarros and Santora)	Leaders and Values: A Cross Cultural Study	Australia	Transactional
5	2003	(Boehnke <i>et al.</i>)	Transactional Leadership: Examination of Cross-national difference& Similarities	En 6 clusters of countries	Transactional
6	2010	Jogulu	Culturally Linked Leadership Styles	Australia, Malaysia	Transactional, Transformation
7	2004	Brain and Lewis	Exploring leadership preferences in multicultural workgroups An Australian case study	Australia	Transactional, Transformational
8	2004	(Shalin and Wright)	Leadership in Context of Culture: An Egyptian Perspective	Egypt	Transactional
9	2011	(Rowold, 2011)	Relationship between leadership behaviors and performance: The moderating role of a work team's level of age, gender, and cultural heterogeneity	German	Transactional

3. CONCLUSION

With knowledge of all the above mentioned authors all are do agree that the culture variation influence the leadership style one way or another and these variation create hurdles in the international projects so an effective leadership style must required to manage it effectively and create a healthy environment at workplace. The researchers also supported that Transformational Leadership style is much better than transactional leadership style. Although we can say that Transformational Leadership style is an extensive style and new style of the Transactional Leadership style.

The studies show that the country's Social-cultural factors affect the behavior and preferences of the followers. These researches also throw the light on that leadership behaviours influenced by the personality

factors of leader. The literature highlights that the personality factors of the leaders positively associated with the leadership styles.

The past literature implied that transformational leadership style could be used as the universal leadership style because it is flexible enough to adjust with the different cultures with some of the changes in practices. As the landmark of research GLOBE announced it as a Universal Leadership style in the cross cultural context.

Most of the authors preferred the Geert Hofstede's five dimensional Cross- Cultural Model and agreed with this that Hofstede cross cultural dimensions are the best to determine the cultural differences among nations. The author used the five dimensions: power distance, individualism/ collectivism, masculinity/femininity, uncertainty avoidance, and long-/short-term orientation to determine the leadership style and extensive difference of the transactional and transformation leadership.

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