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The specific role of transformational leadership in the organizational culture of service organizations

Специфична улога трансформационог лидерства у организационој култури услужних организација

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Abstract: Transformational leadership links creative thinking, persistence and energy, intuition and the sense for people's need for organizational culture. It strives for innovation and expresses the sense for vision and meaning. Literature analysis in this field is followed by the research that examines transformational leadership and its coherence with an organisational culture in the international service company operating in Serbia. The participants in his research have perceived the role culture as primary, particularly the culture of rules and procedures. This culture is suitable to people that expect security at work, which could be the main goal in the particular company, having in mind that work instability and insecurity have been a common denominator in the past three decades. However, if a company wants to be innovative, it would have to put more effort into transformational leadership that could not be thoroughly examined in this study. Suggestions for further investigation are given at the end of this study, lack of instruments for investigations are pointed out, with an idea for improvements.

Keywords: leadership stiles, transformational leadership, organizational culture, typography of organizational culture, service organization

JEL classification: M11, O14

Сажетак: Трансформационо лидерство повезује креативно размишљање, упорност, енергију, интуицију и осећај који је потребан људима за организациону културу. Оно тежи иновацијама и изражава осећај за визију и смисао. Након анализе литературе у овој области, следи истраживање које испитује трансформационо лидерство и његову кохеренцију са организационом културом у међународној услужној компанији на територији Србије. Учесници у овом истраживању улогу културе схватили су као примарну, нарочито културу правила и процедура. Ова култура погодна је за људе који очекују сигурност на послу, што би могао бити главни циљ конкретне компаније, имајући у виду да су нестабилност и несигурност на послу били заједнички именилац у последње три деценије. Међутим, ако компанија жели бити иновативна, морала би уложити више напора у трансформационо лидерство које се не може детаљно испитати у овој

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студији. Предлози за даља истраживања дати су на крају ове студије, указано је на недостатак инструмената за истраживање, са идејом за побољшања.

Кључне речи: стилови лидерства, трансформационо лидерство, организациона култура, типографија организационе културе, услужна организација

ЈЕЛ класификација: М11, О14

Introduction

Theory of transformational leadership is one of the most popular theories today in the field of leadership theory. In many studies, transformational leadership was praised for its superior and positive relationship with subordinates, their satisfaction, efficiency, motivation, dedication and an assessment of leader's effectiveness through transformational leadership. This type of leadership is based on intangible goals such as vision, sharing of values and ideas with the purpose of developing relationships in the organization, giving meanings to the personal/individual activities and adapting a common base of followers in a changing environment. Above all, transformational leadership is based on personal moral values, believes and leaders quality rather than the exchange process between a leader and a follower (which is promoted in transactional leadership). Organizational culture development is leadership conditioned when leadership development could be caused by organizational culture. For example, transactional leaders work in their companies respecting rules, regulations, procedures, norms while transformational leaders tend to change an organizational culture by understanding it and harmonizing it with a new vision, supplemented by shared assumptions, values and norms (Bass, 1985). Modern companies have to develop an organizational culture that supports the establishment of work/life balance of employees and managers (Mladenović & Krstić, 2021). Effective organizations need strategic thinking as well as the creation of organizational culture by their leaders. Strategic thinking helps in building and developing of the company vision. Vision appears and moves on with the leader's creation of an organizational culture which supports this vision. Vision, in turn, can determine the characteristics of organizational culture.

There are two types of leaders in companies – formal and informal – and, when this is taken into account, the connection between managers and formal leaders and managers and informal leaders is not identical, thus, a manager is not the same as a leader (Simić, 2020). Transformational leaders are described through 4 main characteristics called "4I" of the transformational leadership. "4I" is presented as follows: (1) idealized influence (charisma); (2) inspirational motivation; (3) intellectual stimulation; (4) individualized consideration. There is a significant relationship between the level of social competencies of managers and the results of leadership, and emotional intelligence is an extremely important factor that leads to top results of leadership (Bjekić et al., 2021).

Transformational leaders connect creative thinking, persistence, energy, intuition and the sense for need of others for organizational culture. In reality, comparing the transformational and the transactional leadership culture that strives for innovations, the advantage is given to transformational leadership, where a leader builds a culture on

assumptions such as: people are reliable and decisive, each person have/creates unique contribution and impact, and complex problems are solved at the lowest possible level.

There is a constant interaction between culture and leadership. Culture influences leadership more than leadership can influence culture. Taking into account the extensive literature in the field of leadership and organizational culture, in the world, and the underresearched above mentioned subjects by Serbian students, in companies i.e. in practice, this study will theoretically analyse transformational leadership and organizational culture, and then present research on transformational leadership in a multinational service company operating in the Republic of Serbia. At the end of the study, the obtained statistical results will be interpreted and corrective actions and directions for further research will be proposed. Likewise, one study in the field of teaching showed that all dimensions of leadership, as well as all aspects of LMX relationships, have a statistically significant and positive impact on the teaching process, as well as on the ethical and personal development of students, and the strongest influences are those dimensions that include activities outside the classroom (Tasić et al., 2020).

1. Organizational culture

The concept of organizational culture has evolved over the last twenty-five years. This period was marked by a large number of books, articles and authors' works on this topic, with the aim of shedding light on the phenomenon of organizational culture, understanding the principles of its emergence, development and influence on the successful business of an organization. Building qualitative organizational culture has been claimed as an important element of organizational success in the business world. There is not a single unique definition of organizational culture. By examining extensive literature of organizational culture and utilizing many of scientific and research articles, we can present organizational culture through the following definitions.

Organizational culture can be defined as the pattern of basic assumptions that a given group has invented, discovered and developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore to be taught to new members as the correct way to perceive, think, and feel in relation to these problems (Schein, 1984). Thus, organizational culture is a set of collective values, beliefs and practices of employees, a product of factors such as history, size of organization, strategy, management style, national cultures and other factors (Needle, 2004). However, corporate culture refers to culture deliberately created by management to meet strategic goals. Cultural differences manifest themselves in several ways. From the many terms used to describe manifestations of culture, the following four together cover the total concept rather neatly: symbols, heroes, rituals and values. The most cited typology of cultures mentioned in the literature is Harrison's, later modified and perfected by Handy. According to this classification there are four basic types of culture (Handy, 1993): (1) power culture; (2) role culture; (3) task culture; (4) person culture.

Charles Handy designed 15 dimensions, explained in the form of 15 items: the type of "boss"; the type of "well-behaved subordinate"; the way of determining company's priorities by its employee; the type of employee promoted within the organization; the way the organization treats its members; exerting control and influence within the organization; task distribution; employee motivation in accomplishing tasks; teamwork; team competition; dealing and managing conflicts; decision making; communication and control structure within the organization; ways of responding to external environment. The readiness of employees depends to a large extent on management efficiency and styles (Rodić & Marić, 2021).

The essence of power culture is orientation towards the leader, and the organization is a means of achieving the goals in the hands of the leader. Here, the leader makes the selection of people, and the selection of the right people leads to success. The advantages of this culture are its reliability and efficiency, but its disadvantages are its inability to adapt to change and lack of initiative. The disadvantage of this culture is that the size of the organization cannot be increased indefinitely; superficiality arises because there is no time to develop expertise in employees, and employees are too dependent on their own qualities.

2. Transformational leadership

In order to analyse the concept of transformational leadership, it is necessary to first look at different approaches to leadership as well as to study leadership styles. Leadership approaches are: (1) line theory; (2) behavioural theories; (3) situational theories; (4) charismatic leadership theory (transformational and transactional leaders are discussed).

Transformational leadership consists of four elements (Bass, 1998): (1) charisma or idealized (a leader is charismatic if his or her followers seek to identify with or imitate him); (2) inspirational motivation (motivate and inspire followers by providing meaning and challenge in their business); (3) intellectual stimulation (Intellectually stimulating leadership seeks to increase the use of followers' potential and abilities); (4) individualized considerations (individual leader consideration focuses on followers' needs for achievement and growth).

A large number of studies find that follower commitment, loyalty, satisfaction, and commitment are linked to transformational leadership (Fullagar, McCoy, & Shull, 1992; Niehoff, Enz, & Grover, 1990; Pitman, 1993). Transformational leaders act as coaches and mentors to their subordinates, concentrating their efforts on long-term goals, emphasizing their vision (and inspiring subordinates to achieve the intended shared vision), encouraging their subordinates to take greater responsibility for the development of their subordinates and the development of all others (Avolio, Bass, & Jung, 1999; Bass, 1985; Bycio, Hackett, & Allen, 1995; Howell & Avolio, 1993). Transformational leadership has received much more attention since establishing the link between significant results such as employee job satisfaction and organizational performance (Trépanier, Fernet, & Austin, 2012).

A transformational leadership style (Kaslow, Falender, & Grus, 2012) reflects leadership traits, personality traits, and the capacity to elicit change and benefit for the team or organization through examples. Transformational leaders are trustworthy, respectful,

proud, and strong role models for ethical behaviour, articulating a vision in a way that motivates others to agree, challenges assumptions, and fosters and nurtures innovation and creativity. They are ready to personalize training and opportunities, perceive individual needs, celebrate success and act as mentors (Bass, 1985). Typically, transformational leaders are charismatic and visionary (Burns, 1978).

Charisma provides followers with a pure sense and purpose to strengthen. It is a role model for ethical behaviour and building identification with the leader and his or her stated vision. Contingent reward clarifies what is expected of followers and what they will receive if they reach the expected level of performance.

Leadership styles have proven to be one of the key components of an effective organization. As Drucker argues, the way a leader interacts with a team can determine how employees act (Drucker, 2003).

The Podsakoff Transformational Leadership Scale contains six transformational factors (Podsakoff et al., 1990): (1) defining a vision; (2) providing a suitable role model; (3) encouraging the acceptance of goals; (4) setting high expectations of achievement; (5) providing personal support; and (6) providing intellectual stimulation.

Transformational leadership that encompasses the creation of vision and inspiration has a significant impact on the creativity of followers because the leader motivates employees, shapes the organizational culture and creates the organizational climate necessary for organizational change (Weihrich, Cannice, & Koontz, 2010).

3. Research in the field of organizational culture and transformation leadership

When it comes to leadership and organizational culture, different results appear in the literature as their reciprocal relationship. The authors examined transformational leadership and organizational culture and their mutual influence on different organizations and different patterns.

An overview of the research and the results obtained by the scientists is presented below.

A group of authors (Norlina et al., 2015) explored the relationship between leadership styles (transformational and transactional) and organizational culture in financial institutions. The aim of their research was to identify which leadership style creates a quality organizational culture in financial institutions. For this examination, they used Bass and Avolio's multifactorial leadership questionnaire, Gary McKeown's questions regarding quality organizational culture, and the IFE matrix to determine the current work culture in the observed organizations. Certainly, researchers see the great role of both styles in forming a positive organizational culture.

Another group of authors (Nguyen et al., 2016) explored choices in management control system design by examining how transformational leadership styles influence the design choices of an advanced Comprehensive Performance Measurement System (PMS)

and how widespread computing with information (BSA) facilitates the managerial decision-making process and the result of managerial work. The results obtained suggest that the style of transformational leadership has a significant positive and direct effect on the result of managerial work.

In his research, Manal ElKordy (ElKordy, 2013) examines the extent to which transformational leadership and organizational culture influence employee attitudes, as well as the effect of job satisfaction on organizational commitment.

Imran et al. (2016) analysed the link between transformational leadership and organic learning. Transforming firms from a resource-based approach to a knowledge-based approach enhances the importance of organizational learning. A positive influence of transformational leadership was found on stimulating organizational learning in the banking sector of developing countries.

Abdullah, Shamsuddin, & Wahab (2019) explored the connection between organizational culture, transformational leadership and organizational commitment. Their study aimed to determine the effect of organizational culture on the link between transformational leadership and organizational commitment among small business employees. The results showed that organizational culture has no mediating effect of transformational leadership on organizational commitment in small business.

Szczepanska-Woszczyna (2015) explored the impact of leadership on organizational innovation. Her study examined the link between organizational culture, leadership and innovation. The research was conducted in Poland on private companies. The results of the research confirmed the same as the theory that transformational leadership is linked to organizational culture and innovation.

According to Jaber (2015), some fundamental culture values are found in the knowledge base of the Palestinian social culture. There is also a reflection of the values on teacher's classroom practices and on the effect of those practices on student's cultural identity in the context from a cultural perspective. In the paper, the author used Hofstede's cultural framework. After the research author agreed with Hofstede that cultural dimensions constitute another important component of culture in addition to cultural norms.

According to Liu & Lee (2019), once an innovation climate and transformational leadership are developed, the employee will consciously feel that he or she is a significant part of the organization and will become relatively more willing to devote more time and effort to searching for new service or process improvements to satisfy customers' changing needs.

4. Research methodology

In order for an organization to be successful in modern business and the challenges that come with a modern business, it is necessary to pay attention to organizational culture and its connection to transformational leadership. Key values that would be manifested by employees, in such a case, would be adaptability, joint cooperation, commitment, effective communication, empowerment, flexibility, good organization morale, professionalism, trust,

continuous improvement of quality of work and respect. Transformational culture must fit Model "4I" (charisma-idealized influence, inspirational motivation, intellectual stimulation, and individual considerations) and then there is a general sense of purpose and sense of family within the company.

The objective of this research is to determine whether there is a correlation between transformational leadership and a specific organizational culture, and then to determine whether there is a difference in the expression of transformational leadership with respect to the age of the respondents in the organization, the level of education and the level in the organizational structure. The survey also looked at transformational leadership in respondents who, according to their commitment, belong to different types of organizational culture.

First of all, the goal of the research is to determine whether there is a transformational leadership in the company and in what way it is connected with the specific organizational culture, how the organizational culture is seen by the employees in the company, with the ultimate aim of identifying possible deficiencies and giving management suggestions for future improvements.

The research hypothesis

Main hypothesis - Transformational leadership show positive relationship with the specific organizational culture – role culture.

Specific hypothesis:

- H1 There are no age differences in transformational leadership;
- H2 There is a statistically significant differences in transformational leadership between employees with different educational levels, whereas employees of higher levels of education show higher transformational leadership
- H3 There is a statistically significant difference in transformational leadership between employees who perform different types of work, with higher levels of transformational leadership answered by employees in managerial positions compared to employees on the lowest organization's level.
- H4 There is a statistically significant difference in transformational leadership between respondents who have shown belonging to different types of organizational culture.

Instrument

The Transformational Leadership Scale has 5 items. Preliminary item analysis showed that one item (No. 1) had a strikingly low corrected item-total correlation; thus, its exclusion increases the reliability of the scale (from .69 to .78). The corrected item-total correlations of the remaining items are good in a range from .37 to .73.

The organizational culture questionnaire was used to operationally define the organizational culture variable (Handy, 1993). The questionnaire was defined based on Harrison's Organizational Ideologies Questionnaire (1972), whose typology inspired Handy in his work on the topic of organizational culture. The author assumes that this questionnaire measures four types of organizational culture, namely: power culture, role culture, task

culture, and person culture. Charles Handy assumed 15 dimensions operationally defined using 15 items.

This study used 8 dimensions that were assumed to be most relevant: the type of superior, the type of good subordinate, the way of prioritizing within the company, the way of determining employee success, the way to exercise control and influence in the organization, the way to motivate employees, make decisions, manage conflicts.

Four answers were offered for each dimension. The first answer corresponds to organizational culture oriented to the power, the second answer corresponds to organizational culture oriented to the role, the third answer corresponds to organizational culture oriented to the task and the fourth answer corresponds to organizational culture oriented to interpersonal support. Respondents were asked to pick one of the four offered answers. Each respondent's response is scored individually, in order to gain insight into the individual results, that is, how each respondent perceives the existing organizational culture within the company in which he or she is employed.

The questionnaire used to examine transformational leadership was developed by the authors. The questionnaire consists of 5 items, based on the theoretical framework of transformational leadership. The questions were answered in the form of a five-point Likert-type scale, with the degrees offered indicating the level of agreement with the given statement (1- not at all true, 2 - mostly not true, 3 - not sure, 4 - mostly true, 5 - quite exactly).

Description of the sample

503 respondents employed in a service company operating in the territory of Serbia, are selected as a sample. The sample is made up of employees who were available in the workplace at the time of the survey. Approximately 92% of the sample consists of employees-operators, while employees in managerial positions make up the remaining 8% of the sample. The structure of the whole sample with respect to socio-demographic variables is presented in Tables 1, 2 and 3.

Valid Cumulative Frequency Percent percent percent Valid Until 25 58 11,5 11,5 11,5 204 26-35 40,6 40,6 52,1 36-45 157 31,2 31,2 83,3 46 and more 84 16,7 16,7 100 Total 503 100 100

Table 1: Age

 $Source: the \ authors' interpretation$

Valid Cumulative Frequency Percent percent percent Valid Primary school 42 8,3 8,3 8,3 Secondary school (3 grade) 231 45,9 45,9 54,3 Secondary school (4 grade) 199 39,6 39,6 93,8 Bachelor and Master 31 6,2 100 6,2 503 100 100 Total

Table 2: Education

Source: the authors' interpretation

Table 3: Working place/Current job position

| | | Frequency | Percent | Valid percent | Cumulative percent |
|-------|---------------------------|-----------|---------|---------------|--------------------|
| Valid | · | | | | |
| | Worker/Terminal agent | 459 | 91,3 | 91,3 | 91,3 |
| | Fore-worker | 23 | 4,6 | 4,6 | 95,8 |
| | Middle and top management | 21 | 4,2 | 4,2 | 100 |
| | Total | | | • | |
| | | 503 | 100 | 100 | |

Source: the authors' interpretation

5. Discussion

Transformational leadership is associated significantly only with task culture, with low correlation intensity and positive (Table 4).

The main trust of task culture is success and achievement. The obtained result of the connection between transformational leadership and task culture in the observed company is clear because the company from small became big in a short period of time and the characteristics of organizational culture inherent in small companies were retained. The problem may arise because it is difficult to maintain a task culture in a large company, because there may be a superficiality due to the inability to monitor the development of each employee whose success depends largely on their own qualities.

Table 4: Descriptive statistics and correlation between variables

| | Transformational leadership | Power culture | Role culture | Task culture | Person culture |
|-----------------------------|-----------------------------|---------------|-----------------|-----------------|-------------------|
| Transformational leadership | 1 | Culture | Cartare | Curture | Curture |
| Power culture | -0.01 | 1 | | | |
| Role culture | -0.07 | -0.48*** | 1 | | |
| Task culture | 0.15*** | -0.28*** | -0.51*** | 1 | |
| Person culture | -0.08 | -0.20*** | -0.17*** | -0.15*** | 1 |
| M | 13.80 | 1.96 | 3.39 | 1.87 | 0.50 |
| SD | 4.03 | 1.16 | 1.36 | 1.10 | 0.68 |

Source: the authors' interpretation

Based on the variance analysis for repeated measurements, it was shown that there were significant differences in the expression of the four types of cultures (F (3,500) = 819.79, p <.001). Post hoc Bonferroni tests showed that there were significant differences between all cultures, except between the culture of power and the culture of the task, which were equally expressed in the sample (p = 1.00). Thus, role culture is the most pronounced, then cultures of power and task, and person culture is the least pronounced.

No significant age differences were obtained in transformational leadership (F (3,499) = 0.11, p = .96). In terms of educational background, there were significant differences in transformational leadership (F (3,499) = 3.86, p = .01). The Bonferroni post hoc test showed that there were differences only between respondents with three years level and four years level of education (p = .020), with respondents with four years of school achieving higher scores on transformational leadership (M = 14.29, SD = 3.65) compared to respondents with three-year secondary school (M = 13.15, SD = 4.39). No significant differences were found in transformational leadership with respect to the performing job (F (3,499) = 0.77, p = .46).

Answering questions on organizational culture structure in relation to the dimension type of the "boss", which operationally defines the type of organizational culture through the dimension characterized by the superior type in the organization, respondents overwhelmingly expressed their opinion in favour of the task culture (33%), followed by the role culture (32%). Organizational culture structure in relation to dimension type of good subordinate, which operationally defines the type of organizational culture through the dimension characterized by the type of good subordinate in the organization, the respondents expressed the highest score for task culture (41%), followed by the role culture (35%). As for organizational culture structure in relation to the dimension of company prioritization determination, which operationally defines the type of organizational culture through a dimension characterized by the way of determining companies' priorities by their employees, respondents overwhelmingly voted for role culture (47%). When it comes to organizational culture structure in relation to the dimension of the employee performance determination, which operationally defines the type of organizational culture through the dimension characterized by the means of the employee performance determination, they overwhelmingly voted for role culture (46%). As regards organizational culture structure in relation to the dimension of exerting of implementation of the control and influence in the organization, which operationally defines the type of organizational culture through the dimension characterized by the means of implementation of the control and influence in the organization, the largest percentage voted for role culture (54%). When considering organizational culture structure in relation to the dimension of means of employee motivation, which operationally defines the type of organizational culture through a dimension characterized by the means of employee's motivation, most respondents voted for role culture (47%). In the observed organizations, the way of motivating employees is mostly described as follows: "His workplace is such that it needs to be controlled. Organizational culture structure in relation to the dimension content of decision making, which operationally defines the type of organizational culture through the dimension characterized by decisionmaking, the highest score was for the role culture (64%). In the observed organizations, the decision-maker is mostly described as follows: "The division of work and responsibility in the system is determined to give tasks." Regarding organizational culture structure in relation to the dimension of conflict management, that operationally defines the type of organizational culture across the dimension characterized by the Conflict Management, respondents overwhelmingly voted for a culture of power (50%). In the observed organizations, conflict management is mostly described in the following manner: "Controlled by management".

Graphic presentation of organizational culture structure by all examined dimensions is shown in Figure 1.



Figure 1: Organizational culture structure by all examined dimensions

Source: the authors' creation

In Figure 2, we can see that the results obtained on the dimensions of the type of superior and the type of good subordinate correspond to the type of task-oriented culture, whereas the results on other dimensions correspond to role-oriented culture. It is interesting to note that only in the dimension of conflict management, the result corresponds to a power-oriented culture.

Graphic presentation of the primary organizational culture structure is shown on the picture 2.

Primary organizational culture

Power culture

Person culture

Role culture

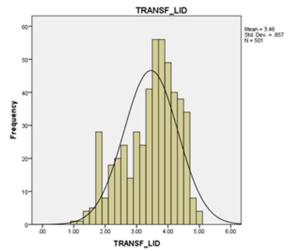
 $Figure\ 2:\ Primary\ organizational\ culture\ structure$

Source: the authors' creation

According to the results of the survey, we can observe that role culture is a type of organizational culture that is perceived as primary within the participant of this research.

Graphic presentation of transformational leadership responses with the indicated normal distribution curve is shown in Figure 3.

 ${\it Picture~3: Transformational~leadership~responses~with~the~indicated~normal~distribution~curve}$



Source: the authors' creation

Conclusion

An analysis of the results lead to the conclusion that the main hypothesis - "Transformational leadership shows positive relationship with the specific organizational culture". Role culture is partly accepted because we have not received a clear link on the positive connection of transformational leadership with the type of organizational culture. In future research, it is

necessary to expand the transformational leadership instrument in order to get a clear picture of the relationship between transformational leadership and organizational culture. Considering that it is a company where more than 90% of the respondents are executors, it can be concluded that transformational leadership cannot be applied in the given organizational and that the results obtained are a true reflection of the situation in the enterprise.

Through 8 operationally defined organizational culture dimensions, employees' commitment to the type of organizational culture was observed, primarily for role culture. The fact that role culture has proven to be primary is not unusual because it is an organization where sample size was made 92% of employees from the lowest organizational level, the ultimate performers. The result obtained was therefore to be expected because, as stated, executives do not have much space for creativity but clearly defined job descriptions. The proposal is for each employee to be given the opportunity to participate, where good ideas would be valued and good ideas would come because no one knows the possibility of promotion in the workplace better than the employee himself.

All the obtained results indicate that there is a need to continue research in the field of transformational leadership and the type of organizational culture relationship, which is at the same time a proposal by the author to scholars to pursue future research in this field on the territory of Serbia. Furthermore, the research should be continued in specific service organizations such as health organizations, culture organizations, educational organizations, insurance organizations, sport organizations, construction etc., enabling future researchers to conclude if there are any discrepancies with the results obtained in this research.

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