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Transformational Leadership According to Competitiveness of Small Enterprises

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Modern companies have to be innovative and flexible. The guarantee of their success is the permanent development. Leadership is an area, which in a very large extent determines the development of the organization. Leadership should be seen as a source of sustainable competitive advantage. The problem of leadership in organizations is one of the most important issues discussed in modern science of organization and management. Description of the concept of leadership still seems incomplete and leaves a lot of room for further interpretations, opens the possibility of building new theories and models. Leadership may be one of the most important building blocks for the success of the organization. Effective leaders often can prepare organizations for the next challenges of the environment, bring them to life, revive or create a completely new entities. For these reasons, the aim of this article is to identify the essence of leadership and transformational leadership as a source of competitive advantage. The study was conducted among small businesses. The study used a questionnaire with a five-point Likert scale. Studies have shown that in the analyzed companies there is the leadership of the transaction and transition of the managers towards transformational leadership. It requires a change in decision-making process, use of knowledge and team building.

In a business environment, where the expectations of stakeholders are enormous, and resources are limited, more and more challenges appear before the management staff. Managers need to involve all employees in the organization, so the organization can be successful. They change their role, their tasks and in an era of rapid changes they need to modify their behavior. We can observe in the organizations increasing crisis of leadership, which is reflected in the opinion of the majority of subordinates, who perceive their supervisors as strong leaders with leadership qualities. Description of the concept of leadership and the phenomenon of this occurrence still seems incomplete, still leaves a lot of room for further interpretations. It opens the possibility of building new theories and models. Organizations do not see the source of competitive advantage, which lies precisely in leadership. For these reasons, considerations in this article started with the identification and indication of the essence of leadership as a source of competitive advantage. The aim of the study was to show that the use of a change in leadership determine the development of the organization. Following main hypothesis was erected: leadership is a source of obtaining a competitive advantage by organizations. This hypothesis was verified by analyzing the literature, both domestic and foreign. The conclusion of the theoretical part is that in an era of rapid change, managers perceived as transactionally heads should move towards transformational partners. Selected for the small and medium-sized enterprises as a driving force of the economy. The research was used for the diagnosis of the SME sector in terms of leadership. To achieve the objective of the research a questionnaire with a five-point Likert scale was used. Studies have shown that in the analyzed companies is transactional leadership. The surveyed companies do not keep up with changes in the environment and do not use leadership as a potential determinant of competitiveness. Research added value: recommendations for the owners of small and medium-sized enterprises.

INTRODUCTION

Modern companies, in order to survive and even thrive must be flexible and innovative. Managers of modern enterprises by using bureaucratic management methods must follow the direction of leadership. Very often the "leadership" and "management" are treated synonymously. Pay attention to the fact that these concepts are not the same. Leadership is the ability to lead the organization into the future, consists in seeking new opportunities that emerge faster and faster and you should take advantage of the best ones. Leadership refers to the vision, the people who realize this vision, empowering others, and above all, initiating positive change. Leadership is not based on the attributes but on specific behaviors. In a rapidly changing environment, leadership is increasingly sought after and expected it from a growing number of people, no matter what place in the hierarchy.

Twenty -five years ago, J. Gabarro and J. Kotler proposed a completely new look at the relationship between a manager and a subordinate, paying attention to the interdependence of partners in these relationships. For these very reasons, managers should strive towards leadership transformation, which is characterized by the fact that the leader motivates subordinates to do more than initially intended, awakens a sense of the value and importance of their tasks, they realize that to go beyond self-interest for the benefit of the team, organization or society, points to the need to raise to a higher level of their own needs, e.g. Self-realization. Such a leader can be effective only when they use their own vision and energy to inspire subordinates. Transformational leader is able to revolutionize the company breathe in her refreshing spirit, adapt the company to the environment, be faster than competitors.

The aim of this study was to identify what transformational leadership is and an indication that transformational leadership can gain a competitive advantage. In the article, the authors attempt to prove and comprehend the research hypothesis that transformational leadership is a source of competitive advantage. The study was conducted among small businesses.

2 LEADERSHIP AS A SOURCE OF COMPETITIVE ADVANTAGE OF ORGANISATION

Management has become something so familiar and ubiquitous in our lives, both as an object of research, and the profession. (Drucker, P.). People managing organizations are constantly looking for new solutions, they try to find an answer to the question why some companies succeed and others do not, despite that they operate in the same environment. Answers to this question are looking at the issues concerning the competitiveness of the organization. Competitiveness is understood as the ability to acquire - through high quality products - first place in the customer feedback (G. Hamel , Prahalad CK) Another definition of competitiveness as the ability to recognize the achievement of the leading position in the industry, the ability to resist competition (Gorzelany - Dziadkowiec M). Competition is perceived as a source of growth in organizations and individuals, and as a success factor dependent on the economic and cultural conditions of the country, which can cause completely different approach (Penc J.).

In the era of globalization, any business that wants to grow must know their competitors and thoroughly analyze the environment.

Often managers in organizations in the efficient marketing activities, in modern management tools, programs such as Six Sigma (Palmer RE), or the transfer of knowledge and diffusion of innovation (Firle K., Viper D) see the source of competitive advantage. They believe that these are the key factors influencing the results of the organization. Definitely it is so. All these areas are very important if an organization wants to improve its competitive position, but it should be noted that the quality of leadership distinguishes organizations that are successful and those who suffer defeat.

Speaking of leadership it should be emphasized that the management is not leadership. Management is the totality of actions for the organization to achieve the objectives in an

efficient and effective way.(Machaczka J.) . Managing people is to get people to do the right things, and leadership in causing that people also want to do these things.

Management is the art of performing tasks using administrative skills - organizing, planning and implementing. Leadership contains in itself all that, but at the same time it is more incentive, more visionary, requires much more than the leaders of their personality than from managers. In other words, management is administration and leadership is vision, strategy and motivation. For these reasons, management requires other attributes than leadership (Palmer R. E., p.36). Leadership is an integral part of the management, not its substitute. The leader creates a vision and strategy to achieve this objective, the manager uses the different skills in working toward a vision. Understanding leadership is looking at them from the perspective of community and mutual dependence. The leader refers to the other, not standing on the side, he/ she is in contact and shows a positive attitude. Organizations need both to function effectively management and leadership. Leadership is a necessary condition for change, and management is a prerequisite for obtaining systematic results. Management, in conjunction with the leadership can produce systematic changes, leadership in conjunction with management allows you to maintain an appropriate level of compliance components of organization with its environment (Prime Minister).

Grace Hooper specialist in management matters and the first female admiral in the US Navy, stated that you manage things, while you lead people. That it is a fact, becomes a reality for growing number of people holding managerial positions, as the employees in the organizations they are in charge of are opposed to being managed, while seeking guidance, goals and values that they deem worthy of attention. Speaking of leadership, many people start to remember the personality, who are or were considered to be great leaders (Lipińska - Dam A.).

With the development of sociology, political science, social psychology, and the science of organization and management. Changes in perceptions of management and leadership were forced by the changing environment, the increasingly difficult conditions for businesses, by emerging new challenges appeared before the management staff. In the literature one can find many definitions of leadership some are oriented to the concept of power, other definitions combine leadership with the objectives of the organization, define leadership consecutive shots people or task oriented. Due to the multitude of definitions of leadership it is hard to choose one definition as a leading cause such a choice was related to the consent to certain limitations, inconsistencies and contradictions. For these reasons, the lead should be seen in a variety of contexts, which are listed in Table 1.

Table 1. Contexts of leadership and its characteristics.

context of leadership	leadership qualities				
Organizations based on orders and control	strongly hierarchical culture and structure, leadership style must include at least a small amount of delegating tasks and responsibilities;				
A partnership of equals skills	diplomatic partners have expectations that play a important role in the organization, open communication, style of behavior convincing partners;				
Vibrant Entrepreneurial Organization	clear communication of ideas and thoughts, expressing directly and unambiguously, openness to creativity and ideas of all members of the organization;				
Nonprofits Social	dependence funders seeking funds for activities, dependence on volunteers, the ability to inoculate volunteer work;				
The military leadership	The military leadership based on orders and control;				
Organizations in crisis	short time of decision-making, monitoring, direct communication				

Own study based on Palmer RE, 2013, pp. 42-79.

When analyzing the breakdown in Table 1, it can be stated that there is a need to dynamically change the type of leadership depending on what are the objectives to be achieved, the challenges facing the organization are; in which stage of development is the organization and in which environment does it works. In considering the issue of leadership, one should pay attention to two main attributes: charisma and vision. Charisma is often considered to be an essential feature for a leader so he/ she could lead others, so he could infect them with his vision. The concept of charisma has been thought of for many years. The largest contribution in this area was Max Weber that special attention in their studies led to the charismatic leadership. The same charisma Max Weber defined as a personality trait unit, which makes this unit is perceived by others as a personality unique and is treated as if it were endowed with supernatural force. Charisma is something that attracts people. It's like magnesium, which makes others want us to stay (Jamroży L.).

Charismatic leaders have the power to relate at a heightened level. Their employees identify with them, the leaders are to them unrivaled role models. The leaders also have a need to impact other people. They show their followers vision, which sets sights high, which captures their commitment and energy.

The concept of creative development of the idea of charismatic leadership was created by J. Burns (Burns, J.). He distinguished two different types of transactional and transformational leadership. Transactional leadership is defined as a process in which leaders and their supporters help each other to move to a higher level of motivation. The author of this concept highlights the difficulty in differentiating management and leadership (as mentioned earlier) and argues that there are significant differences in the characteristics and behaviors. Transformational leadership is, however, associated with a significant change in the lives of people and organizations, change of views, values, expectations and aspirations of employees. According to J. Burns transactional and transformational leadership varies depending on the

attitude of the person managing to meet the needs of lower or higher rank. The level of transactional leadership meets the needs of lower order, and transformational leadership is based on meeting the needs of a higher order, based on fulfillment of all the members of the organization benefiting from the aid of leaders who are morally designed to work to benefit the unit, organization, or the community. Transactional leaders usually do not aspire to a cultural change in the organization, but they operate in the existing culture, while transformational leader attempt to change the organizational culture. Transformational leadership is based on the influence of charisma, inspirational motivation, intellectual stimulation and individualized approach (Burns, J.).

In this approach, organizations wishing to gain a competitive advantage should see transformational leadership as a source of competitive advantage.

3 MANAGER VERSUS LEADER: TRANSACTIONAL CHIEF OR TRANSFORMATIONAL PARTNER

Along with the evolution of leadership in organizations so is changing, the role of the manager. Currently, the significance of difference between the role of manager and leader must be stressed. Manager is seen as a transactional boss who is plans, analyses cost, organizes. protects personnel, controls, solves problems, but does not involve people. He doesn't triager enthusiasm for action. For these reasons, managers in organizations should move towards leaders - transformational partners. The process of becoming a leader is a hard but rewarding journey, continuous learning and self-development (Hill L.A, p.8). Transformational leadership. following in the partnership is the best way for team integration (Łopaciński W.). Transformational leader is the captain, not a plan-but he/she shows the direction of action and vision. His/her job is to motivate to performance and to work creatively. The leader inclines others to act, thus in the organization, plays the role to inspire and engage. The main task of a leader is to define courses of action, and even if the direction is already defined by the organization itself, leader re-defines the course of action in such a way that the vision has become his own vision in line with individual objectives and values. Transformational leader, therefore, makes sense, explains the goals at all levels so that people get involved in their implementation. Consequently, the leader must skillfully communicate with employees as leadership concerns human at a much deeper level than the formal role manager.

The transformational leadership attention concentrates on the ability to change, poisoning to engage supporters and creating relationships that result in achieving greater motivation and development of morality. The leader transforms and motivates them to increase their awareness of the importance of their tasks and to inspire them to go beyond their own interests, and focus on the groups and organizations by acting on their higher needs (Burns, J.).

The transformational leadership interrelationships between leaders and followers elevate them to higher levels of motivation and morality. The objectives, at the beginning, are related, but separate, then they fuse with each other. The authority supports the common objective. It is a dynamic leadership based on the commitment of both sides. The leader has a vision, inspiration and works. He/she achieves it by using the transaction managers to effectively manage cultural change, so that the organization can adapt to the environment in which it operates. Transformational leader has eye-catching style and personality, characterized by large social skills, and individualized treatment of people, aptly reads the importance of other people's reactions and efficiently manipulates the impression conveyed to the other (Mrówka R., p.36). Summary of the characteristics of transactional chief and transformational partner along with the benefits offered by the transition from transactional chief to transformational partner summarized in Figure 1.

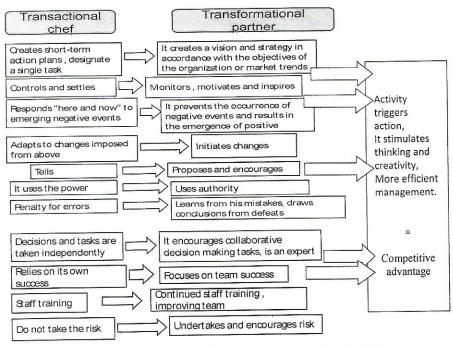


Figure 1. Features of transactional chief and transformational partner.

Own study

When analyzing the statement shown in Figure 1, it can be stated that in transformational leadership, leader often proves enthusiasm, passion, inspiration to stimulate the team to action. The leader uses techniques imagination and creative search for solutions to make changes. Taking into account the characteristics of a leader - a transformational partner tells you that the heart of leadership is to motivate employees. The value that comes from having a team of people who are not afraid to take a stand and to make the right decisions in their area of operation and believe that they can make the best possible decisions is simply immeasurable. This gives a great strength to the organization if its members will still have a positive attitude it is a quarantee of success (R.E. Palmer, p. 202) and it is the source of sustainable competitive advantage. The basic principles in creating the incentive system is first necessary to understand the needs and goals of individuals and groups that make up the organization, on the other hand you have to build faith in the future of the organization, thirdly need to involve employees in the planning process, you should personally communicate with the largest number of people in organizations, you must also remember to respect different opinions and listen carefully before deciding to build faith in people and team (R.E. Palmer, p. 203). When considering issues relating to the transformational leadership you also need to clearly

specify that it requires to support people in their personal and professional development, regardless of their position in the organization. This support should be based on knowledge, observation and experience. The effectiveness of personal development is influenced by three

main factors: knowledge, which is what you need to know to be good in the field, skills or skilled use of knowledge in practical action, attitude on which particular attention should be paid, namely personal relationship and attitude to change each member of organization (R. Jasinski, p. 20).

4 TRANSFORMATIONAL LEADERSHIP IN SMALL BUSINESSES - AN EMPIRICAL ANALYSIS

In order to accomplish the purpose of this article studies have been conducted in small companies selected at random. Surveyed were 30 small enterprises in the confectionery – bakery, catering, hairdressing and cosmetology. The study covered business owners and employees. The findings of the study are summarized in a single Table 2. The study used a questionnaire with a five- point Likert scale, where 1 quality research completely does not apply (or is absent), 2 - it refers to the minimal, 3- part relates part not 4- concerns, 5- relates to a very large extent.

Table 2. Leadership in small businesses - the results of empirical research.

	Grading scale				
Leadership qualities	1	2	3	4	5
The tasks are defined in detail and top-	-	-	16,7%	72,2%	11%
down		4.40/	000/	200/	11%
There is strict control	-	11%	39%	39%	1170
Punishes workers for mistakes	5,5%	22,2%	72,2%	0007	-
eadership is prescriptive	11%	16,7%	33,3%	39%	= =0/
Persons managing power use	16,7%	22,2%	50%	5,5%	5,5%
Decisions are made independently by	5,5%	5,5%	44,5%	44,5	-
nanagers The risk is not taken	16,7%	22,2%	44,5%	16,7%	12
The risk is not taken	-	16,7%	61%	22,2%	-
The objectives are defined jointly, employees take part in formulating strategy Management:	/				
Monitors , motivates and inspires	_	5,5%	27,8%	55,5%	11%
nitiates	-	-	33,3%	61%	5,5%
t does not appear commands , but	-	16,7%	44,4%	33,3%	5,5%
suggests and encourages					
uses authority	5.5%	11%	61%	22,2%	-
leses authority He learns from mistakes	5,5%	16,7%	50%	27,8%	-
Does not punish employees for mistakes	-	16,7%		22,2%	5,5%
Joes not punish employees for mistakes		11%	61%	16,7%	5,5%
Decisions are made collectively	_	5,5%	22,2%		16,7%
Focuses on team success		-,	44,4%		16,7%
He cares about improving the team	5.5%	11%	11%	67%	5.5%
akes risks	5,570	16,7%	The second second second		11%
It supports employees in their personal development	-	10,7 70	22,210		
Employees:		5,5%	27,8%	44,4%	22.29
They are aware of improvement	-	5,5%			100000000000000000000000000000000000000
They are open to change	-	0,070	27.8%		16,79
The organization is based on the knowledge resources	-	-	21,070	33,376	10,17

Own study.

When analyzing the statement it can be stated that the surveyed enterprises leadership is transactional and managers are very slowly moving towards transformational leaders. In the surveyed enterprises tasks shall be defined in detail and top-down (83% of respondents), there is strict control (50% of respondents, while 39% of respondents identified that partly there is strict control). It is an alarming statement, that there is penalty for errors (answered nearly 73% of respondents). The respondents have also determined that to a large extent, that leadership is prescriptive (39%) and 33% identified that leadership is partly prescriptive, about 60% of respondents identified that the leadership partly uses power, decisions are taken by the leadership (44.5%), while the other 44.5% of the partially so). The targets are partly determined iointly. When analyzing the characteristics of the behavior of managers leaders it should be noted that the partial features of such managers in the surveyed enterprises occurs. However, their occurrence is a partial, anyway: encouraging action, basing on the authority, learning from mistakes, punish mistakes, taking risks, taking care of the improvement team, these features were assessed by nearly 50% or above 50% of respondents. It should be noted that there is dependence and logical thinking in responses, e.g.: leadership is prescriptive resulting in only partial use of authority, and to a large extent build on the use of power by those in charge. In the surveyed enterprises in the heads are visible qualities of leadership transformation, such as putting on a successful team (yes answered more than 70% of respondents), risk-taking (as answered more than 70% of respondents), supporting employees in their personal development (so answered 61% respondents).

In the analyzed companies, employees: are aware of improvement (so answered nearly 70 % of respondents, while nearly 30% answered that partly), are open to change (yes answered nearly 75 % of respondents while almost 20 % said that partly). The use of the knowledge in leadership has been assessed weaker in the surveyed organizations, analyzing this area 28 % of respondents answered that the organization is partly based on the resources of knowledge, 55%, that is based, while 17 % answered that to a very large extent the organization is based on the knowledge resources.

Using the above analysis it is clear that the surveyed enterprises appear to follow in the direction of transformational leadership but nevertheless there is a need to make changes in this area. Suggestions and recommendations for the analyzed companies are shown in Figure 2.

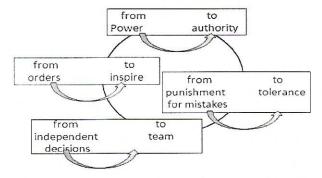


Figure 2. Suggestions and recommendations for the analyzed companies.

Own study

Analyzing the results of research, it has been proposed that in the analyzed companies area of leadership needs to be amended. It should be noted that the leadership of the surveyed enterprises is the first stage of leadership development. This level chased by reliance on the authority, issuing the command, control, defining the purpose of strictly top-down. This paradigm definitely needs to change. The recommendations of the Figure 2 illustrated modification activities in the examined company. It's easy to tell from the power to authority. from orders to inspire, from self-brave decision to team, from punishment for errors to tolerance. It can occur, at this point the question is how to do it? Long-term factor (instruments) which can be used repeatedly and used in small enterprises to enter the desired leadership styles can be training. With training managers will be gaining authorizations-experienced knowledge of leadership and teamwork. An interesting and worth recommending is a program of The Leadership Pipeline (applied and used by medium and large organizations), which is addressed to different groups of leaders and aims to provide standardized common approach to the different levels of leadership in the organization [Modjeska I.]. The barrier to the implementation of this solution by small companies may be financial aspects and specifics of small businesses (solutions of large enterprises are being implemented with great delay in small businesses), but it would be an effective instrument for leadership development. In the medium-term determinants of leadership, development should take advantage of structuring the work, which includes the creation and modification of existing structures work. Structuring work will build cooperation and teamwork through the development of trust, openness and empathy in creating relationships. However, to go from the first level of leadership, where people follow the manager because they have to, we should focus on current activity. The starting point to move to a higher level of leadership (relationship building, staff development, referencing the authority) persons who are managers must begin the process of personal transformation. Managers' journey in leadership should start with an assessment of each other, from realizing their strengths and weaknesses, its impact on people with the consequences and they should get to know their potential. Starting from each other, in the next stage. managers' follow in the direction of leaders.

Start building professional relationships with people. This may occur through open communication in the team and quick decision making. The second stage in the development of leadership characterized by cooperation in the team and that people follow the guidance of their own accord, willingly. Such measures would help to build the authority of the time. People in the organization will appreciate a manager for who they are and their work will be more efficient and effective. In conclusion, the most important finding of the study is a reflection and recommendation for small business owners that they begin to transform the organization from personal transformation.

5 SUMMARY

As it is clear from the analyzed organizations, management needs to acknowledge potential areas of change in their behavior. To a lesser extent, they should use the power and leadership based on authority, which is built over a long period of time. The style of management based on issuing orders should give way to motivation to action. Management should monitor the work of subordinates, inspire them to action and encourage to change. Following towards collaborative decision-making, although it is more expensive and increases the time it takes to make a decision, it liberates the potential of the team. It encourages to submit ideas, helps to identify predispositions, needs and aspirations of workers and recognized their value.

Following managers towards transformational leadership encourages the manager to individualized perception of a subordinate through the prism of his/ her needs and values, meet

the needs and expectations of the employee, create the desired attitudes and behavior, increase activity, the integration of individual and company objectives .

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