Transformational Leadership Communication in Developing Countries' Business Environment

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Abstract

The paper investigates the role of the leaders of Small and Medium Enterprises (SME's) in a Developing Countries' Business Environment (DCBE). The research aims to underline the rapid transformation of this environment in transitional countries like Kosovo and other Balkan countries and the readiness of SME's to adapt themselves in a new market economy. Again, the research aims to analyze whether the changing Business Environment has determined the transformation of the leadership skills and strategies of doing business and whether they have accepted the new role inside the SME's and in a market. The SME leadership is facing with two challenging situations: the transition of the economy from state controlled system to open market economy, and the transformation of the organizational communication structure to a more active one. The research aims to identify the leaders' forms and methods of communication in medium enterprises in transitional countries and to identify transformational leaders. The research objective is to have an overlook on leaders' profile in medium enterprises in Kosovo. The research shows a clear picture about fundamental communication characteristics of leaders in SME's and the possibilities of the transformation of the leaders from leading managers to transformational leaders.

Keywords: Leadership, Transformational leader, Effective communication, Ethos and Ethics, Small and medium enterprises.

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Introduction

The identification of communication skills of the leaders is of significance if we want to identify the ways of internal organization of the enterprises, as well as external communication abilities. These abilities are connected with business environment. In transitional countries, like Kosovo, where the traditional way of doing business was historically influenced and directed by the state, leadership is facing himself with two processes: establishing of new business culture, as well as transforming the leadership from power concentrated or servant leadership to transformational leaders. To do that, the leadership has to underline the importance of the communication and to consider it as a crucial tool for success. Therefore, they should invest in connecting leadership to communication.

However, this connection will not be possible if the leadership doesn't define communication's role inside the management's vision and managerial structure. As Amelio Gilbert, Former President as CEO of National Semiconductor Corporation stated: "The leader must be able to share knowledge and ideas to transmit a sense of urgency and enthusiasm to others. If a leader can't get a message across clearly and motivate others to act on it, then having a message doesn't even matter."

So far, defining leadership communication is crucial, but the status we give to the communication it is considered a challenge for non-transformational leadership. Therefore, it is necessary that businesses accept the importance of projecting a positive ethos (authority and credibility) in front of the audience point of view to be able to take right ethical decisions (Barret, 2011). Recognizing a role of communication means adopting rules in the companies which will consider as a priority the ethical issues in the decision-making processes.

The SME's in Europe account around 95% of all enterprises and 60%-70% of employment and generate a large share of new jobs in OECD economies (OECD Policy Brief, 2000, p. 1), while in Kosovo they make 88.82% of the total number of businesses (Strategy of Business Developing), which means that they are the most important pillar of economy. Around 50 % of them are family businesses. This research proposes to investigate the transformation of SME leaders from managers which follows the rules predefined by the state into transformative leaders, who play a significant role in increasing the motivation of the employees, inspire, influence and transform the companies into a more dynamic business, create a positive environment and adapt the communication into the strategic focal point of the companies. The key research questions are as follows:

1)   Can SME's in developing countries adapt themselves to the Business Environment changes?

2)   Are SME leaders able to transform from following leaders to transformative one with a use of communication?

Background Research

The Economic System in Kosovo and other countries in Balkans has been transformed from state controlled economy to the free market economy, and some researches have been developed through the years. Business Environment has been area for specific researches in Kosovo. All of them show the difficult process of transformation of the businesses and the challenges in adapting the new economy rules and building a sustainable business structure. Therefore, we need to investigate how communication can be used as a tool to supplement the transformation of the leadership and businesses in more creative economic factors. The major part of the Enterprises is small business and are managed by owners, even though there is no theoretical clear division line between small and medium enterprises (Shiroka-Pula, 2011). They are facing with two challenges: to benefit for the owner and to increase the capital by selling products (Osteryong, Newman & Davies (1997). Both of this objectives are challenging and do implicate the role of the

communication. Being leaded by owners, the communication form is vertical and doesn't give a much attention to the feedback information. Medium Enterprises, in the other hand, are developing horizontal communication structure. The extended number of employees has forced the direct impact in the increased concurrence and organizational structure (Kreitner, 2009). The research aims to analyze whether the changed economic system and the changing in organizational structure have had impact in communication forms of the leaders and whether the changing communication forms have transformed the leadership.

Transformational Leadership and Communication

For more than four decades the economy in Kosovo was controlled by the state. The leadership of the companies has to follow the rules defined by the state and have no significant role in building a strong strategic communication inside the companies which could have impact in the motivation. From the early 90's the Business Environment has followed the changes in the economic system.

The leadership of the Medium Entrepreneurships (ME) uses communication a tool for building new strategies and has started to include it in their own strategical documents. But, the Market changes have been so dynamic that the transformation of the system required very dynamic and transformative leaders able to adapt the changes and to face with challenges.

Theorists usually use words "influence", "inspire" and "transform" as characteristics of leadership. But, as Barrett (2010) underlined, all of those characteristics depend a lot on communication. The leaders do communicate constantly, in the major time of the day. Furthermore, their decision-making process is very connected to their own emotional intelligence (the ability to self-evaluate and to evaluate the others), and based on the use of words, behaviors and forms of communication. However, inside the organizational communication we can not speak about "common styles". Furthermore, we have to admit that leaders act emotionally and are responsible for creating a "better moral" inside the organizations. As former IBM CEO, Louis Gerstner said: "The employees have to believe that you believe" in something which can be higher than the average expectations. If the leaders transmit a strong commitment to the common values, define a clear vision for the future of the company and influence the description and the achievement of the company goals communicating in a motivating way, it means that the leader has accomplished the Rubicon: has made a strong connection of leadership and decision-making process to communication.

Positive Ethos and Ethics in Decision-making Process

Transformational leadership occurs when a leader stimulates, motivates, and inspires a group to move toward the leader's vision, with the idea that the vision will result in a greater good for individuals, the community, and the country at large (Hanson, 2014). All the above mentioned characteristics of transformational leadership are achieved through communication as a tool to improvement and cooperate.

Creating a positive ethos for yourself is a key to create a bases for the decision-making process. But, the common values we consider as a basis if we do the self-evaluation and consider the achievement of this positive ethos for ourselves is depending from the culture we have. Therefore, different behaviors have a different meaning in different cultures. It is understandable that some values have to be considered as common values regardless of individual and collective culture. Outward manifestation, inner character and communication actions are broadly accepted as a key component in creating common values that every leader has to achieve to be considered a transformational leader. The character is "under surface", therefore the most difficult component to understand, but the most decisive as well in creating a positive ethos of the leaders.

We judge the leaders by the decisions they take and they invest their character in the decisions they do take. Therefore, being ethical leader means doing ethical management as it is presented in Hosmer's Analytical Process to Resolve Ethical Questions (Hosmer, 2003). The final aim of this process is proposing of convincing moral solutions.

Research Method

Through the present research we want to find out how communication of the leader / manager in SME's can influence the employees and how positive communication can be a good incentive for employees' motivation to work. To have better results of our study a questionnaire was distributed to 346 employees in 72 MEs in Kosovo. In way to give equal chances of being picked for each member of the target population the sampling technique used is random sampling. The total employees of ten companies are 927. The qualitative data analyze has followed the interviews we have developed with a focus group of 10 high managers or owners of those companies.

Leadership Communication in Medium Enterprises in Kosovo

Do the leaders of Medium Enterprises of Kosovo invest in a positive ethos for themselves and do they have overpass the traditional servant leadership and orient their own companies towards a transformational leadership? What is the role of communication in this purpose? Does the structure of ME-s allow to implement a transformational form of leadership?

The research shows that the relationship between the leaders and the staff for a long time has been developed based on the direct exchanges of the leaders with the employees and has been motivated by the leader's point of views. This can produce the "authoritative" style of communication (Papa, Daniels & Spiker, 2014, p. 213-216), as far as the leaders are responsible not only for the communication bat for the management of the companies as well, and the market is still unstable and the employees' rights have been attacked not rarely. The level of communication with the internal staff, however, can be different comparing it with that with external staff. The role of the leader is becoming more active and the managers are cooperating with employees, having in mind that the level of cooperation with the staff is more decisive than the behavior of the leaders. Therefore, acting emotionally and understanding the situation of the employees is crucial to bring everybody at the level of self-understanding and of the role of employees inside the enterprises. Acting and reacting can serve to the leaders and/or the managers of a company to accomplish the company's objectives and create and competitive advantage. The findings of our research show that the involvement of the employees in the companies' most sensitive issues has been the most transformational dimension of the medium enterprises in Kosovo. The leaders of the companies are accepting the role of the employees in creating a positive image for the ME-s. But, at the same time, the forms of the communication are still remaining the biggest challenge inside them. They are still not ready to fully involve the employees in the decision-making process and give them the role into developing a companies' strategies nor in the promoting the common values of the companies. They do not act still emotionally and, as a result, they usually deliver the duties, but do not involve themselves in the interaction with the employees. So far, they still do not invest enough in creating a business culture as a "groups behavior over time" (Harrison & Mühlberg, 2014, p.111), where the employees would be fully involved and serve as promoters of the companies' common values.

The research shows also that the leaders influence in companies' staff is transmitted mostly throughout the leader's decisions rather than thorough the emotional acting and emotional influence. There is a lack of strategic information flow, and that has a direct impact in strategic perception management.

In the corporate context, culture is the key to almost all the best achievable outcomes (BAOs) of performance (Harrison & Mühlberg, 2014, p.111).

Therefore, the creating of positive culture inside the companies is crucial to the achievement of the better performing team. This company's culture is connected and can be changed by the leader's personal style of communication (Pandya et al. 2004, p. 56). This culture is a key component of the "strong immune system", necessary in the today's business world. Having in mind that the SME's in Kosovo are still based on the depending relation between the leaders and the staff that means that those companies are suffering by the lack of a stronger immune system, which could be achievable by changing the internal culture and promoting a stronger delivery of the common values between the employees and leaders. That would push the company to react more responsibly in the external social life, but also it would reflect in internal business culture.

Findings and Discussion

As far as communication and leadership are two largest managerial skills inside the companies, we founded out that it is not usual case to find these two skills very connected. That because both of these skills are dependent on the capability of the leaders to use Emotional Intelligence (EQ) as a tool for creating and leading organizational structure of the companies and for better connecting with the people, despite Intellectual Intelligence (IQ) or multiple intelligence. There are, however, other factors, which have determined a leadership communication of SME-s in Kosovo as non-fully transformative leadership. Most of the companies are commercial enterprises which are leaded by the owner (over 35/60) and 82 per cent of them are dependent by the vertical form of communication. The leaders have a strong impact communication forms, as "the people have needs for power" (Tjosvold, 1985, p. 12). This fact has predicted the low level of participation of the members in decision-making process (38 per cent), and in the organizational structure of the SMEs. 84 per cent of them have built a very centralized organizational structure. That fact has determined a way of performing of SMEs. 76 per cent of them base their performance in organizational performance of the company and only 24 per cent of them base their performance in organizational structure of the employees. That shows that the SMEs are not very focused in using the EQ for building a strong interpersonal communication and organizational structure based on the employees' performance. The organizational structure is based on the role of leadership and their skills to interact with employees in giving them a specific role, correlative with the other's role inside the companies. This is a crucial paradigm which can examine the beliefs and assertions of the leadership theories.

Conclusion

Leadership Communication, which aim is to motivate others to share the same values of the companies in today's business is one of the biggest challenges the businesses are facing with. The changes in Business Environment and the transformation of the Economic system it has had a high impact in transforming the ways of communication inside the SME's, but still the leader's communication it is insufficient to share knowledge and fully motivate the companies' staff to act with enthusiasm. As far as the SMEs are mostly managed by the owners, who still use the vertical form of communicating, the SMEs haven't been able to initiate a new horizontal way of communication.

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