

Transformational Leadership: An Approach to Concretize the System of Governance

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ABSTRACT

Multiple governance constitutions aimed to prevent widespread illegitimate corporate affairs compel leadership to modify the behavior of the organizations and their constituents. Thus, the main purpose of this paper is to study the relationship between transformational leadership style and governance practices in the organizations. The study would analyse theories of leadership namely Burns theory of transforming leadership, Bass' theory of transforming leadership. The study would also conduct an empirical literature review in order to establish a link between this visionary approach of leadership and good governance in the organisations. From the view point of human resource, employees are regarded as the best executives of good governance practices. The success of good governance cannot be ensured, unless the individuals working in the organisation implement the policies designed by the top management in their intended form. In this context, transformational leadership, the latest and the most influential style of leadership and governance are rarely analyzed simultaneously. Transformational leadership is an approach to leadership which inspires and persuades the employees to develop and practice good governance. This study based on secondary data taken from newspapers, magazines, governmental reports, research papers etc. analyses the positive and long lasting impact of a transforming leader on his followers so that good governance can be taken at the grass root level of the organisation. Thus, the study attempts to analyse the association between transformational leadership style and employees' good governance characteristics. Further, since job satisfaction indicates employees' attitude about their job and commitment to an organization, it has been one of the crucial field of interest in both the disciplines of organisational behaviour and human resource management practice. Hence, today's managers are necessarily required to be mindful about the job satisfaction of the employees. The basic purpose behind the notion of corporate governance is not only that the organisations should be well managed but they must be effectively and internally regulated. Despite the existence of plethora of studies on corporate governance none has examined the connection between corporate governance and employee job satisfaction. Thus in this context, the present study seeks to investigate the anticipated relationship between good corporate governance and employee job satisfaction.

Key Words : Transformational leadership, Governance, Job satisfaction

INTRODUCTION

Leadership is a process whereby an individual seeks to influence a group of individuals to attain a pre determined collective goal. Being strategic in nature, the transformational leadership is the most constructive form of leadership. By concentrating on the common goal of the organisation, the leader confers smaller assignments to the team so the organisational objective can be

achieved. He inspires the followers to transcend their self interest for the interest of the organisation. He considers individual needs, nurture intellectual capacities, provide vision and a sense of mission, communicate high expectations and assist the followers to address conventional problem with new methods and practices. He persuades the employees to be more innovative and creative and perform beyond the current level so that the group goals can be achieved.

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First termed by the World Bank governance refers to the way in which influence over social and economic resources of a country is exercised for its development (Naciri, 2010). At corporate level, governance is an interior structure of policies, processes and people which direct and control managerial activities that take care the needs of shareholders and other stakeholders with good business accountability and integrity. Whether it is private or public the direction provided by a leader to any organisation influences the governance practices adopted in any entity. Thus, it is worthwhile to consider the relationship between transformational leadership and governance so that the entities can stand guided on these two tenets that are key to the success of any concern. Transforming leader provides the motivation and stimulus to make governance effective by creating a culture in any organisation which uses effective governance to achieve its purpose. This instigate the behaviour needed to embed governance in the organisation. Transforming leaders do not see governance principles as impediments but as vehicles towards success of the corporate.

With increasing public awareness and well informed civil societies, public sector organisations have realised that in order to deliver their services perfectly for a longer period of time they have to upgrade and intensify the values of good governance constantly. In the current scenario of economic turmoil to attract private investments to achieve the potent economic growth in the country the foundation of public confidence and trust on public sector organisations is fundamental which can only be constructed by adhering to principles of good governance. This require an exhibition of valuable elements of good governance like transparency, accountability, efficiency and effectiveness, rule of law, commitment and integrity etc. in the behaviour of public sector employees. Past studies have explored the governance problems in public sector organisations and one of the most prevailing problems identified is conventional style leadership practiced in these agencies (Kamaruddin *et al.*, 2012). The role of a transformational leader is to modify the behaviour of his followers to achieve the goals of the organisation by striking a balance between the interest of all stakeholders. By this modification he can encourage the employees to adopt more and more good governance practices.

In the current phase of increased organisational transparency be it public or private, accountability, greater workforce mobility, and severe skills shortages,

engagement, and retention have emerged as top priorities for business leaders. Ideally, assuring mutual cooperation is a central purpose of human resource management in its role in improving organisational performance which can be achieved through employee job satisfaction. Hence, creation of an appealing working environment and ensuring that employees remain satisfied within an organization is a key component of success. An organisation that create a participative work culture defined by job and organisational satisfaction, greater employee engagement and participative leadership, surpass its peers and will likely to outstrip their competitors in attracting and retaining top talent. The primary consideration in governance revolves around the question of how best to bring optimal economic performance and distributional justice within organisations. Organisations are not just responsible to customers, but also their employees to the extent their welfare is key organisational progress and sustainability. Given the important space employees occupy in organisations, it is a point of great concern to investigate the extent to which corporate governance and its dimensions predict employee job satisfaction.

Objectives of the study:

1. To study the impact of transformational leadership on successful governance practices in the organisation.
2. To investigate the relationship between transformational leadership and employees' characteristics of good governance.
3. To examine the association between good governance practices and job satisfaction in the organisation.

Literature Review:

Transformational leadership:

In the recent past leadership is one of the most analysed concept in the discipline of organisational behaviour. A large number of researches have been carried out on various styles of leadership and many theories have been put forward by different researchers and scholars. Out of those transformational leadership is the most latest and contemporary approach to the leadership. James MacGregor Burns firstly proposed the concept of 'Transformational Leadership' in 1978 in his investigation of political leaders and later this idea of leadership was refined by Bass (1985). Two basic

concepts of leadership: 'transformational' and 'transactional' leadership were put forward.

Transactions influence the relation between a transactional leader and his followers whereby the leader give unique attention to the individual needs and desires of his followers. To improve the efficiency and effectiveness of the employees the leader uses the traditional system rewards and punishments. Three attributes of transactional leaders who mainly concentrates on result and work orientation are contingent reward, management by exception, and laissez-faire (Bass, 1985). Contingent rewards involves the system of providing certain desired rewards if the followers perform according to benchmarks established by the organisation and its managers while no rewards are ensured if the performance is not according to guidelines specified by the leader. The characteristic of management by exception points towards a situation where the leader continuously observes the task accomplishments of the followers and takes remedial steps if the team members deviate from the established standards. Lastly, the trait of laissez-faire exhibits the leaders involvement only if any unfavorable situation creates any problem. Under this style of leadership opportunities for job satisfaction are very less for the followers.

While transactional leadership involves the assumption of exchanging material inducements in lieu of performance and loyalty of the followers, transformational leaders ensure team members' participation, give a special focus to their higher order intrinsic needs and create confidence in the followers to achieve significant accomplishments and make them aware about the new methods in which the these tasks can be accomplished (Mugenda and Mugenda, 2003). According to Bass (1985), a transformational leader is one who raises the commitment of the followers to such a level that the employees start believing that the fulfillment of organisational interest doesn't harm their interest rather their interest can be best served only after serving the organisation with their fullest potential. The leader is able to influence the behaviour of his followers through his four key behaviours which are idealised influence (charisma), inspirational motivation, intellectual stimulation and individualized consideration

Idealised influence :

Sosik, Godshalk, and Yammarino (2004) described that by being able to act as role models, the leaders seek

to modify the actions of his followers so that they can give their contribution as expected by the organisation in the achievement of pre determined goals. These leaders are also considered as a source of wisdom by their team members and they see the leader as a learned and trusted advisor. By mentoring the path of their followers leaders are able to reduce the negative stressors experienced by the employees

Inspirational motivation:

By communicating high performance expectation standards in future and by rejecting the current below optimum performance measures the leader strives for motivating his/her team members. The inspiring leader demonstrates his followers that they have the potential and skills necessary to attain efficiency level which are beyond what they imagine impossible. By revealing complicated assignments in a straight forward manner this leader will develop in his or her followers a higher level of intrinsic motivation (De Vries, 1998). He or she spell out the course of action in the coming times, articulate the broad enthusiastic vision and hence restore the expectation level of the followers from themselves to a new higher level.

Individualised Consideration:

According to Bass and Avolio (1994), leaders who adopts this approach to leadership considers every employee individually and identifies their personal needs of achievement, recognition, and growth by acting as their mentor and coach. By regarding individual progress and motives the leader seeks to develop capabilities of the followers. The leader is inclined to increase the intensity of interaction and walk around to spur personalised relationship.

Intellectual stimulation:

Walumbwa, Wang, Lawler, and Shi (2004) observed that transforming leaders impacts the cognitive actions of the followers so that they evaluate the situations critically and come across to novel solutions for the workplace issues. The leader stimulates their thinking capabilities so that they can remain motivates and involved in the work. But a leader's intellectually stimulating ability relates to his followers' consciousness about a particular problem and their problem solving, focusing and imaginative potential.

Thus the actions and functions of transformational

leadership presented above are distinguished from transactional leadership behaviours in several ways. The qualities of a transforming leader involve more than a practice of reciprocity between the leader and the follower. These leaders tend to be more proactive rather than reactive like transacting leader. The principal focus of transformational leaders is to combine the standards, goals and aspiration of the individual with that of the organization so that a strategic path to efficiently achieve those goals can be constructed.

Governance:

In the modern era, for operating efficiently the concept of governance has become a very sought-after approach and is being adopted by a large number of organisations both in public and private sectors very diversely. In public sector the notion of governance has not implemented very effectively and has just received appreciation and acknowledgement from the communities which needs a literature discussion continuously (Ryan and Purcell, 2004). However various parties like government, academician and professional have made significant attempts and contributions to escalate the public sector governance especially through the practice of good governance (Ryan and Ng, 2000). Ever since its conception in a World Bank document in 1989, the term governance has been utilised by numerous groups to refer to a variety of issues, ideas and policies. The early propounders like World Bank described governance as “the manner in which the power exercised in the management of a country’s social and economic resources for development” (World Bank, 1992). Even though such a conceptualization of governance comprises a variety of concerns, three main aspects were distinctly focused: the procedure through which those in authority are appointed, the manner in which they exercise power in the management of public affairs, and the capacity of the government machinery to manage resources and formulate and implement policies. Therefore, the key components of governance, according to this view are a legitimacy of the government, the accountability and responsiveness of elected and appointed representatives, and the competence of the governmental machinery to make policies and deliver services.

The effective public sector governance is necessary to ensure the successful service delivery mechanism by public sector organisations. Values and principles of good governance are basic tenets of public sector governance

so that they can serve the basic purpose for which they were actually established. Good Governance is defined as the effective, honest, equitable, transparent and accountable exercise of power by all levels of the government (Institute of Governance [IOG], 1999). It signifies that there are certain essential aspects employment of which indicates the success or failure of public sector organisations in delivery of effective services. Relatively, the World Bank (1992) has identified four characteristics of good governance which are public sector management, accountability, legal framework for development, and transparency and information. Consistently, Asian Development Bank (ADB) (1995) also identified transparency and accountability besides, adding predictability and participation as other characteristics of good governance. Besides, Australian National Audit Office (ANAO) (2003) has recognised specific qualities of good governance for public sector which are authority, accountability, stewardship, directing and controlling. This highlights the significance of transparency and accountability in the good governance practices.

Transparency and accountability of one governmental body, both is affected and affects the government at large due to their importance and their strong ties with the overall governance practice of the government. According to Plattner and co-authors, accountability points towards “domestication of political power” and the prevention and redressing of its abuse. To achieve that objective, it uses three closely related tools: “subjecting the power to the threat of sanctions”, obliging it to act in transparent ways and ensure its “answerability”. Transparency International, the world’s biggest organization working on to attack corruption and promoting transparency in all aspects of the public space (*i.e.* government, private sector, etc.), defines transparency as the action of “shedding light on rules, plans, processes and actions”. For that to happen, the organization believes that public officials, civil servants, managers, board members and businessmen must “act visibly and understandably, and report on their activities”, and that the general public has to be able to hold them accountable. Also, again according to Transparency International, transparency is the most effect way to protect people, organisations and states against corruption, and that it helps increase trust in the.

Fundamentally there are forty characteristics that determine the characteristic of good governance, that

have been found out including commitment of which majority of them are vital in strengthening the public sector governance (Ruhanen *et al.*, 2010). However the effective implementation of these characteristics can be ensured only if the leaders take the charge influence the behaviour of their followers.

Further at corporate level, governance is a set of policies that are designed to determine a organisation's performance and direction that reflects an overview of rules and regulations for the people having power in an incorporated firm. Good corporate governance policies reward corporations and its stakeholders; to do so various audit committee structures are needed (Bhasin, 2012). Directors are central characters of corporate governance and are considered as the custodians of any business concern. In the OECD Principles of Corporate Governance (2008), it is affirmed, "The corporate governance structure should assure the strategic guidance of the company, the constructive monitoring of management by the board, and the board's accountability to the company and shareholders." The definition of corporate governance may also vary the first set of definition defines it a set of behavioural patterns- the real behaviour of corporations, in terms of characteristics such as performance, efficiency, growth, financial structure, and treatment of shareholders and other stakeholders. The second definition see it as a normative composition- the rules following which the firms operate, the regulations coming from sources like legal system, judicial system, financial markets and factor markets. The objective of a good corporate governance framework would be to maximise the contribution of firms to the overall economy, including all stakeholders. Thus whether public or private governance is the basic and fundamental requirement for functioning of any organisation only then the development, prosperity and success of the society and country can be ensured.

Transformational leadership and Governance:

The main aim of transformational leadership involves a fundamental transformation or rethinking of structures, processes, values and ideals for achieving something good. Growth in the adoption of governance practices can be realised when a transformational leader locates and works with the Four I's *i.e.* Idealised Influence, Inspirational Motivation, Individualised Consideration and Intellectual Stimulation. Transformational leadership is fundamentally about human values (Sarros *et al.*, 1999,

p.48). The only entities who can take responsibility of governance are individuals, a business or an organisation cannot execute the practices of governance by its own. Though this appears as common sense, it is a fact often overlooked that the only parties capable of acting ethically are those who are in commanding positions. Furthermore, governance values often contradicts with the central premise of capitalism and the demands of shareholders *i.e.* profitability. Therefore, the most difficult decisions in corporate governance—those at the ethical level—must be made through the more complex assessment of societal, corporate, and personal values.

A transformational leader establishes a relationship between an himself and the followers based on strongly internalised ideological values embraced by the leader and strong follower's identification with these values. The shared values like integrity, commitment to excellence, customer or citizenry orientation that influence ambitions, perception of situations or problems and determine responses. It is in opening oneself to inner values that transformational leaders are prepared for change and subsequently the organization (Sarros and Butchatsky 1996, p. 13). A set of shared values and beliefs are outlined by the leader so that the followers agree to work according to those values and beliefs. The identification of values and beliefs intrinsically motivates the employees by promising attracting pay offs- psychological or

Many researchers have proposed that transformational leaders convey an idealised goal or vision they want the organization to achieve over a period of time (Conger and Kanungo, 1987). The vision or mission may be to implement transparency, discipline, equity, accountability frameworks in the organisation. According to Northouse (2010), the transformational leader inspirationally motivates his followers by articulating a vision which is appealing and inspiring to followers. These charismatic leaders are also credible because they convince their subordinates of their own strong motivation, enthusiasm, and commitment and make them realise that their actions and decisions are consistent with and support the advocated vision (House, 1992; Yukl, 2002). They demonstrate a suitable behaviour to show how the vision can be accomplished and they behave in certain ways which are innovative and often times unconventional (Bass, 1985; Conger and Kanungo, 1998). They may also take up assignments which are highly uncertain and engage in self sacrifice to achieve their vision. The leaders may deliver a vision like to establish a state-of-the-art,

customer-centric, values driven and professionally managed organisation which is committed to highest standard of good governance practices by enhancing the wealth of the shareholders and welfare of all stakeholders and the society. Leaders with inspirational motivation challenge followers with high standards of service delivery so that the needs of either of the customers or citizens can be fulfilled through a highly motivated, professional and efficient human resources pool.

Intellectual stimulation involves leader's action geared towards innovation and creativity by arousing the followers and changing their sensitiveness towards a particular problem. Being intellectually stimulating, transformational leaders engages themselves and their subordinates in intellectual task of conceptualising and enunciating a firm's extensive surrounding environment, as well as the threats and opportunities created by that environment. By destroying the fear of any disciplinary action and criticism either from the leader or from the organisation side the transformational leader persuades and empowers the followers to look the problem from newer angles and find unprecedented solutions to those problems (Stone *et al.*, 2003). It is through intellectual stimulation (of the followers) that the status quo is questioned and followers' understanding of complex environmental conditions to enhance their thinking regarding the balance between achievement of performance goals and a desire to pursue governance practices with new and creative methods. For example, their own convictions and attitudes are likely to stimulate followers' sensibility about how governance principles can be exercised, while simultaneously generating adequate returns for shareholders. These attitudes and perception may convince followers to re-evaluate their own beliefs that improved performance can only be realised by violating governance doctrines like accountability, transparency and responsiveness. That is, followers will start to look the integration of day to day functioning with governance practices as strategy and opportunity to achieve their pre established performance goals rather than a threat to their existence and hurdle in their performance. Intellectually stimulating leader may also attempt to show the followers that how the process of dismantling the status quo results in improving the competitiveness of the followers (Porter and Kramer, 2002). The upshot is that followers will attempt to balance governance concerns in their own strategic decision making. Moreover, the ultimate effect of leader's

intellectual stimulation will be affective, normative and calculative component of governance commitment of the followers. Affective and normative commitment will be influenced as the leader questions old beliefs or negative attitudes pertaining to good governance principles, while simultaneously calculative commitment will be influenced by urging followers to reassess the benefits of governance and how such policies might be executed in a constructive manner.

Invariably, newer inclinations and ambitions emerge as new capabilities develop with increased competence, confidence and reflectiveness and by behaving differently with each individual in a different way the leader seeks to undertake development of each follower. According to Judge and Bono (2000), Individualised Consideration is the extent to which the leader pay attention to individual needs of each follower by playing a role of mentor and coach of the followers and recognises the followers' concerns. The followers have a will and aspirations for self-development and have intrinsic motivation for their tasks. The leader gives empathy and support, keeps communication open and places challenges before the followers and uses empowerment as a tool to perform those challenging tasks to ensure enhanced employee productivity and customer satisfaction. It authorises individuals in the organisation to make structural adjustments according to the environmental conditions and to take more efficient and economic decisions about customer service to be made in immediate proximity to the point of service delivery (Simola *et al.*, 2012). Citizens are driven by goals not by orders; they measure performance by results not behaviour; and managers do not just direct, supervise and control, but allow employees to use their own judgment to make decisions and drive communications (Muhammad Faisal Aziz, 2009). Thus, individualised consideration provides behavioural and physical support to the followers so that their skills and capabilities can be enhanced so that more empowered employees ensures the fast service delivery to the customer and citizens.

Transformational leadership and good Governance in the perspective of employees:

A large number of studies that investigated the concept of governance or good governance in organisational context have been conducted but there is a lack of studies that examined the relationship between governance and the individuals working in the organisation

(Rasian, 2009). However, it has been found that the employees play a significant role in implementing the governance practices and their contribution has become the main constituent and actual indicator that represent the performance and achievement of primary objectives that an organisation establishes for itself (Edgar and Gears, 2005). Thus, to ameliorate the good governance practices performed by the employees significantly the direct influence of action, execution, attitude and behaviour of employees have to be examined to recommend for more accurate and direct improvements. Besides, at individual level, good governance is also correlated to staff or employees empowerment through which empowered workforce take charge of their own development and performance by enacting the principles of good governance surrounded by a facilitating framework created by the organisation and the top management (Anuar Zaini, 2000). Basically, employees empowerment in good governance corresponds to the notion of governance that underscores the allocation of rights, duties and power that underpin the organization (OCED, 2000) and governance also include the process through which the constituents of the organization community encompassing the employees who have interest and stake in the organization contribute to the governance system (Anuar Zaini, 2000). Employees who successfully exercises the good governance characteristics transparently indulge in inert-personal communication including co-workers and clients and are accountable for any decision taken in any conflicting situation and thereby ensures effective service delivery system and eradication of corruption.

In this context, being a modifying variable transformational leadership can put those organisations in advantageous situation which are striving for upgrading the service delivery system and capitalising their employees' competency and good governance characteristics (Azman *et al.*, 2011). The main argument is to enforce the governance characteristics like transparency, accountability etc., knowledge and motivation are two main aspects considered specifically by the transformational leader (Boselie and van der Wiele, 2002). This is because knowledgeable employees will deliver the service more efficiently while motivation will act as an influencing factor for the employees to be more effective towards their work because they feel more valuable and confident. Empirically, there are studies which indicated the significant positive influence

determined by transformational leadership on effectiveness within organization (Erkutlu, 2008). Apart from that other studies have also proved the influence of transformational leadership on other characteristics of employees like employees' creativity and innovative behaviour (Axtell *et al.*, 2000). Fundamentally, intellectual stimulation trait of the leader stimulates the employees to accomplish the assigned tasks by adopting unconventional procedures, enable followers to consider the problems outside the box and stimulates them to substantiate any action taken in developing creative and innovative follower.

Further, the association of employee commitment with transformational leadership has also been studied (Clark *et al.*, 2008). The leader who consider each team member individually is a communicative person who provide information to his followers and support them with greater opportunities for decision making, challenges, responsibilities and self-determination which most probably encourage the followers to respond with higher level of commitment to the organisation. Thus, this review exhibits that transformational leadership is a critical factor for strengthening good governance through the leader's action and reactions that are more cooperative, humanistic and charismatic that lead to valuable characteristics acquired by the employees. Organisations adopting transformational leadership style are likely to have proper practice of good governance characteristics than those which pay less emphasis to this variable.

Job satisfaction:

In the current era of perfect information and immense job opportunities, the factor called job satisfaction has emerged as the most uniformly analysed and researched variable in organisational behaviour (Spector, 2007). Basically, job satisfaction largely depends on one's feeling or state of mind thus it varies individual to individual. For example, researchers like Peretomode (2001) and Whawo (2003), have indicated that generally there is a direct relationship between prestige of the job and satisfaction of the individuals but there are instances where individuals have been found more satisfied even in the less prestigious job.

Besides, there are multiple determinants of job satisfaction for example, nature of an individual's relationship with his/her supervisor, physical environment conditions in which he or she works, the extent of fulfilment of physical and social needs etc. Cranny, Smith

and Stone (2002) have advocated that the current literature points towards division of factors of job satisfaction into three categories namely organisational features emphasising on concerns like reward, supervision and decision making practices. Secondly, job characteristics which include workload, autonomy, feedback and the physical working environment and lastly, personal features involving characteristics such as self-esteem and general life satisfaction. It is very important for organisations to maintain and enhance the satisfaction of their employees because through greater satisfaction the organisations can retain the employees and hence reduce the risk of employee turnover.

Employee turnover causes costly and time consuming recruitment process on the part of the company therefore it is very necessary to retain the talented and experienced employees specially those who are highly knowledgeable in their field. Moreover employee satisfaction is the substructure upon which employee engagement grow and thrive. Rast and Tourani (2012), suggested that low level of job satisfaction leads to a lack of employee commitment, which in turn, affects performance and the achievement of organisational goals. In this context, the governance process is seen as a tool to stimulate trust so as to motivate employees to achieve organisational objectives.

Moreover, employees who get recognised are more inclined to have higher self-esteem, more confidence, more willingness to take on new challenges and more eagerness to be innovative. Social recognition through appreciation letters consists of personal attention, mostly conveyed verbally, through expressions of interest, approval and acknowledgement for a job well done (Luthans and Stajkovic, 2000). Thus, psychological incentives are normally provided within socio-emotional context and can be explained as encouraging and fairly examined outcomes of the professional interpersonal relationships an individual develops with his/her supervisor, colleagues and/or clients in his/her working environment (De Gieter *et al.*, 2008).

Governance and employee job satisfaction:

In an organisation governance practices are easily observable and have an impact not only on the employees who are on the top and strategic positions but also employees on lower ranks in the organisation. Hence the study attempts to investigate the relationship between governance practices like training, fair remuneration,

employee representation in boards etc. on employee job satisfaction. Governance does not only focuses on relationship between employees, various stakeholders and management, but it also involves the upgradation of core skills and activities of the organisation, it distributes authority and duties among the senior management, shareholders and employees, it also ensures participation of employees in the decision making process in the organisation. Yusoff and Alhaji (2012) suggested that major aspects such as movement of information from senior management to lower ranks, interpersonal relations and working environment are all vital issues that should be contemplated, when it is about performance of an organisation.

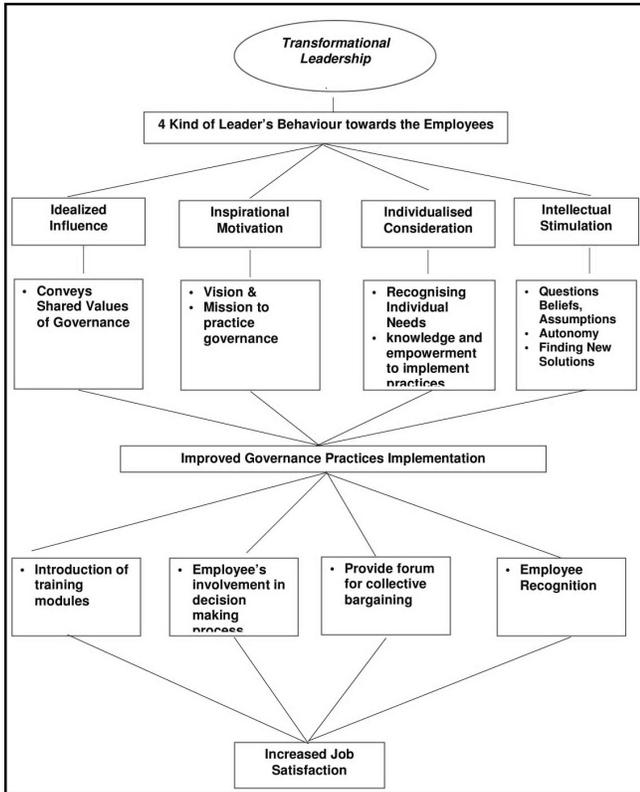
Like shareholders, workers also depend on the care, skill and good faith of the management (Greenfield, 1998). Training is a variable that potential employees assess in the job searching process. A group of workplace surveys exhibit the significance of workplace training and development from a variety of perspectives. North American employment Review survey of twenty six hundred American and Canadian employees revealed that improvement in skills and capabilities was a dominant factor of what employees looked for in jobs. Similarly, Violino (2001) found that IT employees perceive educational and training opportunities an essential characteristic of their job.

Fauver and Fuerst (2006), suggested that fair representation of employees at the board level enhances efficiency and market value of an organisation by creating a mechanism of joint decision making. Further, like outside directors employee incorporation on board could be used as an instrument to monitor functioning of board (Lower, 2009). He also advocated that employee involvement on board can also incentivise them to perform well and raise their loyalty and commitment level towards the organisation, thus helps in cutting down the cost of supervision. It can also increase their awareness of governance practices within the organisation. Finally, employee association with the boards also confirms their well being in other aspects of employment like collective bargaining and thus wage rate and working conditions.

From the above stated it can be concluded that execution of policies of good governance requires an attitudinal change on the part of top management so that they treat the lower level employees as equal partners in progress and the exercise of the practices not only increases the value of the firm but also enhances the

transparency and accountability level in the organisation and hence it will ensure increased reputation and credibility of the firm. On the other side employees also get the benefit of engagement with the top level in the form that now they have a collective bargaining platform where they can actively decide the terms and conditions of work which will ultimately lead to enhancement of commitment and productivity of the employees.

The leader gives individualised consideration to each individual and focuses on their individual needs so that the individuals may be imparted with proper incentives, training, autonomy etc. which are necessary for execution of governance practices. Lastly, he/she intellectually stimulates his followers so that the status quo and the old ways of doing things, assumptions and beliefs which hurdles the way of successful implementation of governance policies can be dismantled. Since it is widely recognised that humans are the most important and key resource of any going concern thus it is very necessary to retain the best employees for effective functioning of the organisation. By adhering to governance practices the organisations are able to satisfy their employees and hence are able to fulfil responsibility towards the employees. By taking various measures like training programme, employee recognition, providing employees a forum for collective bargaining etc. the organisation seeks to enhance the satisfaction level of the employees. Satisfaction of the individuals is one way of achieving effectiveness which the organisation wants to achieve right since from its inception.



The above diagram seeks to represent that how influencing behaviour of a transformational leader may assist in developing and practicing governance practices in the organisation. The four key features or behaviour of this approach of leadership attempts to modify different aspects of the personality of the individuals in the organisation and hence their way of functioning and thinking towards particular things. The leader ideally influence his followers by conveying values with which the individuals identify themselves. The leader may share and influence the values of governance like transparency, accountability etc. and hence seeks to improve the governance practices. Further, he outlines a vision that this organisational only seeks to achieve its objectives only by following the principles of governance.

Conclusion:

The purpose of the present paper was to provide a synthetic view regarding Bass’s transformational leadership style and its relevance for governance practices in the organisation. Whether public or private, governance has emerged as the fundamental aspect in the functioning of the organisation. The study has sought to exhibit how charismatic, participative, visionary and innovative behaviour of a leader may lead to implementation of governance practice in the organisation. This study has discussed the past experience of researchers in which they have found in one form or other that this latest form of leadership has a significant impact on implementation of good governance practices.

In highly demanding employment environment it has become essential for employees to develop their capabilities through practicing the characteristics of good governance like transparency, accountability, effectiveness, commitment, integrity, responsiveness customer or citizen satisfaction etc. One of the main purpose of an approach to leadership is to motivate employees and impart them values and characteristics which the organisation follow in principle. In this context, as an behaviour influencing and modifying approach transformational leadership style has received the most

attention.

Further, the study also concludes that lower employee engagement and higher turnover rates effect the organisations because when the level of employee's satisfaction is lower they leave the organization, and higher employee turnover due to dissatisfaction puts higher workloads and increases the stress levels of those who remain within the organisation and which ultimately causes decreased satisfaction. The study also conclude that job satisfaction involves factors like training programmes intended to increase the skill and capabilities of the employees, instituted by the management this is because where training programmes are carried out, employees are more motivated there and this decreases labour turnover. Hence the study seeks to explain that through influential leadership an organisation can concretise the system of governance which is a set of policies and plans followed by the management and the employees and strives to create a balance between all stakeholders in the organisation.

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