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Leading Change and Crisis: How Transformational Changes Can Be Successful Nowadays?

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Abstract

Nowadays, the world scene is changing at a fast pace. The increase of competition, technological developments, financial downturns, market expansion, legal and political instabilities are forcing the international business environment to transformational changes. Researchers agree that most transformation efforts produce only middle level results. Changes can be stimulating in an organization, but are often met with negative emotions such as stress and fear which result in resistance and in organizational crisis. Literature review reveals that crisis will always accompany changes. The aims of this study are to bridge leadership effectiveness and leader's competencies in the context of leading change and crisis under the optimal profile of transformational leadership. The study is based on a critical literature review following a qualitative research approach of reviewing secondary data and sources. The main conclusion of this study is that transformational changes can be successful with the proper guidance and support of the leaders. Transformational leadership is considered critical during times of change because of the importance leaders to encourage and implement changes but also to encourage, engage and motivate their followers to accept changes.

Keywords

transformational change, crisis, crisis management, leadership, transformational leader

1. Introduction

The increasingly turbulent environment, the effect of globalization, the new technological developments, new markets, new legislation, economic crises, mergers and acquisitions, are some of the macro-environmental factors affecting and forcing the world and organizations to change fast (Van Tonder, 2004). Micro-environmental factors like the renewal of technological systems, management practices and corporate culture also create the need for change to organizations. These factors compel the organizations, which aim to remain competitive and satisfy their customers, to adapt the demanded changes, and only these who will manage it will survive (Burnes, 2009). There are three categories of change (Anderson, D. & Anderson, L., 2001; Scheele, 2013): a) specific change initiatives that have to be executed within specific deadlines, b) continuous improvement changes as part of business; and c) transformational changes (Ashkenas, 2015). The large-scale organizational change or transformational change is very complex and challenging. Organizational change is a highly complicated psychosocial process (Bandura, 1997; Goleman, Boyatzis, & Mckee, 2002) which affects individuals' emotions. The change process provokes negative emotions to the individuals like stress, fear, denial, anxiety, cynicism (Barnett, 1999; Curtis & White, 2002). This results in increase of employees' resistance towards the requested changes which very often leads them to failure causing eventually crisis in organizations (Bruckman, 2008; Warrick, 2009). In most of the organizations, crises are usually considered to be threats however, effective leaders can see crisis situations as opportunities, which can thrive with organizational change both within the organization and its stakeholders. Barbu and Nastase (2010) state that changes may constitute a complex environment which urges effective leaders to deal with numerous opportunities and threats in a faster and better way. Leadership plays a significant role in the current competitive era which is characterized by uncertainty; and it becomes the key enabler of the change process and implementation (Hayes, 2014). Leadership is critical to any attempt of change. Authors agree that organizations require leadership that will be able to foresee the necessary alterations for change and will manage to address correctly the need for change, convince, motivate and inspire employees to accept and adopt towards this change accordingly (Bass, 1990; Burke & Cooper, 2006).

According to Kotter (1995), the leaders are the drivers for changes in organizations. Effective leadership brings effective changes (Deal & Kennedy, 1999). Any leader who deals with change is responsible to take initiatives for the successful change implementation in organizations (Beer & Nohria, 2000). Competent leaders are closely related to the successful change implementation. The same author supports that competence means to effectively manage knowledge, skills and capabilities. At this point, transformational leadership enters in discussion. Leadership has evolved from participative and task driven style, towards transformational leadership style, meaning that leaders can be both participative and directive to their efforts for successful and effective outcomes (Meyer & Kirsten, 2005). Apart from the desired outcomes, transformational leadership also influences employment relations, as it involves the followers' participation to the change process. It entails a course where both leaders and followers put transcend their ego and work together for the best of their

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organization; their co-operation also develops a high level of motivation and morale (Burns, 2010). Moreover, transformational leadership moderates the effects of crises deriving from organizational change failures. Crisis implies change for the routine procedures, which affects significantly both the organization and its stakeholders with possible positive or negative consequences (Mumford et al., 2007). The same authors claim that the collective collaboration between the transformational leaders and the followers (through empowerment) may contribute to the generation of creative alternatives to handle a crisis. For successful changes, leaders must crack the code of change, meaning that they must deeply comprehend the process and the nature of the changes (Beer & Nohria, 2000). According to Ashkanasy and Daus (2002) it is the leader who is responsible to diagnose the soonest possible whether there are negative incidents in the business environment to deal with; it is the leader who must influence individuals to achieve the desired goals (Northouse, 2016). Lastly, in order to bring successful changes and deal with crisis deriving from them the transformational leaders must possess the right competencies, characteristics and skills.

1.1 Aim of Research, Research Questions & Objectives

This study introduces the need for organizational change and its significance for organizations' survival. Further, it investigates the research on leadership in connection to successful change process. Reference is also made to the context of crisis resulting from changes due to external and internal forces and employees' adverse reaction. The study also gives insights into the relationship between the transformational leader and the employees who resist to changes and determines the importance of transformational leadership. Finally, it expands research on how transformational leaders should act, and what are the characteristics, the competencies and the skills that they must possess to overcome any obstacles and motivate employees to react positively during organizational changes. The main research questions to be answered in this study are:

      1) Which factors influence transformational changes to fail?

      2) How transformational changes cause organizational crisis?

      3) What are the leaders competencies to lead change and crisis?

      4) What needs to be done for successful transformational changes;

The objectives of this study are to examine and explore leaders' role in transformational changes and crisis resulting from these changes, and, what they should do to manage them in order to get a positively successful outcome.

2. Method

The study adopts the literature review method which was conducted to assess the current state of research on leading change and crisis. Literature review has the advantage to provide information in a short period time, that is why it is the most appropriate method to use when there is time restriction and limited access to support. The information for the study has been collected from various sources, such as books, scientific publications and articles, regarding transformational changes, leading changes and crisis; and leadership. These sources helped to identify what is already known about leading change and crisis and how extensively they have been researched. Moreover, with the literature review method the experts of the topic in discussion were identified.

3. Change Management & Transformational Change

In the present competitive era, modern organizations are faced with several challenges from the external environment which are political, social and economic in nature. Along with the pressures of such factors, the organizations have to compete by coping up with the challenges posed due to globalization, technological innovation, changes in the preferences/lifestyle changes, acute skill shortage and workforce issues, financial forces and also changes in the legislations internationally.

3.1 The Importance and Need for Change in Organizations

"Change" is as complex term with numerous meanings as it is synonymous with concepts like "transformation, growth, development, evolution, revolution, metamorphosis, innovation, and transition" (Stickland, 2002, p. 14). Change is a natural process that must be seen as any other normal situation in life, without fear and/or rejection (McCleskey, 2014). The need for change and transformation is a reality that affects all companies at some point in their lives although it differs from one organization to another since each organization is a different entity and having a different culture (Stace & Dunphy, 2001). It is commonly accepted that change momentum is greater than ever in the current business setting and it appears in all sizes, forms and shapes, affecting organizations of all business sectors (Todnem, 2005). Collerette, Delis and Perro (1997) state that organizational change is "a relatively sustainable change occurring in the micro-environment system of the organization, provided that this change can be detected by the individuals who are connected with that system" (p. 6). Burdus and Androniceanu's (2000 as cited in Bruckman, 2008) support that the organizational changes are either the answer to external changes or the answer to other internal factors, like a manager's desire to apply new methods. According to Grouard and Meston (1998) as cited in Hayes, 2014, the organizational change refers to minor or significant transformation of the structures and competences, which set up during the development process of the organizations. Skringer and Stevens (2008) as cited in Hayes, 2014 describe change as "a transition from one state to another state. Cummings & Worley (2005) support that organizational changes best describe how an organization moves for a current state to a desired future state, because future of the change is uncertain. Moreover, they claim that people who are involved in the change process need to be convinced that it is worthwhile to abandon current

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status quo and adopt change. Pierce, Gardner and Dunham (2002) support there are two types of change, the *reactive* and the *proactive* change. The reactive change results from the external and internal forces to the organization while the proactive change happens when the organization decides to make changes. According to Ackerman (1997) and Anderson and Anderson (2001) there are three types of changes occurring in organizations: The developmental, which is either planned or emergent. According to Hayes (2014) incremental changes spotlight a process to do things better than the past through continuous, adaptation and modification. In current literature change is presented first, as undoubtfully necessary for organizational survival, second, as a threat to organizations and third, as an issue of leadership (Thurlow & Mills, 2009). For the individuals who will deal with the change it is important to identify the right change model in order to plan, manage, implement and evaluate the change (Pearson, Vaughan, & Fitzgerald, 2005).

3.2 Transformational Changes

Organizational changes sometimes are also called as organizational transformation actions (Cummings & Worley, 2005). Transformational change is large and significant. Transformational change means deep and profound change that organizations need to adapt and apply in order to align with the demands and challenges deriving from both external and internal forces of the new corporate environment (Pieterse, Caniels, & Homan, 2012, pp. 799-800). These incremental changes spotlight a process to do things better than the past through continuous, adaptation and modification (Hayes, 2014). Under these circumstances, employees are obliged to adopt these new changes and deal with any unexpected situations resulting from them (Zwick, 2002). Transformational change is about a process which requires a long time for its completion and necessitates excellent co-ordination and sturdy management support (Kotter, 1995; Zhou & Shalley, 2007). It concerns a process of organization's reinvention and formulation of business with a vision for the future (Ashkenas, 2015). According to Stace and Dunphy (2001) the traits of transformational change refer to a new concept of the organization's strategy that develops employees' work commitment, creates new organizational culture and encourages employees to accept and support change. These views help to visualize the impact of transformational change on organizational strategies, and to understand its dimensions; the new set of cultural principles, new behaviors, renewal of processes and a revised management approach tuned with its initiative. Chapman (2002) suggested that transformational change means change in values, beliefs and behaviors. According to Cummings and Worley (2005) transformational change brings ideal adjustments for the individuals and therefore organizations. According to Anderson, D. and Anderson, L. (2001) transformational change is the most complicated type of change that organizations need to confront nowadays. Transformation implies significant change from one condition to another, which may completely change the way individuals see their work, their customers and themselves. According to Paton and McCalman (2008) to manage change effectively, organizations must follow a specific course; first, to identify possible damage, then to find alternatives and decide which one corresponds best for organization's future survival and finally to implement the needed change. There

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are leaders who have not yet realized that organizational changes differ from transformational changes and they are challenged to experiment and adopt new skills and capabilities in order to succeed their implementation. Therefore, it is crucial that leaders understand and clear out which type of change they have to lead in their organization, especially when it comes to transformational change (Ashkenas, 2015). Moreover, it is critical to comprehend the driver for the change and set the appropriate ground in order to be successful (Anderson, D. & Anderson, L., 2001).

3.3 Resistance to Change and Transformational Changes

Research has shown that organizations' transformational efforts fail to succeed by 70% (Hughes, 2011; Beer & Nohria, 2000). Schraeder (2004) discovered that only 34% of organizations could achieve a positive outcome from organizational changes. Many researchers and authors agree that the main reason for this failure of change initiatives is resistance to change. Erwin (2009) claims that "if resistance exists it constitutes an important cause of change initiatives' failure" (p. 10). Resistance constitutes a phenomenon that affects the change process, in various ways. The persons involved in the process may either slow down its initiation or even prevent its implementation. Resistance may provoke distorted perception, barriers, wrong prioritization and low motivation among the employees as well lack of innovative response. People tend to perceive the need for change as a threat regardless whether changes are large or small, real or imagined, intended or unintended (Palmer, Dunford, & Akin, 2009). Above this, if they are not well informed about the required changes they will certainly pose resistance against the process (Paton & McCalman, 2008). Fulop, Linstead and Lilley (2009) claim that individuals become hostile when they cannot embrace the change initiative or a component of the change progress. Van Toder (2004) adds that change, without any exception, is a stressful situation with negative outcomes which largely depends on the method leaders use during the change process. Employees prefer to stick to their traditional way of working rather than acquiring new methods. Thus, it is up to the leaders to make it either easier or harder for the employees to accept their method during change process. Ford et al. (2008, as cited in Palmer et al., 2009) claim that resistance can increase awareness among participants, emerge their participation and engagement and promote learning process for the past pitfalls (Erwin, 2009). Karyn (2002) claims that resistance can be prevented if there are major organizational changes, and in particular these changes modify values and visions, which are in accordance with the existing order. Resistance may have a positive effect to the decision making for transformation. From a positive perspective, resistance can play a catalytic role in the successful implementation of change. Although transformational changes are made for the benefit of the organization or its employees, they are more prone to resistance, thus it is more difficult for the employees to adopt them. According to Reardon et al. (1998) as cited in Scheele (2013) these changes can be accepted only with the contribution of effective leadership that will make people understand the benefits from change and will reinforce their willing to change. Active resistance proves the existence of strong emotions and values that could help people who resist change to become supporters of the change. Understanding resistance to change means to exam the individual reasons for resisting, which

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are associated with system dynamics at the organization's level (Yukl, 2013).

3.3.1 Factors That Provoke Resistance to Change and Transformational Change

Armenakis and Bedeian (1999), claim that people resist to change efforts mainly because of the employees' emotions, the fear for the unknown, the stress, anxiety and uncertainty, which changes may bring. Many authors/researchers agree that there are several common forces for employees' resistance (Lunenburg & Ornstein, 2008; Mullins, 2005): Fear of the unknown future, Habit, Economic implications, Security, Interference with need for fulfillment, Selective information processing, Inconvenience or loss of freedom, Threats to power or influence, Knowledge and skill obsolescence, Organizational structure, Limited resources, Groups inertia. De Jager (2001) states that people resist to changes due to an ability deficiency ("I can't or don't know how") and due to a willingness deficiency ("I don't want to," "there's nothing in this for me," "change hasn't worked well for me in the past"). Resistance is caused by individual factors, personality traits like high need for control, need for achievement etc.; group factors, that is social norms and participation in decision making and organizational factors, such as challenges to the status quo; threats due to the unknown. According to Kotter and Schlesinger (2008) there are four common factors for human resistance to change: Parochial self-interest, Misunderstanding and lack of trust, Different assessments, Low tolerance for change. Oreg (2006 as cited in Lunenburg et al., 2008) has developed a theoretical model of resistance to change which describes the relation of acceptance towards organizational transformation and shows why employees resist, the kinds of resistance and its implications. Other factors affecting employee resistance to change are the lack of communication, employees' non-participation and the lack of change facilitation procedures in the change process (Griffin et al., 2006), as well deficient employee's motivation and the quality of leadership. Good communication leads to employees' openness and readiness. Interactional and procedural justice are also connected to employees' reactions to organizational changes (Armenakis et al., 2007; Bernerth et al., 2007) as they seem that their influence to the way people perceive justice mitigates resistance to change. According to Kotter and Cohen (2002) as cited in Kotter et al. (2008) the role of principals (change agents or managers) in change efforts is very important, as their possible failure to support change may demotivate employees. Furthermore, principal support is connected to higher readiness to change and lower negative perceptions of change effectiveness (Logan & Ganster, 2007). Principal support has a great impact to effective and behavioral resistance towards organizational restructuring.

3.4 Transformational Changes Cause Organizational Crisis

Understanding the importance of changes' imposed in organizations is one of the most challenging duties to be carried out by managers and leaders. As already presented, most of the organizations are compelled to tremendous change due to various external factors like the globalization, e-business and technological developments, the economic and political instability world-wide, as well internal factors such as culture. However, it is likely that these changes will lead to organizational crisis (Burke et al., 2006). Beal (2007) supports that crises appear to be new unexpected situations to the organization,

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outside its typical structure, therefore, the unpredictable need for change which comes unplanned may also trigger organizational crisis. Venette (2003) advocates that crisis is a transformation process where the old regime can no longer exist; therefore, there is need for change.

The process of change affects both the organization and its employees, more specifically it influences what and how the organisation operates and the way the organisation's departments work together and communicate. Strong emotions may revolt from any type of change whether it is an opportunity or a crisis arise. In general, unpredictable changes threaten employees' motivation, increase their resistance (Leana & Barry, 2000; Leana & Van Buren, 1999) and may lead to organizational crises. In fact, there are organizations which because of rapid transformational change have totally collapsed.

Crisis is a fundamental element of the human journey, which will always accompany change. Crisis appears in all forms, driving people into chaos and uncertainty. For example, people technology expansion has radically changed human lives and has improved their quality, however, it is accompanied by complexity leading to crisis. The more complex an infrastructure is the more possible it is to encounter the malignancies of external and internal forces which cause the crisis. Internal forces like the relational interactions of people in their organizations, in combination to the complexity and diversity of the business environment makes it difficult for individiations to adapt to the changing conditions thus conflicts are created between them and the organizations (Malloch & Porter O' Grady, 2009).

4. Leading Change and Crisis

Leading change is one of the most important and difficult responsibilities for leaders who deal with change. It entails inspiring, guiding, encouraging, and facilitating followers' effort to adopt changes in order to improve or even survive their business, which for some authors this is cornerstone of leadership (Yukl, 2013). According to Griffin and Moorhead (2006) the essence to successfully lead change is the leaders' ability to influence their followers. To lead a change presupposes that the leader has to recognize the problem, diagnose it, find possible solutions and implement the right one. Not all the attempts for corporate change are successful (Scheele, 2013). Leading change as the increasing effort to improve the success rate of the change initiatives, and the leadership effort to obliterate policies and behaviors that erode the change efforts. The same authors claim that leaders should persuade their followers of their honest effort to implement changes so that the latter can do the same. Moreover, leaders must be good listeners, to show understanding and be ready to change their behaviour if it is required to minimize followers' resistance. Spiro (2011) as cited in Scheele (2013) has suggested eight steps for leading change successfully: Determine the change strategy, in terms of timelines; Assess readiness, make it better for all parties; Analyse the stakeholders, recognize the motivation levels; Secure a small early win; Minimize resistance; Engage the key players in collaborative planning, both internal and external parties; Scale and sustain the change strategy; Build in on-going monitoring and cause corrections. Kotter (2011) has identified that 70% of major efforts in

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organizations fail. To avoid failure and increase the chances of success Kotter (2011) developed another process of steps which will help organization to succeed transformational changes in today's wrap-speed world. The first four steps help mitigate a hardened status quo; the steps from five to seven introduce many new practices and the final step imports the changes and helps them integrate into organization's culture. Namely: Step #1. Establish a sense of urgency, Step #2. Form a powerful guiding coalition, Step #3. Develop a vision and strategy; Step #4. Plan for and generate short-terms wins; Step 5. Consolidate improvements and produce more change; Step 6. Institutionalize new approaches.

Kotter (1996) claims that for successful change it is important to follow the eight steps in the same sequence as described here above. He states that some people may try to detour one or more steps during a change effort. Especially, when it comes to a "simple" decision about reorganization or an acquisition, people may try to transform their organizations only with steps five to seven. The truth is that if the phase of steps one to four is avoided the base on which change will occur is not solid. Additionally, if step eight is not completed, changes will never be consolidated. Finally, he claims that even if, only one step is skipped from the specific order various problems may arise. Griffin and Moorhead (2006) stress that the ability of the leaders to influence their followers is the cornerstone of leading change successfully. According to them success will stem from three particularly changes: change in perceptions, change in attitudes, change in behaviors.

4.1 Key Success Factors for Leading Transformational Changes

Successful transformational change requires that leaders focus to three critical areas: content (external, impersonal), people (internal, personal) and process. Content refers to the factors which organization needs to change and concerns mostly external ones, like strategy, systems, structure, technology etc. People is about subjective and internal drivers which include behaviors, the emotions, skills and the mindset of the persons who are participating in the change process either planning for, designing, implementing it or being impacted by the change. It also includes cultural changes. Process is about all the resulting actions or strategies from both content and people (external and internal) changes used to drive the change initiative with success (Anderson, D. & Anderson, L., 2010, p. 24). The bonding of these three areas content (what), people (who) and process (how) form an integrated process approach to lead transformation. The breaking up of the content changes and the people changes is one of the reasons leading to failed transformational efforts. Moreover, process requirements cannot be ignored. For successful leading change, transformation leaders must concentrate on content, human factors and the change process (Anderson, D. & Anderson, L., 2010). Kotter and Schlesinger (2008) suggest that in order to lead change successfully leaders must determine the type of resistance they will confront and respond appropriately to deal with it. Organizational changes urge the organizations to learn how to change (Poell, Yorks, & Marsick, 2009). The element of learning is considered to be a crucial principle for successful change (Franz, 2010; Schein, 2004; Weick & Quinn, 1999). According to Miller (2012) as cited in Mitchell (2013) employees must be ready and willing to accept changes and leaders must

transform their organizations on a regular basis in order to remain competitive. Both organizations and employees must realize the value and purpose of the change initiatives, how they are of benefit to them and manage to maintain them for a long time.

4.2 Leading Crisis

As the business environment is constantly changing, the organizations meet strategic challenges and therefore they are compelled to amend their strategies so that they adopt new changes and deal with potential crisis deriving from them, in order to survive and remain competitive (Crandall, Parnell, & Spillan, 2014). By this way, the leaders will achieve a long-term, proactive attitude to their strategic planning. However, leaders must be cautious as it may be difficult to distinguish between their strategic challenges and traditional organizational crises (Crandall, Parnell, & Spillan, 2014). The leaders are not always ready to handle crisis and this has a negative impact to orgnaisation's profitability, market position and reputation (Garcia, 2006) and although they are aware about these consequences their agenda does not include training on crisis leadership. Therefore, attributes like leading the change process, taking risks and advancing organizational agility during a crisis may lose the lead from other issues related to communication and public relations (James & Wooten, 2005). According to the organizational psychologist, Erika Hayes James, there are two types of organizational crisis. Firstly, sudden crises which happen without any warning and the organization and its leaders are not aware of them, and therefore, they are not accountable for them and secondly, smoldering crises which start as minor internal situations which develop further due to leaders' negligence, therefore, it is them to blame for. Robert and Lajtha (2002) state that each crisis is unique, thus leaders should react differently as per the situation they confront. Crisis situations require competent leaders to manage and lead crisis with strategies that will enable them to benefit from crisis and accomplish change and growth within organizations with success (Fragouli & Ibidapo, 2015). Researchers have identified a Five-Stage framework (Mitroff, 2005) which represents the stages of a crisis and the leaders' practices to be effective during leading crisis. The stages along with the areas that crisis leaders must focus through key questions about each one of them are presented as follows (James & Wooten, 2004): *Signal detection; preparation/prevention; containment/damage limitation; recovery; organizational learning*. Learning is the final stage where crisis leaders try to understand which organizational factors led to crisis and then leverage this understanding to apply the necessary changes to organization's systems and processes. Moreover, they encourage learning from crisis' effects from past occurrences.

4.2.1 Crisis Leadership Competencies

Companies and communities worldwide have been devastated by domestic terrorism, natural disasters, power outages, white collar crimes cyberattacks, economic and fiscal crises and life threatening pandemias. These crises bring organizational crises associated with negative impacts like loss of profits, decreased productivity expensive costs needed for business recovery (James & Wooten, 2011). During these times of crises the most important issue is how the leader will handle the crisis than the crisis itself, meaning that the leader must acquire the appropriate competencies to limit the degree of damage

or even avoid it, although crises happen inevitably. In addition, it is important that the leader learns from the crisis to prevent repeat occurrences (James & Wooten, 2011). Organizational crises may be generated by organizations' failures and managerial incompetency. Therefore, leaders must develop the appropriate set of knowledge, skills and behaviors to prevent and confront crisis and strategic issues effectively (Garcia, 2006; Mitroff, 2005) and determine what are the necessary actions that must be taken (Walsh, 1995). Leadership behaviour is responsible for the effective responsiveness to organizational crisis. Moreover, leaders must encourage employees' engagement in knowledge acquisition and formulate the right strategies to resolve crisis (Dutton & Jackson, 1987; Wooten & James, 2004). That is why a crisis mindset requires that leaders have the worst-case scenario in mind, and at the same time they suggest solutions. Organizations and leaders must have contingency plans in mind, in order to respond to emergencies requiring analysis, assignments and actions (Bernstein & Rakowitz, 2012). There are five competencies which leaders must acquire in order to have a holistic approach about organization, crisis, environment and the stakeholders, during and after a crisis (James & Wooten, 2004; James, 2008): a) To build trust in the company, b) to reform the organisation's mindset, c) to identify clear and disputable vulnerabilities of the organization d) to be wise, courageous and decide rapidly, e) to learn from crisis to effect change. All the above mentioned leaders' competencies are the ideal for all business leaders to acquire both during times of crisis and all other business situation like transformation (James & Wooten, 2011).

4.3 Leadership Style, Transformational Changes & Transformational Leadership

Leadership style is part of the overall leadership concept which reveals how a leader can lead and support his followers to perform a task successfully (Chan, Ng & Jee, 2012). There are many leadership styles, which along with the leadership theories emanate from three main categories: personality traits; context, situation or task; and/or philosophical. In 1978, James McGregor Burns argued about transactional and transformational leadership style. Transaction leaders lead through social exchange (Bass & Rigio, 2006) while transformational leaders motivate and inspire their followers to achieve success. According to Derungs-Ruhier (2011), these two leadership styles are the new models connected to charismatic and strategic leadership. In 1991, Avolio and Bass introduced the full range of leadership model which is the most appropriate and commonly used leadership model focusing on leaders' behaviors towards the labor pool; and includes three leadership styles: the laissez-faire, the transactional and the transformational style (Antonakis, Avolio, & Sivasubramanian, 2003). The laissez faire or free reign leadership style or non-leadership style describes a leader who has given the control to his followers on everything without any involvement by his side. The leader's limited participation demonstrates escaping responsibilities and avoidance to complete tasks. This behavior frustrates followers and triggers their demotivation. The transactional style assumes transaction, a beneficial relationship between the leader and his followers. The leader rewards the followers' efforts and ensures their behavior meets organisation's expectations (Bass, 1998; Burns, 2010). Specifically, the leader set goals and states explicitly what he expects from his followers then he

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organizes, supervises and provides feedback so that everyone is on task, and when the followers succeed to perform positively they are rewarded unlike, if they fail they are punished. Transactional leadership style encompasses different kinds of behaviors (Bass & Rigio, 2006). Contrariwise, transformational leadership style differs from both above-mentioned styles as it entails a philosophy about the future with long-term goals and high values that augment employees' commitment and their satisfaction. Bass (1990) separated the concepts between transactional and transformational leadership and suggested that leaders should exercise each leadership depending on the situation (Wofford & Goodwin, 1994).

James MacGregor Burns (2010) in his work *Leadership*, first referred to the transformational leadership theory by stating the diametrically opposites with transactional leadership, and supported that transformational leadership is needed today opposed to the old style of transactional leadership. Transformational leadership demonstrates a positive correlation to organizational effectiveness. It brings positive results at many sectors, such as the managerial; the team's performance (Waldman, Bass, & Einstein, 2011) and the employees' improved attitudes, like job satisfaction. According to Northouse (2016, p. 161), "transformational leadership is a process that changes and transforms people" and thus organizations can transform as well. Bass (1990) in his pioneering book, suggested that transformational leadership is more possible to appear during periods of organizational change and transition. Transformational leadership theory belongs to modern leadership theories, which are associated with leadership effectiveness in changes and in particular it refers to the relationship and trust developed between the leaders and the followers (Higgs, 2003). According to Paton and McCalman (2001) change is an integral part of the organizations which can neither disappear nor dissipate and leaders need to possess certain transformational leadership behaviors to lead change process effectively. According to Krishnan (2002), the major ingredient of the transformational leadership is the leader's ability to motivate his followers to accomplish more than they ever expected. Transformational leadership increases the influence at the highest leadership level because they act like role models to the employees. Transformational leaders have a high level of competences, skills and experience in their working field and they are characterized by strong commitment, integrity and ethics, deep-rooted in the culture through vision (Lowder, 2009). They are charismatic personalities with high moral and ethical who wish to motivate and inspire their employees and help them fulfill their potential (Higgs, 2003). Transformational leaders influence employees' attitudes by alleging a positive vision for the future, develop an interactive intellectual dialogue with them about change and nourish their confidence in implementing change. They motivate employees to overcome themselves, inspires collective work rather than individual in order to successfully manage organizational changes and achieve the organization's goals.

4.3.1 The Dimensions of Transformational Leadership

There are four common dimensions (Bass & Riggio, 2006): Idealized Influence (Yukl, 2013; Bass & Rigio, 2006) Inspirational Motivation (IM). According to Tims et al. (2011), through intellectual stimulation leaders develop a culture of active thinking which enhances employees' participation in the organization. Research has shown that all four dimensions influence organizational changes in a different way (Avolio & Bass, 2004) and they are linked to leadership effectiveness and high performance of the employees. More specifically, it results that with idealized influence followers are willing to trust and emulate the leader. The leader increases confidence and ethical standards. Shamir (1993) as cited in Bass and Rigio (2006) posits that leaders with high confidence and self-determination can transform their followers through regular communication and the provision of confidence and self-esteem and lead them to achieve great accomplishments. Leithwood and Jantzi (2000) suggest that there are six dimensions of transformational leadership that the leader holds and applies: To build vision and goals, to provide intellectual stimulation, to offer individualized support, to symbolize professional practices and values. To demonstrate high performance expectations, to develop structures to enhance participation in decisions. Ancona et al. (2007) refer to four behaviors that a leader processes: sense making, visioning, relating and inventing. If a leader shows weakness in solving out a case his employees will lose their enthusiasm and energy and will be ineffective in implementing changes. Yates also supports that leaders have a 4-E framework of capabilities that includes: envisioning a values-driven set of goals and strategies, enabling their achievement by selecting appropriate methods, tools and people, empowering others by developing trust and interdependence between leaders and followers, energizing everybody to drive the change. Northouse (2016) states that although the transformational leader has a crucial role in the transformation process he is inextricably linked with the followers. Moreover, Northouse (2016) supports that a transformational leader has the following qualities: creates a vision; is a role model with high ethical and values; is a change agent and illustrates how to initiate and implement change; helps others so that they contribute to the organization's growth, thus help the organisation; empowers followers to do their best for the organization; listens to all aspects and develops cooperation. Posdakoff et al. (2016), recognize six behaviors that characterize the transformational leaders: The provision of an appropriate model; The identification and articulation of a vision; Promotion of group goals; Provision of individual support. The leader shows respect to the needs and feelings of his followers; *Intellectual stimulation. High performance expectations*. Higgs and Rowland (2011) as cited in Hayes (2014) have reported that successful change implementation includes five behaviors of leaders: creating the case for change ,ensuring that change is based on an in-depth understanding of the issues, engaging others and building commitment, developing effective plans and good monitoring practices facilitating and developing the capability of those involved. Transformational leaders act with ethics and values that go beyond their agenda and conviction. Their main characteristic is their ability to comprehend interpersonal relationships and to view the qualities, beliefs and personality of their team's individuals.

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However, transformational leadership and ethical behaviors are not easy to relate, but situational factors like the type of the industry can bring the desired equilibrium. The end values of the transformational leaders like honor, justice, integrity can transform followers and make them change their own beliefs, attitudes and goals and thus bring positive coherence between the leaders' and followers' value systems (Krishnan, 2002). Transformational leaders are confident about being successful without relying on luck to achieve their goals. It is this belief they have for themselves, that helps them to transform the people around them (Chammas, 2010). They lead changes in strategies, mission and culture through qualities like shared values, vision and relationship building and thus create compelling change to both an organization and its employees (Griffin, 2003).

5. Conclusion

The aim of this study is to investigate the relationship between leadership and successful transformational changes and crisis situations as their outcome. In order to examine this a literature review was presented and was critically reviewed in order to develop an essential understanding. Change is inevitable. It has become a key component for organizations who seek to perform successfully and maintain the competitive edge, though innovation and sustainability efforts. Once the need for change is identified, organizations are forced to adopt large-scale changes, the transformational changes, at some point of their lives so that effectively respond to the new trends of the global spectrum. However, the process of transformational change in an organization is very challenging and complex. Transformational changes rise strong emotions to the change recipients, which may emerge their resistance and result in failure of the whole change process, followed by organizational crisis. Within this context, leadership plays a significant role in leading change and crisis. Leadership is important to practice throughout the organizational initiatives as contributes to the provision of support, collaboration and transfer of knowledge within the organization (Davis, 2014). Moreover, leadership is also important for managing crisis, which appears unpredictably and unexpectedly and requires immediate attention and response. Leading change and crisis also require specific competencies of the leaders. The main conclusion of the study is that there can be no separation between leadership and change due to their interdependence. It is also concluded that transformational leadership is the most appropriate style to conquer transformation. Transformational leaders possess the appropriated competencies, attributes and behaviors to motivate, inspire and convince change recipients of the necessity of change and accept it, enabling them to bring successful change.

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