INSIGHT OF TRANSFORMATIONAL LEADERSHIP FOR GLOBAL BUSINESS -AN APPLICATION AMONG LARGE SCALE ORGANIZATIONS OF TURKEY-

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Anahtar Kelimeler: Değişim yönetimi, Küresleşme, Küresel zihin yapısı, Dönüştürücü liderlik.

Abstract: The main aim of this study is to introduce transformational leadership as a phenomenon that effectively provides the application of global mindset. For this aim we determined three factors showing the globalization degree of the firms and analyzed the relationship between transformational leadership and globalization degree of firms. The results showed that CEO’s of global organizations in Turkey, to a large extent have the characteristics of transformational leaders. Moreover there is a positive correlation between transformational leadership and globalization degree of firms.

Keywords: Change Management, Globalization, Global mindset, Transformational Leadership

I.Introduction

Globalization can be conceptualized as a situation in which political borders become increasingly irrelevant, economic interdependencies are heightened, and national differences due to dissimilarities in societal cultures are central issues of business. In other words, it means the intensification of worldwide social relations, which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa (Huczynski & Buchanan, 2001; Granell, 2000; Özdemir, 1996; Green and Ruhleder, 1995). The globalizing economy has had a tremendous influence on firms, forcing them to adapt to new realities. Because of globalization or a worldwide pressure for change, firms in Europe and North America have been threatened from competition in the Pacific Rim, particularly from Japan, Taiwan, South Korea and Hong Kong. Increased competition enables many firms to enter many markets, and local or domestic firms face with competitors.

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from far away. In this context change becomes a necessary business practice and long term goals have to be reformulated continually.

Today we live under more different conditions than economic conditions of the past and we are experiencing a huge transformation. In the context of experienced transformations, existing business structures and mindsets are incompetent and thus a more comprehensive business structure and mindset is necessary. This requires companies to adopt new ways of management and managers to possess a global perspective. Thus managing in a global context requires more than the managerial philosophy of past. Under globalized economic system, companies from all parts of the globe are competing to deliver the same product or service, anytime, anywhere at increasingly competitive prices and this causes companies to organize themselves in radically different ways. Forces of global economy in the form of increased competition and pressure for efficiency, necessitate a new managerial paradigm. Therefore in a world where communication and transportation technology have reduced barriers considerably, an additional challenge is to develop a mindset that is global to increase organizational effectiveness and yet maintain efficient business operations. A global manager is one who has reorganized his or her way of thinking and has an altered mindset. Thinking globally means extending concepts and models from one-to-one relationships to holding multiple realities and relationships in mind simultaneously, and then acting skillfully on this more complex reality (Lane et al., 1997). This necessitate for global managers to have openness that allows a global mindset to form, evolve, and develop.

The implications of globalization and global mindset for management are profound. As the focus of business shifts from the domestic environment to the global, business leaders and managers will have to look for ways to redefine their strategies and realign their organizations to the new and more complex global realities. “Command and control” styles of management typically associated with traditional hierarchy and bureaucratic structures are simply useless. Instead, managers need, for example, to be more sensitive to the external forces, influences and competitors; to give more attention to lateral as opposed to vertical relationships; to exercise leadership that mobilizes and energizes others; to be more committed to achieving high performance; to be more forward-looking and more prepared to anticipate, initiate and respond to change. In other words, the challenges are not restricted to meeting changes in the global competitive environment but also to look at ways to improving organizational performance and increasing individual development simultaneously.

The search for and identification of behaviors that increase a leader’s effectiveness has been a major concern of practicing managers and leadership researchers alike (Bass, 1998; Bass and Avolio, 1994). Recently, the focus of leadership research has shifted to the identification and examination of those
behaviors exhibited by the leader that make followers more aware of the importance and values of task outcomes, activate their higher order needs, and induce them to transcend self-interests for the sake of the organization. It is believed that effective leaders transform or change the basic values, beliefs, and attitudes of followers so that they are willing to perform beyond the minimum levels specified by the organization (Podsakoff et al., 1990).

The main aim of this study is to analyze the linkage or relationship between transformational leadership and global mindset. In this study the basic question which is to be answered is whether transformational characteristics of leaders of global organizations which are among top 500 companies of Turkey increase as the globalization degree of firms increase.

II. What is A Global Mindset?

A global mindset is a way of approaching the world, a tendency to monitor the world from a broad perspective, always looking for unexpected trends and opportunities that may constitute a threat or an opportunity to achieve personal, professional or organizational objectives. Globally thinking persons tend to be open to themselves and others by rethinking boundaries and changing their behaviors (Hough 2001; Milkovich, 1998; Rhinesmith, 1992). It is an orientation of the world that allows one to see certain things that others do not. A Global mindset is the foundation for business competences such as managing competitiveness and managing uncertainty. It is an orientation to the world. It represents a curiosity about the world, to see goals and objectives against larger backdrops and time frames; it provides explanation and meaning for events and guidance for one’s behavior (Kalburgi, 1995:30).

A global mindset is a completely different way of looking at the world and synthesizing the many complex forces (Kedia and Mukherji, 1999:234). It has unique dimensions and perspectives not present in the past mindsets. A global mindset is able to understand a business, an industry sector, a particular market segment, or a business function on a global basis. This ability is different from comprehending those tasks within limited, specified territorial borders. In other words, the manager exhibiting a global mindset can discuss the business in global terms. That manager displays a global attitude, a global view, which is a vantage point different from managers with the mindsets of the past (Hamlin et al. 2001; Vega, 2001; Jeannet, 2000; Rollinson et.al, 1998; Kaye and Little, 1996; Ehrensal, 1995; Fulmer and Teegen, 1995). Although a global mindset is a state of being essentially characterized by openness, and an ability to recognize complex interconnections, global managers need a certain set of supportive knowledge and skills to sustain the mindset. Knowledge and skills are needed to meet the changing, emerging and increasingly complex conditions associated with globalization (Hamlin et al., 2001; Rodie, 2001; Hugman and Hodgetts, 2000; Meredith, 2000; Rhinesmith, 1992). A manager needs to have knowledge of different aspects of the interdependent world. Skills, on the other
hand, are certain human and behavioral abilities that managers have which help them to do their work more effectively in the global context. It is this unique combination of global mindset, knowledge, and skills that is necessary and sufficient for the making of global managers (Kedia and Mukherji, 1999:235).

III. Transformational Leadership

Change oriented models of leadership have sustained the interest of managers and scholars alike because of their promise of extraordinary individual and organizational outcomes. Within the large literature on leadership, transformational leadership has probably attracted more empirical scrutiny than any other current theory. Perhaps the reason why research on transformational leadership has become somewhat self-sustaining is that positive results continue to emerge on the effects of transformational leadership (Barling et al., 2000:157).

Keeping in mind Weber’s ideas on power and charisma, Burns drew attention to the concept of “transforming” leadership to emphasize the significance of the interaction between leader and followers. Burns distinguished two forms of interaction: transactional and transforming. According to him, transactional leadership occurs when a person interacts with another person for the purpose of exchanging valued things with no mutual pursuit of a higher purpose. In contrast, transforming leadership occurs “when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality” (Burns, 1979:382).

Transformational leaders achieve superior results by operating in keeping with three instruments (Coad and Berry, 1998; Glad and Blanton, 1997; Bass and Avolio, 1994):

1) Idealized influence which involves being role models for their followers.
2) Intellectual stimulation which involves stimulating followers’ effort to be innovative and creative.
3) Individualized consideration which involves paying special attention to each individual’s need for achievement and growth. This also includes inspirational motivation which involves motivating and inspiring followers by providing meaning and challenge to their work.
These factors are summarized in Figure 1

![Transformational Factors Diagram](image)


Based on these four instruments Podsakoff et al. Suggest that there are at least six key behaviors associated with transformational leaders (Podsakoff et al., 1990:112).

- **Identifying and Articulating a Vision**: This is the behavior of the leader with the aim of identifying new opportunities for his company and developing, articulating, and inspiring others with his vision of the future.
- **Providing an Appropriate Model**: Leader’s behavior to set an example for employees to follow that is consistent with the values the leader espouses.
- **Fostering the Acceptance of Group Goals**: Leader’s behavior to promote cooperation among employees and to get them work together toward a common goal.
- **High Performance Expectations**: Leader’s behavior that shows his or her expectations for excellence, quality, and/or high performance on the part of followers.
- **Providing Individualized Support**: Leader’s behavior that indicates his or her respect for followers and concern about their personal feelings and needs.
- Intellectual Stimulation- Leader’s behavior that challenges followers to re-examine some of their assumptions about their work and rethink how it can be performed.

IV. Components of Global Mindset and Transformational Leadership

A global mindset, to distinguish it from a non-global mindset, is one that is characterized by unique time and space perspectives, and a general predisposition. A unique time perspective is one of taking a long term view when dealing with international business activities. Similarly, a unique space perspective is one where managers with a global mindset will extend their personal space well beyond their immediate surroundings, both in terms of geography as well as in real potential relationships with other people (Kedia and Mukherji, 1999:236).

Global mindset has some unique paradigms. The distilled experience of managers and management consultants suggests that there may be eight components to global mindset as identified below (Kalburgi, 2000:30). Now we will try to relate those components with transformational leadership.

A. A curiosity and concern with the context

Those who have a global mindset hold a curiosity for and drive to place the current tasks against the backdrop of the past as well as probable future. They have an eagerness to achieve more in the broader context. Their knowledge base is both cause and effect of the curiosity and the drive to stay ahead.

If we think of this component in terms of transformational leaders, we may say that they combine this component with high performance expectations (Podsakoff et al., 1990:112). To stay ahead, they expect excellence, quality, and high performance on the part of followers (Barnett et al., 2001:25-26). Behavioral features of transformational leaders such as inquisitiveness, scientific interest, experimentation, high frequency of interaction with external environment and active customer information gathering are in line with this component (Hersey et al., 2001:423). In addition, transformational leaders build external networks to cultivate different views and concerns. Moreover they visit other organizations to see the way other companies do things (Tichy & Devanna, 1990:54). This is an application originating from their curiosity and concern with the context.

B. Acceptance of complexity and its contradictions

Globalization necessitates the integration of worldwide economic activities (Eren, 2000:261). In this context, leaders who have a global mindset view the organization as a complex system. They build an understanding of the
complexity of the organization and the changes necessary to move from the present to the future (Gratton, 2000:208). Global managers need to be able to understand increasingly complex environments, and recognize complex patterns in the environments (Kedia and Mukherji, 1999:236).

Transformational leaders try to explain their followers that it is impossible to be successful by protecting the status quo (Geijesel et al, 1999; Glad and Blanton, 1997; Gronn, 1997). Because they are aware of the fact that the environmental conditions of today are really complex. Continuous change, which is the basic target of transformational leaders, is a reaction of the organization to its complex environment with the aim of being successful. This change brings also a complexity in terms of internal processes and activities. On the one hand transformational leaders try to create environmental conditions in which employees work willingly and vehemently. But on the other hand they know that dynamic problems that their organization faces are not easy to solve (Tichy and Devanna, 1990:85).

C. Diversity consciousness and sensitivity

Diversity has become an important subject in almost all countries and organizations in the world. Under global mindset, it is believed that diversity increases creativity. In this context, transformational leaders share this belief and they have a unique talent in terms of employing the intellectual, emotional and spiritual potentials of the employees (Shriberg et al., 2002; Coad and Berry, 1998). Since they give expression opportunities to any idea, and since they believe that the success can only be achieved through valuing diversity, transformational leaders have diversity consciousness and sensitivity. For this reason teams are very important in terms of transformational leadership (Bass, 1998; Podsakoff et al., 1990).

Researches in the field of social sciences showed that heterogeneous groups are better and more creative than homogenous groups in terms of problem solving (Egge, 1999:24). Problem solving and creativity are among basic talents that are necessary to become successful in global business (Gilkey, 1995:36). Transformational leaders are aware of this fact and they try to create a leverage effect from these talents for organizational transformation (Geijesel et al., 1999:310). The fact that multidimensionality exists in the nature of transformational leadership is a reflection of the diversity consciousness and sensitivity.

D. Seeking opportunity in surprises and uncertainties

Under global conditions, the environment is changing rapidly and some uncertainties are coming into view as the environment changes (Mische, 2001; Stilwell, 2000; Güzelcik, 1999; Beckhard, 1989). Surprises and uncertainties carry threats in terms of organizations. But threats can be transformed into opportunities. Transformational leaders know that hidden opportunities exist
under embarrassing or bad conditions. Their education, experience, knowledge accumulation and self-confidence make it easy for them to take risks and to give intuitive decisions during surprises and uncertainties.

Transformational leaders build external networks in order to monitor the developments in the external world (Tichy and Devanna, 1990). By doing so, they try to create opportunities from uncertainties. In addition, having the quality of seeking new opportunities for the organization, transformational leaders behave in line with this component of a global mindset.

E. Faith in organizational processes

Faith in process means trusting others and delegating responsibility to them and not controlling them closely with structures, policies, rules and regulations (Kalburgi, 1995:31). This faith naturally brings together some degree of risk but it must be envisaged.

In addition, accelerating information flow and decision-making are also necessary. Faith in organizational processes also necessitates trust and belief in the power of norms and in resolving differences, rather than rigid rules and regulations, discussion and negotiation must be used.

Transformational leaders, by means of empowerment, try to give freedom to followers in achieving their purposes (Hunger and Wheelen, 2001; Fuller et al., 1999; Bass, 1998; Johnson, 1995). They try to ensure followers’ acceptance of group goals and to create a new work environment based on mutual trust and teamwork (Sosik, 1997:462). Transformational leaders create a vision that is sensitive to followers’ needs and minds and they use this vision as a means of motivation (Doğan, 2001; Eisenbach et al., 1999; Podsakoff et al., 1990; Tichy and Devanna, 1990). In this respect, a powerful feeling of commitment and trust results among employees and the leader.

Transformational leaders know that, in order to create a complete transformation, institutionalization of the transformation process is necessary (Tichy and Devanna, 1990:31). This shows that they are aware of the importance of organizational structures and processes. Transformational leaders try to realize transformation, not by expressing dissatisfaction with the status quo, but by arousing followers’ interest in terms of change. This shows that in any condition, transformational leaders do not let the faith in organizational processes be jeopardized.

F. Focus on continuous improvement

One of the basic components of a global mindset is the focus on continuous improvement. Because one important feature of globalization is that it forces organizations to change rapidly (Koçel, 2003: 711; Özgen v.d., 2002:42; Türkmen, 1995:96). In accordance with this component, transformational leaders try to develop themselves and their followers in every situation. They know development will be accelerated with the help of others as
well as their efforts. In every level, organizations need people having the need of development. Because of the scarcity of high knowledge, today many organizations experience a knowledge fear. The way to come over this fear lies in training and self-development (Deming, 1986:70).

Transformational leaders, by means of the vision they establish, create a future situation and this situation constitutes the core of individual and organizational change or development (Hersey et al, 2001; Podsakoff et al, 1990; Tichy and Devanna, 1990). In addition, transformational leaders, by inspiring them, try to influence followers in a different way and increase their commitment to an aim, which is too complex and too difficult to handle on one’s own (Eisenbach et al., 1999:84).

Transformational leaders encourage their followers to enter into challenges and to take risks (Pillai et al., 1999). In other words transformational leaders encourage their followers to be creative and reformist (Glad And Blanton, 1997; Gilkey, 1995). As a result of this encouragement, both the leader and the followers can question existing values and assumptions and look for the new ones (Gronn, 1997). By encouraging followers to handle problems in a new perspective and to find out new solutions, transformational leaders, try to focus on the target of continuous improvement both for themselves and for their followers (Tichy and Devanna, 1990:186). Applications of transformational leaders such as empowerment, encouragement of risk taking, flexible and fluid management systems are all actions towards the accomplishment of continuous improvement.

G. Extended time perspective

In terms of organization’s move and results expected, a long-term view should be taken. This perspective typically involves long-term planning and visioning. One important characteristics of a manager holding a global mindset is the capacity for envisioning and being able to give meaning to the vision (Kedia and Mukherji, 1999:236). Therefore, visionary character of transformational leaders is the best proof of the fact that they have an extended time perspective (Bass and Avolio, 1993). Even under complex and uncertain conditions of today, transformational leaders focus on tomorrow, not today; they are able to establish an institutional road map for a long period of time and they can draw a clear feature picture of their organization for their followers (Robbins, 2000:475).

Transformational leaders prepare strategic plans and they focus on establishing a challenging vision. When one’s sights are on the long term, (s) he is not perturbed by small fluctuations in the short-term.

H. Systems thinking

A system is a set of parts, which are connected and behave together in significant ways and in terms of systems approach, the whole of the system...
behaves in a way which is greater than sum of its parts (Naylor, 1999:50). In addition, this approach evaluates organizations as open systems. Open-system approach recognizes the dynamic interaction of the system with its environment. The three major characteristics of open systems are: they receive inputs or energy from their environment, they convert these inputs into outputs and they discharge their outputs into their environment. Since environment changes continuously, this means that in order to adapt to those changes, organizations have to make changes in their bodies. (Robbins, 2000, Cole, 1993). This is the most important reason of transformational leaders efforts to establish a continuous change atmosphere in their organization. For this reason transformational leaders try to monitor the changes in the environment.

In order to realize the change, transformational leaders try to persuade all employees. Because they know that organization as a social system is a whole and all departments are interdependent (Hersey et al, 2001). Therefore transformational leaders do not restrict the persuasion process with a few departments and try to consider all employees within this process (Eisenbach et al, 1999; Bass, 1998; Tichy and Devanna, 1990).

Transformational leaders are aware that a transformation as a result of globalization will effect the organization as a whole. As a result of this reciprocal interaction, transformational leaders evaluate a change in one department, in terms if its effects on other departments (Beckhard, 1998). In addition, transformational leaders try to understand and interpret the environment and to adapt their vision and organizational resources to threats and opportunities that the environment offers.

V.Method

A.Purpose and sample of study

The aim of this study is to find out to what extent leaders of global organizations situated in Turkey show attitudes and behaviors in accordance with transformational leadership model. Specifically the answers of these questions are searched in this study:

1) To what extent leaders of global organizations which are among top 500 companies in Turkey have the characteristics of transformational leaders?

2) Is there a positive relationship between number of foreign employees and transformational characteristics of the leader?

3) Is foreign capital rate positively correlated with transformational leadership?

4) Is there a positive relationship between the number of countries in which the organization has a process and transformational characteristics of the leader?

We used a combination of primary and secondary data. Primary data about measures of transformational leadership were obtained from 363 upper
level managers of 37 organizations in 13 different industries*. All of 363 managers are either department chairmen or assistants of Chief Executive Officers. Since our basic aim is to try to determine whether CEOs of global organizations which have some operations in Turkey behave in line with Transformational Leadership Model, we have chosen those who are closest to CEOs as our sample. In other words we requested 363 upper level managers to evaluate 37 CEOs. We also gained some demographic characteristics of CEO’s in order to see whether there are differences in terms of transformational leadership behaviors among the groups about those characteristics.

Secondary data about the organization list were obtained from annual report of Istanbul Chamber Of Commerce about 500 Top Organizations in Turkey. All of the organizations are Foreign Direct Investments in Turkey and at least 50 percent of their ownership belongs to a foreign organization. We have chosen foreign direct investments because among global organizational strategies, since it gives the investor a controlling interest in a foreign company, it seems that it is the one, which is most appropriate for a global mindset. (Daniels& Radebaugh, 2001:11). In other words we did not measure the global mindset. Instead we assume that CEO’s of our sample have the features of that mindset. Because, we have chosen foreign direct investments as our sample and in the literature it is stated that as international investment and involvement increase (geocentrism), a global mindset also appears (Kedia and Mukherji, 1999). Moreover, we analyzed the relationship between number of foreign employees, foreign capital rate, the number of countries in which the organization has a process and transformational leadership. Based on the literature we assume that increase in such figures also shows an increase in global mindset (Kefalas and Neuland, 1997).

All of CEOs are male. In terms of age, most of them (62.2 %) are between 45-54. All of them graduated from a university with more than 50 %, having a graduate degree. 54 % of CEOs know more than one foreign language. More than 83 % of them had worked in the same company for more than 10 years. It is interesting to see that 10 CEOs have no foreign country experience but most of them have at least one foreign country experience.

Secondary data about organizations were obtained from annual report of Istanbul Chamber Of Commerce about 500 Top Organizations in Turkey. Most of the organizations have more than 50 % foreign employees and 43.3 % of the organizations have operations in more than 30 different countries. Most of the organizations (48.7 %) have more than 89 % foreign capital. 35.2 % percent of organizations are in the first hundred of the list of Istanbul Chamber

* Taking the possibility that some of the questionnaries might not be returned back into account, we sent 500 questionnaires to managers. This sample largeness is quite over the number of 400 which shows the minimum sample largeness within 95 % confidence limits and with 5 % error margin.(IDIL, 1980:132; KURTULUŞ, 1998:235).
of Commerce about Top 500 Industrial Organizations of Turkey. In terms of the sectors, means of transportation sector is the sector for which there are more participants than others (18.9 %).

Data were gathered by a questionnaire from those managers that are very close to CEOs. The questionnaires were distributed in packets, each of which contained a letter from the researchers assuring participants of a complete confidentiality, and a questionnaire. Completed surveys were mailed by the respondents directly to the researchers in pre-addressed envelopes. 500 questionnaires were distributed and 107 of the questionnaires were not returned and 30 others were incomplete. So, 363 questionnaires were considered for statistical analyses (Response rate is 73 %).

B. Measure of Transformational Leadership

Measure of transformational leadership behavior was taken from Podsakoff et al. (1990). We asked an expert group to comment on the representativeness and suitability of the items and made some corrections. Five-point Likert scales ranging from (1) “Strongly Disagree” to (5) “Strongly Agree” were utilized to assess the construct in the present study.

C. Analytical Procedures

Before evaluating the relationship between global mindset and transformational leadership, we conducted an exploratory factor analysis for the transformational leader behavior. In addition, we conducted a Cronbach Alpha Analysis to find out the internal coherence of the scale. Results of factor analysis are also used for validity.

VI. Results

A. Exploratory Factor Analysis

In the exploratory factor analysis of the transformational leader behavior, different from Podsakoff et al., items loaded under five factors. In Podsakoff et al., Identifying and Articulating a Vision, and Providing an Appropriate Model were found to be different factors. But in our study, the statements about these headings loaded under the same factor. As a result of the factor analysis data show that the sample was big enough and population was suitable to measure (KMO = 0.888, Bartlett Test Value = 6395.755 and P=0.000). Factors found are summarized in Table 1. All of the items had significant loadings on their hypothesized factors.
### Table 1: Exploratory Factor Analysis of The Scale

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<tbody>
<tr>
<td>1</td>
<td>Has a clear understanding of where the organization is going</td>
<td>4.16</td>
<td>0.87</td>
<td>0.810</td>
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<td>13</td>
<td>Is always seeking new opportunities for the Organization</td>
<td>4.14</td>
<td>0.89</td>
<td>0.807</td>
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<td>7</td>
<td>Paints an interesting picture of the future for our group</td>
<td>4.02</td>
<td>0.94</td>
<td>0.721</td>
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<tr>
<td>14</td>
<td>Leads by example</td>
<td>3.82</td>
<td>0.97</td>
<td>0.720</td>
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<tr>
<td>19</td>
<td>Inspires others with his/her plans for the future</td>
<td>3.88</td>
<td>1.02</td>
<td>0.686</td>
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<tr>
<td>22</td>
<td>Is able to get others committed to his/her dream</td>
<td>3.97</td>
<td>0.94</td>
<td>0.685</td>
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<td>2</td>
<td>Leads by “doing” rather than simply “telling”</td>
<td>3.94</td>
<td>0.94</td>
<td>0.636</td>
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<td>8</td>
<td>Provides a good model for me to follow</td>
<td>3.71</td>
<td>1.00</td>
<td>0.598</td>
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<td>9</td>
<td>Fosters collaboration among work groups</td>
<td>3.82</td>
<td>0.88</td>
<td>0.877</td>
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<td>23</td>
<td>Develops a team attitude and spirit among work groups</td>
<td>3.76</td>
<td>0.95</td>
<td>0.836</td>
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<tr>
<td>15</td>
<td>Encourages employees to be “team players”</td>
<td>3.72</td>
<td>0.92</td>
<td>0.834</td>
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<td>20</td>
<td>Gets the group to work together for the same goal</td>
<td>3.80</td>
<td>0.82</td>
<td>0.814</td>
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<td>3</td>
<td>Fosters participation of employers to goal setting</td>
<td>3.69</td>
<td>0.87</td>
<td>0.740</td>
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<td>12</td>
<td>Asks questions that prompt me to think</td>
<td>3.71</td>
<td>0.97</td>
<td>0.814</td>
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<td>18</td>
<td>Has stimulated me to rethink the way I do things</td>
<td>3.76</td>
<td>0.94</td>
<td>0.775</td>
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<td>6</td>
<td>Challenges me to think about old problems in new ways</td>
<td>3.65</td>
<td>1.06</td>
<td>0.747</td>
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<tr>
<td>21</td>
<td>Has ideas that have challenged me to reexamine some of basic assumptions about my work</td>
<td>3.72</td>
<td>1.04</td>
<td>0.736</td>
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<td>17</td>
<td>Behaves in a manner thoughtful of my personal needs</td>
<td>3.64</td>
<td>1.08</td>
<td>0.841</td>
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<tr>
<td>5</td>
<td>Treats me with considering my personal feelings</td>
<td>3.63</td>
<td>1.10</td>
<td>0.840</td>
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<tr>
<td>11</td>
<td>Respects my personal feelings</td>
<td>3.77</td>
<td>1.06</td>
<td>0.815</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Shows us that he/she respects a lot form us</td>
<td>4.47</td>
<td>0.77</td>
<td>0.862</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Will not settle for the second best</td>
<td>4.23</td>
<td>0.98</td>
<td>0.820</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Insists on only the best performance</td>
<td>4.53</td>
<td>0.71</td>
<td>0.802</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Eigenvalue</th>
<th>4.673</th>
<th>3.902</th>
<th>2.962</th>
<th>2.956</th>
<th>2.438</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Variance Explained</td>
<td>20.316</td>
<td>16.966</td>
<td>12.879</td>
<td>12.854</td>
<td>10.602</td>
</tr>
<tr>
<td>% of Total Variance</td>
<td>20.316</td>
<td>37.282</td>
<td>50.161</td>
<td>63.015</td>
<td>73.617</td>
</tr>
</tbody>
</table>
When the results of the factor analysis are evaluated in terms of validity, it is seen that correlation coefficients among the factors are neither too high nor too low. This proves face, convergent and discriminant validity of the scale. In addition, the fact that we operationalized the view of an expert group in establishing the scale proves the content validity of the scale (Saunders et al., 2003:308). After this analysis, we conducted a Cronbach Alpha Analysis to find out the internal coherence of the scale. As a result of this analysis, we concluded that the scale is reliable (Alpha for the scale as a whole= 0.93 , for Articulating Vision and Providing Appropriate Role Model = 0.91 , for Fostering Acceptance of Group Goals=0.91, for Intellectual Stimulation = 0.87, for Individual Consideration =0.93, for High Performance Expectations = 0.82 ).

B. Transformational Leadership Behaviors of CEO’s

When we evaluate the total 8349 answers of 363 top managers to 23 statements, we see 68.7% of the answers is positive (4 and 5) and 9.1% of the answers is negative (1 and 2). 22.6% of the answers fell into the third answer, “undecided”. This general view led us to conclude that CEO’s are perceived as having the characteristics of transformational leaders. In terms of arithmetic means of the factors, the factor that has the highest mean is High Performance Expectations ($\bar{x} =$ 4.41). This shows that among the factors of transformational leaders, high performance expectations factor is the one that CEO’s of Foreign Direct Investments have most. The lowest mean belongs to individual consideration factor ($\bar{x} =$ 3.68). This states that individual consideration is the factor that CEO’s of Foreign Direct Investments have least.

C. Results of Correlation Analysis

Table 2 contains the means, standard deviations and reliabilities of the variables. As shown in the table, the reliabilities of all the variables are relatively high, ranging from 0.82 to 0.92. The Pearson-product moment correlations of the variables are also shown in Table 2. An examination of this correlation matrix reveals that transformational leadership factors have the strongest correlation with foreign employee rate. Because this variable has meaningful correlations with all of the transformational leadership factors. In addition, number of different countries in which organizations have operations and foreign capital rate are correlated with most of the transformational leadership factors. All these findings show that when Transformational Leadership behaviors of their leaders increase globalization degree of organizations also increases.

Table 2. Data About Corelation Analysis
Multiple Regression Analyses

Multiple regression analyses were used to examine how well the transformational leadership factors predict foreign employee rate, number of different countries in which organizations have operations and foreign capital rate. Foreign employee rate, number of different countries in which organizations have operations and foreign capital rate were treated as dependent variables and factor scores of the five dimensions of transformational leadership were treated as independent variables. The results are shown in Table 3.

Table 3: Summary of Moderated Regression Analysis

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>X</th>
<th>S.S</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. For. Employee Rate</td>
<td>2.81</td>
<td>1.20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Number of Diff. Count.</td>
<td>2.89</td>
<td>1.17</td>
<td>0.93***</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. For. Capital Rate</td>
<td>2.84</td>
<td>1.30</td>
<td>0.37***</td>
<td>0.38***</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Artic. Vision and Providing Appropriate Model (AV)</td>
<td>3.96</td>
<td>0.96</td>
<td>0.30***</td>
<td>0.25***</td>
<td>0.05 (0.91)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Fost. Accept. of Group Goals (FAG)</td>
<td>3.76</td>
<td>0.89</td>
<td>0.14**</td>
<td>0.09</td>
<td>0.15**</td>
<td>0.45***</td>
<td>(0.92)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Intellectual Stimulation (IS)</td>
<td>3.71</td>
<td>1.00</td>
<td>0.24***</td>
<td>0.20***</td>
<td>0.02</td>
<td>0.59***</td>
<td>0.39***</td>
<td>(0.86)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Individual Consideration (IC)</td>
<td>3.68</td>
<td>1.08</td>
<td>0.26***</td>
<td>0.13**</td>
<td>0.17**</td>
<td>0.62***</td>
<td>0.40***</td>
<td>0.58***</td>
<td>(0.92)</td>
<td></td>
</tr>
<tr>
<td>8. High Perf. Expectations (HPE)</td>
<td>4.41</td>
<td>0.71</td>
<td>0.38***</td>
<td>0.40***</td>
<td>0.12**</td>
<td>0.22***</td>
<td>0.28***</td>
<td>0.16**</td>
<td>0.14**</td>
<td>(0.082)</td>
</tr>
</tbody>
</table>

* Correlation is meaningful within 0.05 level. ** Correlation is meaningful within 0.01 level.
*** Correlation is meaningful within 0.001 level.

\[ R^2 \]

\[ F \text{ Statistic} \]

\[ F \text{ Sig.} \]

\[ p<0.05; \quad ** p<0.01; \quad *** p<0.001 \]
The multiple regression analysis for transformational leadership factors indicates that AV and HPE are significant predictors of foreign employee rate (F-Statistics=18.78; p<0.01) with standardized beta values of 0.16 and 0.34, and with 20 percent of proportion of the variance in foreign employee rate explained by the two predictor variables. Thus, AV and HPE factors of transformational leadership are significant for foreign employee rate.

Transformational leadership is thought to have a positive relationship with number of different countries in which organizations have operations. Analysis for transformational leadership factors showed that AV, FAG and HPE are significant predictors of number of different countries in which organizations have operations (F-Statistics=18.05; p<0.01) with standardized beta values of 0.20, -0.12 and 0.37, and with an R² of 0.20.

Transformational leadership is expected to have a positive relationship with foreign capital rate which is an indicator of the globalization degree of firms. The analysis of transformational leadership factors indicated that FAG and IC are significant predictors of foreign capital rate (F-Statistics=4.60; p<0.01) with standardized beta values of 0.12 and 0.23, and with R² of 0.06.

These results show that AV and HPE factors of transformational leadership have positive relationship with foreign employee rate and number of different countries in which organizations have operations.

VII. Discussion

Today the transformation that organizations experience stems from the sources outside the organizations and necessitates re-evaluation of some concepts such as mission, strategy and structure. It also requires reconstruction of organizational culture and behavioral processes. A global perspective becomes necessary because it will allow a manager from one part of the world to be comfortable in another. Such a perspective consists of a global mindset supported by appropriate skills and knowledge. A global mindset, in other words, will make a manager more competent and effective. A global mindset and a holistic global strategy should create conditions to build the worldwide organization characterized by specialization, interdependency, and coordination. A global outlook is a process of moving an organization’s structure, process, people, and culture form a set of highly autonomous business units to one that becomes and integrated and effective global network (Kedia and Mukherji, 1999:230).

Since the process of becoming a “global player” instead of a “local player” increases the level of complexity, ambiguity and stress, the importance of leadership is more than ever before. When we evaluate the components of a global mindset, we see that transformational leaders’ characteristics are in accordance with these components. As it is stated by Rhinesmith, a definite connection exists between global mindsets and personal qualities. These characteristics include conceptionalization and flexibility. Global managers form
the foundation for global management competences such as managing competitiveness and managing uncertainty (Rhinesmith, 1992). It also appears that transformational leadership is required to help employees to “tear down” their psychological walls and to transform their mindsets about the new work culture, about the globalization under way, and the realities of the new multicultural workforce. Transformational leadership is somewhat charismatic, capable of provoking extraordinary effort, because leaders have a personal approach to people and instil a sense of larger mission in them, thus creating a high-performing atmosphere. It is one in which the manager becomes a coach, cheerleader, facilitator, and consultant. Such transformational leaders demonstrate vision and expectations which often inspire their associates to work ridiculous hours, produce outstanding performances, and express total commitment (Harris, 1992:21).

The aim of this study was to examine the relationship between global mindset or globalizations degree and transformational leadership. To achieve this objective, (a) theoretical expressions were made to link global mindset and transformational leadership, (b) a scale was developed to measure transformational leader behaviors, (c) secondary data which give information about the globalization degree of some of the most successful foreign direct investments in Turkey, and (d) the relationship between these data and transformational leadership behavior was examined.

We can summarize our research findings as follows:

The study shows a positive correlation between a globalization degree of a firm and transformational characteristics of its leader. In detail we found that as foreign employee rate, foreign capital rate of an organization and number of countries in which the organization have operations increase, there is a parallel increase in the transformational characteristics of the CEO. This means that leaders of global organizations sustain most of the characteristics of a transformational leader.

Another important finding is that articulating vision and providing role model and high performance expectations factors of transformational leadership have positive relationship with foreign employee rate and number of different countries in which organizations have operations. Moreover, among the factors of transformational leadership, there is a strong positive correlation between articulating vision and providing role model and the other factors. In other words, this factor seems to be the most important factor of the transformational leadership. The strongest relationship among factors exists between articulating vision and providing role model and individual consideration. This finding supports the idea that charisma establishes a strong affective link between the leader and the followers. For this reason an important suggestion for managers is that they should always consider the feelings of employees in every sphere of organizational arena. If leaders show individual consideration to followers, followers feel themselves more special, more encouraged and more motivated.
In addition, leaders should pay more attention to the needs of the followers. If employees feel that their needs and efforts are monitored by top management, their commitment and attachment to organization and to the leader will increase.

These results imply that transformational leadership is a very effective leadership model for global organizations. In view of the pressures being accepted from the external environment, global organizations need to establish a flexible and adaptive system that should lead organizations to higher levels of performance. The importance of successfully enacting change is then a critical issue facing global organizations. To reach to such a level of performance, transformational leadership, with its promising factors, is very essential.

Based on our findings we believe that CEO’s in Turkey should contribute to the globalization of their firms and their country by having the characteristics of a transformational leader. This is very important for a country which is a part of both Europe and Asia, which aims to join EU, which has a very important geo-political place in the world and which has recently got out of a severe crisis.

References


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