



Transformational Leadership Using IT to Increase the Success Rate of SMEs in Malaysia

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Abstract

There is constantly a need to improve the success rate of SMEs in Malaysia. In this time of Covid 19, the whole world is working remotely. It's inevitable of using IT to support, lead and coach the team from remote locations. This study uses Literature survey to understand the existing transformational leadership (TL) behaviours that could be used by SMEs with the help of IT tools. In Malaysia even there is a huge gap between the SMEs and the success rate, its stated that we have an estimate of 60% failure of SMEs. With this Covid19 situation the SMEs are struggling to survive the lockdowns and managing projects remotely. There are proof that almost any SMEs in Malaysia are not able to withstand the first 5 years of start-up. Therefore, there is a voracious need to improve and Increase the success rate of a Small Medium Entrepreneur (SME). The intention of this study is to evaluate the impact of Transformational Leadership to increase the success rate of SME. By improving success rate of SMEs, it will directly boost our economy and GDP.

Keywords

Transformational Leadership, ICT, IT Tools, Leadership Behaviours, SME, SME Success.

Keywords: First Keyword, Second Keyword, Third Keyword.

1 Introduction

Over the years there are oceans of studies on leadership theories that has been developed throughout the years¹. One of the most famous leadership styles is Transformational Leadership (TL). The concept or the idea of Transformational leadership was introduced by Burns (1978) as a process or direction in which "both leaders and followers elevate each other to greater levels of ethics, morality and motivation". A crucial element of transformation is the ability to cultivate the needs of the follower in a follower-centered (person-centered) organisation or group of people. No scholars have been able to agree on one simple or direct definition of leadership,³. Hence this study will not be focusing on the definition or what is leadership, instead focusing on how it has been evolving and what are the types of transformational leadership behaviours.

Tichy and Devanna (1986) has further explained that "Transformational leadership is about bringing change, creating innovation, and establishing entrepreneurship". Transformational leadership can be divided into two major components of personal traits and behaviours, the first is the macro level Transformational Leadership and secondly is the micro level transformational leadership⁵.

According to Burns (1978), focusing on the followers needs makes leaders accountable to the follower in general. As a transformational leader, conflict can be used to initiate a possible change for good using IT tools it support

in segregation and ensure clear decision and discussion is captured. The leap to the next level conflict and the process of is by having empathy, understanding, insights and humanly consideration, not any type of manipulation, power wielding or coercion. Burn's work on Transformational leadership lays the foundation transformational movement which we won't be neglecting in this study. Many has neglected this part previously

On the other hand Maladzi (2016), has proven that Entrepreneurial leadership proves that a leadership can manage to encourage and stimulate employees whom have the "don't care" and "its ok" behaviour on managing risk. This can be done not only physically but through the support of IT tools, via conferencing and video camera to have a personal touch

While most leaders spend their time on planning and analysing each step of the task or strategy. Some might take a more intuitive approach; there are a lot of tools to support the planning and sharing the documents and knowledge remotely, there are shared drive where all of the team members could share their input and update while the rest view it live

2 Methodology

This study conducted a literature survey to understand the capture the behaviours of transformational leadership that has been evolving over time. This study will be able to support any SME or leadership improvement studies by understanding the Gaps and in utilising IT to lead an organisation. Hence this study will be focusing on the behaviours of transformational leadership using IT that could influence the success of a SME in Malaysia. This study compares the Transformational leadership in a small medium enterprise focusing on the Project sector in Malaysia. This study will be focusing on Transformational leadership and their critical behaviours in remote. It will be followed by Malaysia SME failure and success Literature review. This study focuses on be critical analyses and discussion to identify the most suitable transformational leadership behaviours that is crucial for ensuring the success of an SME.

3 Literature Review

3.1 Transformational Leadership behaviors and IT

Based on the literature study by scholars such as , Podsakoff, MacKenzie, Moorman and Fetter (1990) it can be recapitulated into six behaviour groups. It is crucial to understand this group of behaviours. Firstly, it's on identifying and articulating a vision. Followed by providing an appropriate model. The third behaviour is fostering the acceptance of group goals. Fourth behaviour would-be high-performance expectations. The fifth behaviour is around providing individualised support to staff and finally the last behaviour style is intellectual stimulation.

It can be concluded that there is no single definition on leadership, it can simply be defined in 1 sentence or a single meaning⁹. After 40 years of researchers trying to unravel the meaning of leadership, Bass, BM, Jung, DI, Avolio (2003) had list down more than 3,500 definitions and concluded, 'There are too many definitions of

leadership as those who have attempted to define the concept of leadership³. Hence this studies focus is not to try to create a new definition of leadership not drill deeper on the definition of leadership.

There are a lot of difference between an entrepreneur and leaders. There are totally two different thing an entrepreneur and a leader. An entrepreneur is a person who uses any opportunity in fact creates opportunity and responds to a conflict with an innovation which will drive the economic sectors for both macro and microeconomics level. Combining the trade of leadership is how you bring that idea to the successful implementation and ensuring it reaches the right target group using the IT tools and ensuring the team is fully aligned. It is innovation and bringing team together differentiate a leader and entrepreneur¹¹. Making the team accountable by assigning the task, and ensuring they updating it remotely gives the accountability to each and every team members.

According to Lo et al. (2009) based on abundant studies on the theory of leadership, it can be grouped and summarized into main five broad theories. Among the five theories, the first is about Trait behaviours followed by contingency or situational approach theory. Third theory is contemporary integrative approach. Fourth is power and finally the fifth is about influence approach.

The trait behaviours approach is an inherent attribute and personal characteristics of the leaders. As a human being we have our own personal trades, this is influence by few factors such as the leaders background, upbringing, the environment and their guru or the footsteps of the person they follow or being mould. This behaviour is built into their personality and very difficult to change. The behavioural approach is defined as behaviours of the leaders.

Ansari, MA, Ahmad, ZA and Aafaqi (2004), theorized that behavioural approach can be broken down into, contingency or situational approach. It is a behaviour that comes with a combination of situation and the leader's personal traits. The leaders will be managing using their behaviour and they are more adoptable and flexible based on the situation. The situation will either be giving them an opportunity to take control or to be controlled and manage the uncontrolled situations. The influencing capabilities and skills will be changing based on the situation. Hence it a trait that gives the strength of individual behaviours with adaptations capabilities.

Contemporary integrative approach is an approach where the leaders will be an innovator of their own behaviours and situations. This type of leadership will always be thinking about different ways or approach to deal with a situation or team member. The leader is designed to constantly venture and develop a more interactive way of having a discussion, for an example even now with Teams and google meet, there are a lot of exciting features. All that can only be done in a face to face scenario can be done remotely.

Power and Influence approach are two similar traits that the first is about gathering the power over the decision and the organisation using multiple ways, most importantly the trust factor. As they have the trust in the organisation the team will subconsciously obey and give the power to leader as a decision maker and the followers will obey. It is similar case for the influencing where influencing is an approach where the leaders will

be able to win a debate and somehow make the other parties think and believe that the certain decision will be a win-win situation. This allow the leader to influence and stir the decision into his court.

Over time, there can be group of four central components of IT and Leadership. These components include idealized knowledge, motivation online, intellectual stimulation, and individualized discussion. The first two components can be clustered together as personality or charisma of the leader (Bass, BM, & Riggio, 2006). Each individual leader whom representing them self as a proud transformational leader displays these components in different levels. It is based on their interpersonal strength, desired outcome of the organisation and also adopting to the outcomes of the followers. So there is no certain standard or equal traits of displaying these for components ¹⁰.

Therefore, it is important for each individual to appreciate and understand that idealizing the influence integrates two totally different characteristics of the follower and leader's relationship. First, the followers will admire certain characteristic towards the transformational leader and they will try to imitate them, this happens in their subconscious mind. On the second point the leaders are capable of impressing and making the followers owe on every movement or gestures of the leaders. Its not only about decision making or a specific act of kindness (Bass, BM, & Riggio, 2006).

The most important factor to enable the supporters/followers to reach their full potential is on the individualized consideration involves transformational leadership to coach and mentor them. This needs to be done in a structured and progressive way using the above behaviours ¹⁴.

There are also researches to backup that even in Project Management Knowledge area it has clearly specify on the criticality of the goal is a contributor to project success¹⁵. Project success is also dependable on the project manager's leadership style and how he or she influences the perception and controls the project team towards moving towards the right direction ¹⁵. As much as the team mates believe and trust on the project manager they will support and dedicate themselves to ensure the success of the project ¹⁶. **Podsakoff, MacKenzie, Moorman and Fetter (1990)** adapted Leadership items from measures produced by ¹⁸. Those leadership attributes were selected on the simple basis of how well they evaluate the theoretical construct under any type of study. The leadership attributes are: Articulating a vision, Intellectual stimulation, Inspirational communication, Supportive leadership, Personal recognition.

3.2 Transformational Leadership Behavioural Trends in IT

"Times are changing "is a very common term and being used vastly for all topics, it is time to acknowledge the fact that times are evolving rapidly as the day goes by more than anybody ever imagined. The people's understanding and practice of leadership styles must accommodate to these accelerated requirements and demands else we will be in the Jurassic world ¹⁹. Business leaders are working diligently and doing more hours to meet the business imperatives of speed and quality. With the old approaches they are not able to keep abreast with the demand and the needs of current world. Using the IT tools to keep track on the actions, target, and ensuring the team is aligned is very crucial ¹⁹

In this era we can't simply rely on the classical leadership style, the world needs a CEO is capable of meeting every person in the organisation globally Burns (1978) and later improved by Bass (2012) and Bass, BM, Jung, DI, Avolio (2003) . Supports these elements of caring, visionary, role modelling and team building leadership through the transformational and transactional leadership model.

Empowerment, justice, peace, and equality are some of the important trades the followers are looking for from a transformational leadership. Transformational leaders raise the consciousness of followers by appealing to those trades which attract followers more and increases trust ¹⁹. The four types of transformational leadership used by the executives in this study in order of most often to least often used are Individualized consideration, Inspirational motivation, Intellectual stimulation and Idealized influence ¹⁹.

In recent survey it is clearly noticeable that people do not necessarily need management Systems, procedures or managers. People need feelings & ideas, and teams need leadership ¹⁹.

It has been a trend to have multiple leadership styles and names for it, despite all that it is really important for them to keep in par in the changing world and be part of the change. And IT would be there to support and elevate their capability. They encapsulate this by describing leadership as a combination of individual traits, abilities, skills, and behaviours demonstrated by the leaders within the professional relationships to achieve common goals.

Following the most current methods and ways of working and having a Transformational leadership behaviour could potentially enhance the performance of subordinates, this is done by combining their motive with the right IT tools.

3.3 Effects of Transformational Leadership in Businesses with and without IT Tools

On general everyone would agree to the point, that leadership is one of the most important criteria in any type of business especially in the SME and we need IT to support the business. Everything and anything about the performance are vital to be captured and tracked a business perspective especially when it's a start up business.

All strong leaders will consider their employees as their biggest and most important assets. In an organisation high turnover rate is considered to affect the performance and the quality of the product from the organisation. Equalling to that is the organisation IT system is efficient and capable to supporting the staff to deliver, the team will have the satisfaction of delivery (Kontoghiorghes and Frangou, 2009).

One of the critical success factors of projects in a business is to use the leadership style of a project manager remotely. it is important for the project managers to use the project management tool virtually and assign the task to the members and ensuring each member understand and be a part of the project ²²⁻²⁴.

Aga et al. (2016) found a very positive association between a manager's transformational leadership and an organisation's business success. Base on their research, their finding shows that the manager's leadership style plays an important role in business success, this is not limited to type of projects or business. Essentially, a transformational leader motivates and inspires team members towards a direction to ensure business, with few

important traits such as improving efficiency, producing high quality products and providing a reliable service to the customers. Leaders will make the team understand and strive to these day to day operations which defines the success of the organisation. This finding answers the call by TURNER & MÜLLER (2005), who underlined that the project management literature failed to give sufficient attention to the role of business managers' leadership styles. It is also clearly stated that team-building is capable to increase the bond and the trust among the team members which will positively impact the organisation success. This finding confirms the meta-analysis by ²⁶ and later on Aga et al., (2016) supported this study.

The study by Jandaghi, GH, Matin, H & Farjami, (2009) found that from the four most famous Transformational leadership style inspirational motivation criteria has the highest, followed by idealised influence, intellectual stimulation and individualised consideration. It is indeed very interesting finding because most research conducted in Western countries Tosi, HL, Misangyi, VF, Fanelli, A, Waldman, DA & Yammarino, (2004) and Waldman, DA, Ramirez, GG, House, RJ & Puranam, (2001) has proven that having a strong influence and followers to idealise the goals are the key element of transformational leadership in any business in western countries. However, in the context of SMEs in Malaysia, especially focusing on the IT sector, inspirational motivation is perceived to be the key attribute of TL that can reap the fruit of success. A similar finding was reported in another non-Western context study in Iran by Jandaghi, GH, Matin, H & Farjami, (2009) and that study was strongly supported by (Aga et al., 2016).

4 Result and Discussion

As specified in the beginning of this journey, the last 4 decades the topic transformational leadership has been one of the favourite studies and there are a lot more to understand and research on this topic. The vast benefit of Leadership and brining it out remotely is crucial at this point of time. Using IT tools for success is one of the most common topic and also important topic for the current fragile and ever evolving economic situation ^{9,14,30}.

This implies that leaders believed in the concept of having the leaders as the main power source and formalizing the power of a leader and their practise of showing and using the power for influencing and getting things done. There is another study by Bass (1985) is equally important, which shows a very significant difference between the authentic transformational leadership and IT Project management leadership.

Transformational Leadership has proven to have a significantly stronger relationship with the organizational IT support tools. They feel that they must ensure that the organisation's values and quality deliverables are their responsibility. This is consistent with a study by Hayward Q, Goss M, (2004) and also by Walumbwa & Lawler, (2003) who proof that transformational leaders have capabilities to achieve and have at most higher level of commitments in achieving the organisation goals and be part of the organisation success if they have the right tools (Lo et al., 2009).

Based on a development experience inventory, for a leadership development experience exercise, it is scientifically proven that the transformational leadership was the most important trait and the leadership

behaviours are crucial and important for an organisation. Hence this can be used in the SME in Malaysia as well. The scholar tested and proved that potentially the transformational leadership behaviours are most liked by the followers. They have also proved that there are linkage and relationship between the leadership and IT tools ³³.

Having a latest way or in other word cutting age innovative tools and strong transformational leadership can be directly linked to inspire and stimulate the followed to deliver results beyond expectations while grooming and building their own leadership traits and their capabilities in leading ^{9,34}.

5 Conclusion

Base on the literature survey above, this study could conclude that the Leadership and its behavioural attributes will boost the capabilities and drive the employees of an organization towards a uniformed direction to achieve a common goal. In an IT Project environment, it is crucial to constantly evolve and be on the toes for changes and innovation. The day to day employees will get bored and tired on day to day routine, as a transformational leader it's their role to constantly motivate and empower every individual in supply chain to deliver extraordinary results and keeping them connected through the IT tools that's is available. It is crucial to set up a home office and ensure the team is connected and feel that their part of the organisations. Therefor it's important for a mature business or start-up to cultivate the transformational leadership behaviours and provide with the efficient IT tools to run the show.

These behaviours will benefit and ensure both leaders and followers elevate each other to greater levels of ethics, morality and motivation to achieve a common goal as a team. Based on the discussion above the 4 important behaviours are listed down in the table below.

Table 1: Below shows how each attribute of TL will impact the organisation and its employees to deliver a common goal.

TL Key Attributes / Behaviours	IT tools that can be used
Inspirational motivation criteria	Video conferencing, E -Cards,
Idealised influence	Online whiteboard, idea generation tools,
Intellectual stimulation	Virtual breakout rooms, E-Learning, online training
Individualised consideration	Action tracker, Scheduling PM Tools

With the above, this study can conclude that the behaviours of leadership combined with the right IT tool not in any ratio or order will definitely deliver a better working experience and more productivity in an individual or a team or in an organisation. This will directly impact the success of a business in long term.

Therefore, the Leadership behaviours can be considered by a start-up or by a IT Project SME in Malaysia. It is crucial to have a leader who can demonstrate the above behaviours directly with his personal trait to bring the organisation to the right direction and manage changes accordingly.

Suggestion for future research is on task-oriented strategies, change management by leadership for industries in Malaysia. A comprehensive study would enable greater understanding of the leadership and risk-taking processes as it could measure leadership effects on risk and issue management and the growth of small medium entrepreneur by tackling the risk and issues as a holistic.

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