TRANSFORMATIONAL LEADERSHIP IN CHANGING GLOBAL ERA – A STUDY OF SELECT BUSINESS LEADERS IN INDIAN PHARMACEUTICAL INDUSTRY

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Abstract- Global business consists of transactions that are devised and carried out across national borders to satisfy the objectives of individuals, companies, and organizations. These transactions take on various forms, which are often interrelated. Primary types of international business are import export trade and foreign direct investment (FDI). Transformational leaders view themselves as change agents who have a vision for the organization, in order to effect change; they do take risks but are not reckless. Many researchers believe that the transformational style of leadership is superior to the transactional style. Studies have found that transformational leaders are higher performers and are more likely to have impact than a transformational leader. Furthermore, some studies have found that there is a correlation between transformational leadership and low turnover rates, higher productivity an higher employee satisfaction. In this paper an attempt is made to study transformational leadership styles in the changing global era. This study is concentrated on Pharmaceutical industry in India

Index Terms- FDI, Leadership, Transformations

I. INTRODUCTION

Global business consists of transactions that are devised and carried out across national borders to satisfy the objectives of individuals, companies, and organizations. These transactions take on various forms, which are often interrelated. Primary types of international business are import export trade and foreign direct investment1 (FDI).

The basic principles of business still apply, but their application, complexity, and intensity vary substantially. To operate outside national borders, firms must be ready to incorporate international considerations into their thinking and planning, making decisions related to questions such as these:

1. How will our idea, good, or service fit into the international market?
2. Should we enter the market through trade or through investment?
3. Should I obtain my supplies domestically or from abroad?
4. What product adjustments are necessary to be responsive to local conditions?
5. What threats from global competition should be expected and how can these threats be counteracted?

For doing global business we need transformational leadership, transformational leadership became popular with the research of James Burns (1978). Burns (1978) linked the power a position with the response to the need of the followers. In this style, the vision of the leader must be conveyed to the followers. This vision sometimes requires change in the organization. This styles is becoming more important because of the demands of organizations to change in today's world of globalization.

It is important that the transformational leader motivate the followers in their vision. According to Burns (1978) Transformational leader motivate the followers to be better in three ways. They raise the consciousness about the importance of certain outcomes such as high productivity or efficiency. The leader shows the value of workers concentrating on what benefits their work team can achieve rather than the individual interests. Furthermore, the leader increases the needs of the workers so that they value challenges, responsibility, and growth. B.M. Bass linked transactional and transformational leadership as a continual process. Transformational leadership is developed form transformational leadership. To this end, the full range of leadership model was developed (Bass1985)

Transformational leaders give individual consideration along with intellectual stimulation. The transformational factors involve the following: Charisma or being able to influence by one's personality. For this to occur the leader must be respected and be able to articulate the vision. Inspirational motivation; the followers must be inspired by the vision and expectations must be high. Intellectual stimulation; creativity must be encouraged in followers. These leaders wants the followers to challenge the beliefs that they have as well as those of the leader and the organization. Individualized consideration; a supportive atmosphere is created by the leader. The leader acts more like a coach and advisor to the group so that expectations can be maximized. but, all above mentioned things can happen only when there is need. Likewise similar for other aspects.

However, transformational leaders view themselves as change agents who have a vision for the organization, in order to effect change; they do take risks but are not reckless. Many researchers believe that the transformational style of leadership is superior

to the transactional style. Studies have found that transformational leaders are higher performers and are more likely to have impact than a transformational leader. Furthermore, some studies have found that there is a correlation between transformational leadership and low turnover rates, higher productivity an higher employee satisfaction2.

Transformational leadership clearly defines the role of the leader and followers but also includes the followers in the leadership process. This style also acknowledges that leader's provide the primary means for change in an organization. Rewards and punishments may be used by the transformational leader as the transactional leader does but it goes further in that the growth and needs of the followers are acknowledged by the leader. In today's global economy, many companies look for transformational leaders in order to change an organization and to affect a new vision for the company.

In this paper an attempt is made to study Global Business and Transformational Leadership – with reference to Select Business Leaders in Indian Pharmaceutical Industry. This paper will try to understand the nature and characteristics of transformation leadership in pharmaceutical industry making an organization effective.

Transformational Leadership abilities of any leaders are contingent upon several intrinsic and extrinsic factors, which further classified in to macro, micro and circumstantial factors. These factors will have impact on short and long-term goals of the organization. General purpose of this study is to find the determinants of transformational leadership abilities of a leader in dynamic Indian pharmaceutical industry. For the purpose of this study, data was collected from twenty-five select pharmaceutical companies in India.

II. HISTORICAL BEGINNINGS OF TRANSFORMATIONAL LEADERSHIP THEORY

Downtown introduces transformational leadership in 1973 differentiating revolutionary leaders from ordinary leaders. Burns and Zalenzik were two preliminary developers of transformational leadership in 1977 where they determined that managers considered their associates' needs and set goals accordingly. Bass developed this theory further. To Bass, transformational leaders developed subordinates' needs from lower to higher levels of maturity, achievement, autonomy, affiliation and engaged subordinates improved their organization on their own, intrinsically, or if their supervisors directed them, extrinsically. When subordinates had a strong intrinsic desire to change their organization, the true transformation occurred. Consequently, transformational leaders built trust, respect, vision and empowerment.

Current studies have shown transformational leadership as an effective leadership model, partly due to leaders' consideration of others and motivational characteristics.

United States Army doctrine included transformational leadership in its training manuals because of the its usefulness where followers trust, admire and respect leaders and exceed expectations of their leaders. Additionally, leaders transformed and motivated followers in task accomplishment, followers disregarded personal interest for organizational or team success, and self-actualization. However, there is limited literature on this model within the Army. Consequently, a critical need existed to investigate transformational leadership in relationship to organizational climate and leadership constructs.

III. TRANSFORMATIONAL LEADERSHIP IN THE CONTEXT OF CHANGE

Ford and Ford (1994) held that leaders create change by providing a vision that is attractive to followers. Transformational leaders create followers by framing a vision for the future that appears to be reachable, attractive and engaging. A transformational leader would be successful in getting a change plan implemented by intellectually stimulating the followers, motivating them to rethink old ways of doing business. This idea- that the transformational leader creates a culture that embraces change is consistent with the extant change literature. According to John Kotter,(1995) Literature on both change and transformational leadership suggest that it is critical that the leader should be a change champion who can assemble and motivate a group with enough power to lead the change effort. According to Brown & Eisenhardt,1997 that leaders effective use of inducements and interventions that get people to change, works only if this change takes into consideration the underlying needs and values of followers. These underlying needs and values can be addressed by understanding the followers cultural background.

IV. ORGANIZATIONAL EFFECTIVENESS

All the organizations try to achieve survival and growth. Organizational effectiveness is a comprehensive measure of success of any organization. Furthermore, effective leadership has a positive impact on behavior with organizations, according several researchers, transformational leadership's role in improving many factors of organizations is especially pronounced. The effectiveness of behavior within organizations the effectiveness of their performance is known as organizational behavior. The concept of effectiveness is of great importance to an understanding of organizational behavior . However, organizational effectiveness is term that is complicated, controversial

and difficult to conceptualize. Organizational effectiveness has been defined in multiple ways.

1. Organizational effectiveness is "the ability of an organization to achieve its goals".
2. Organizational effectiveness is "The Maximization of return to organization by economic and technical means (efficiency) and by political means.
3. Organizational effectiveness is "An organization's ability to acquire scarce and valued resources".
4. Organizational effectiveness is "A combination of several measures".

These definitions indicate that organizational effectiveness has multiple meanings. Its meaning depends upon perspective or researchers also. Organizations have multiple stakeholders like employees, owners, government, customers. Therefore, there may be conflict in criteria of effectiveness some times. Organizational theorists differ regarding the meaning and criteria for effectiveness. This indicates that effectiveness has no universally accepted criteria.

V. GLOBAL SCENARIO OF THE PHARMACEUTICAL INDUSTRY

The global Pharmaceutical industry is changing rapidly. With downward pricing pressures in established markets on the one hand, and increasing costs due to regulations, competition and innovation on the other, the industry is being forced to look for new models of efficiency and impact. This coupled with a weak pipeline of new molecules capable of showing major improvements in therapy, is bringing the "blockbuster model" of the pharmaceutical industry into question. There are new risks, which exist in not only the development and market approval of drugs but can be found in its entire lifecycle. Further, there is an increase in consumer activism, which is requiring an investment in tighter operating procedures, transparency and the maintenance of public trust.

Global pharmaceutical Industry has grown by leaps and bounds since, First World War. Whereas the Indian pharmaceutical industry has grown by leaps and bounds since independence. World Trade organization brought greater opportunity to grow in the form of protection of intellectual property rights associated with formulations.

Sweeping changes, which are taking place in world pharmaceutical market, has resulted into some of the following trends:

1. Downward pricing pressure in regulated and established markets
2. Increased cost due to regulations
3. Global competition for innovation and sustainability
4. De-petenting of black buster drugs
5. Dynamic changes Morbidity and mortality rates.
6. Change in value chain proposition in global pharmaceutical marketing
7. Dynamic changes in demographical profile of developed and developing market
8. Increased consumer awareness.

VI. SURVEY RESULTS

This study has been conducted to find out the relevance of transformation leaders as a guiding force for organizational effectiveness. With this purpose data was collected from various sources. Required primary data was collected from employees from various select pharmaceutical industry through questionnaire. This paper examine qualities that employees look for in their leaders and study how the persecutions of such qualities influence employees commitment towards organization.

1. Respondents were picked up randomly, due care was taken that they represent the required criteria. Out of the 280 total respondents 190 are male and remaining 90 are female.
2. According age wise distribution maximum respondents are in the age group of 41-45. But from perception point of view persons in the age group of 46-50 is the group having the best positive opinion on their bass.
3. Among married and un-married and single respondents of 215 are married, unmarried are 45. And whereas single are only 20 and it constitute the group with highest satisfaction levels.
4. It was also studies that whether there is any relationship between educational qualities and employee perception on leadership. It was found that there is no relation between style of a leader and the department where they work.
5. Among the total respondent people in sales and marketing side are highly positive above their boss that any one.
6. Outcomes of the research it is found that across the section of the organization irrespective of the age, gender, experience, qualification, and department. Everyone was happy with their boss they ranked them excellent with best scoring.
7. During study it was also found that whether a company listed or not, it has no impact on the organizational effectiveness.
8. Employees also expressed that organization effectiveness behavior is excellent. However, it is independent of their leader (boos) style.

VII. SUGGESTIONS & CONCLUSION

All the respondents have expressed positive opinion about their leader. However, there several other factors on which leaders can score on from their subordinates perspective. Following are some of the suggestions.

1. A leader should be good Boundary Manager: As per respondent's responses opinion, they want their boss to be good boundary manager. It sound logical, because pharma industry is highly regulated and

fragmented market failing to meet the external challenges will results into organizations poor performance.

2. A Leader must be risk taker: Leaders should be able to take risk in terms of investing on Research and Development (R&D), entering into new therapeutic categories and markets segments in domestic and foreign markets.

3. Open for new ideas: Leaders should be open for suggestions and ideas, because every New Drug or chemical entity and its formulation is stemmed from one individual's idea. For that, the leaders should be accessible to their followers who are approaching with ideas. Not only approachable but leaders should be able to invest on the idea of the employee.

4. Empowerment of subordinate: Though many believe that their leaders confer autonomy and authority, paradoxically respondents also believe that their leaders, as a boss, are interested in telling what to do and how to do. But seldom have they given freedom to people to decide what to do and how to do, although respondents expressed opinion they are contacted and consulted for on several issues relating to concerned subject.

5. Gut feeling: At times leaders takes decisions based on gut feeling and intuitions or impulse, which is may be a good quality or not but most of the respondents are not sure of that issue.

6. Leader should be tolerant towards the genuine mistakes but be careful towards repeated behavior: Respondent also believes that their leaders will tolerate mistake as a genuine mistake and it happens during work process. However, if the mistake is deliberate or ignorance and it is repeatedly committed, then leaders should take immediate actions.

7. Open door policy: Forging hierarchical positions is the order of the day, if leader want his/her subordinate to be expressive and contribute for organizational growth, congenial atmosphere has to be created for that purpose.

8. Believe in and practice in risk taken ability: However, Pharma industry is capital intensive in case of Research and development. It is very difficult for Indian Pharma companies to spend time and effort on discovery of novel drug and new chemical entity. Hence, they can wait till the lifesaving drugs go off patent. Then they can go for production of generic version of innovative drug.

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