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Transformational Leadership: Building an Effective Culture to Manage Organisational Knowledge

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Transformational Leadership: Building an Effective Culture to Manage Organisational Knowledge

Abstract
This paper reviews the current literature of management to indicate how transformational leaders contribute to organisational knowledge by building an effective culture. The paper is based on a review of leadership theories, organisational knowledge, organisational culture and the integration of concepts from the knowledge-based view of the firm. This review also indicates that to develop organisational knowledge transformational leaders act as change agents who influence organisational culture which can in turn mediate the relationship between transformational leadership and organisational knowledge.

Introduction
To establish the historical foundations of leadership, Markham (2012) conducted research in which he indicated that leadership was rooted in the ancient world. This study indicated that the concept of leadership emerged in ancient extended families that represented clans, which in turn created cities themselves, as an example, ancient Rome consisted of 35 clans. The study also highlighted the critical role of leadership, and showed that clan membership was highly demanded for success in all the social institutions. Roman legions were examples of how clan membership could contribute to individuals’ successes, which was often passed from “the senior general/consul to one of his sons” (Markham 2012, p. 1142).

With these historical foundations, Burns (1978, p. 2) argues that “leadership is one of the most observed and least understood phenomena on earth.” Similarly, Mills (2005, p.19) critiques the current management literature and posits that “the core of the criticism in the literature is that organisations of all sorts (corporations, government agencies, and not-for-profit organisations) tend to be over-managed (and/or over-administrated) and under-led.” In the book, Leadership: How to Lead, How to Live, he argues that organisations cannot make required changes to attain their organisational goals, and discusses the importance of leadership. He also acknowledges that the importance of
leadership could be examined from both political and commercial views, and provides numerous examples in business. In describing the importance of leadership in business, Mills (2005, p.10) posits that “investors recognise the importance of business leadership when they say that a good leader can make a success of a weak business plan, but that a poor leader can ruin even the best plan,” and provides several examples of such leaders. In the absence of effective leadership, companies lose the required direction to achieve a high degree of competitiveness, and cannot implement a successful change to adapt to today's uncertain business environment. In this paper, we indicate how transformational leaders can build an effective culture to facilitate organisational knowledge.

A Literature Review on the Leadership Theories
To assess the literature on leadership, Yammarino et al. (2005) evaluated 378 articles and book chapters. They found some mismatches between theoretical concepts of leadership and empirical investigations, and explained that while the theoretical concepts of leadership are extensive, empirical studies could not have sufficiently supported these theoretical concepts. A study by Zaccaro and Horn (2003) revealed the reasons for these mismatches: the first being that past studies about leadership lacked a multilevel approach, and only focused on downward control. These did not account for a middle-level leader who takes a two-way approach to influence both superiors and subordinates. The second reason was that there is no determined set of variables used to investigate effective leadership, owing to the diversity of leadership theories and models with different perspectives about effective leadership. The third reason relates to studies about leadership which lack a systematic approach and stem from interdisciplinary approaches. Indeed, prior works on leadership have remained relatively silent on how integrate theories, methods and concepts from diverse disciplinary domains to provide a rich basis for understanding leadership theoretical concepts. The fourth reason is about having no direct connection between leadership theories and models, with the exception of transformational leadership and the realities of today’s changing situations. Whereas companies in general confront challenging situations in which they need to proactively respond to every environmental demand, a comprehensive leadership theory can be a basis for understanding and perhaps anticipating these emerging issues. This has been reinforced previously by Blair and Hunt (1985, p.275) who state that “the issue here is not basic versus applied research, but research that is or is not relevant to current or projected organisational problems.” Kempster and Parry (2011) also critique past studies on leadership, and posit that these theories and models reflect positivist philosophy, which manifests itself in exploring the current situation rather than investigating the most desired situation for an organisation. However, with these viewpoints, several authors argue that these studies could have reasonably developed some ways of appraising an effective leader versus an ineffective leader, and also identified a number of variables potentially affecting the effectiveness of leadership (Fiedler & Chemers, 1982; Zaccaro & Horn, 2003). Although past leadership studies have provided some insight into evaluating effective leadership, and illustrated a number of variables potentially required to lead effectively, these studies have been challenged by various researchers. We critically review the leadership theories in the following section.

Servant Leadership Theory
Greenleaf (1977) in his essay titled The Servant Leader, introduced the term “Servant leadership” into the business literature. Servant leadership theory came out of his work experiences at organisations such as MIT and the influence of Hermann Hesse’s (1932) Journey to the East. Greenleaf largely gained his insights through the central character of “Leo,” who becomes a servant leader and says about the Law of Service: “He who wishes
to live long must serve, but he who wishes to rule does not live long” (Hesse, 1932, p. 34). Greenleaf (1998, p.4) recognised the main massage of this story, and concluded that “the central meaning of it was that the great leader is first experienced as a servant to others, and that this fact is central to his or her greatness. True leadership emerges from those whose primary motivation is a deep desire to help others.” From these statements, it can be argued that servant leaders are those who turn the pyramid upside down and put customers and employees at the top. This has been reinforced by Greenleaf (1977, p. 21) who states that “the great leader is seen as a servant first, and that simple fact is the key to his greatness.” In a similar vein, Johnson (2001, p. 136) comments that “the advantages of the servant leadership model are its altruism, simplicity and self-awareness. It emphasizes the moral sense of concern for others, reducing the complexity engendered by putting personal desires in conflict with those of followers.” Servant leadership theory can be clearly seen as rooted in Christ’s leadership when Greenleaf (1998) says that the words “service,” “serve,” and “servant” occur over 1300 times in the revised version of the bible. For example, Jesus (cited in Blanchard & Hodges, 2003, p. 5) says “whoever wants to become great among you must be your servant, and whoever wants to be first must be your slave – just as the Son of Man did not come to be served, but to serve and to go His life as a ransom for many.” It can be seen that servant leadership theory highlights Jesus as an ultimate example of a servant leader, and suggests applying the leadership insights that Jesus gives us within organisations. In this way, Warren (2003 cited in Herbert 2005, p. 12) posits that “you are going to give your life for something. What will be a career, a sport, a hobby, fame, wealth? None of these things will have lasting significance. Service is the pathway to real significance.” Lawrence and Spears (2004) in their book, Practicing Servant Leadership: Succeeding through Trust, Bravery, and Forgiveness, concentrate on the characteristics of a servant leader, and recommend ten fundamental characteristics: listening, empathy, healing, awareness, persuasion, conceptualisation, foresight, stewardship, commitment to the growth of people, and building community.

Greenleaf (1977, p. 25) himself acknowledges some criticisms about servant leadership theory, and posits that “in a time of crisis, like the leadership crisis we are now in, if too many potential builders are taken in by a complete absorption with dissecting the wrong and by a zeal for instant perfection, then the movement so many of us want to see will be set back. The danger, perhaps, is to hear the analyst too much and artist too little.” This theory has been challenged for a lack of adequate empirical studies to substantiate its hypotheses. In Stone, Russell, and Patterson’s (2003, p. 358) view, servant leadership theory is “systematically undefined and lacking in empirical support.” In the same line of thought, Sendjaya and Sarros (2002, p. 63) argue that the existing literature on servant leadership theory “is filled with anecdotal evidence” and that “empirical research is critically needed.” Additionally, Eicher-Catt (2005, p. 17) critiques servant leadership for gender bias in its theoretical perspectives, and highlights servant leadership theory as “a theology of leadership that upholds androcentric patriarchal norms.” In addition, servant leadership theory is criticised as being inapplicable for real-world scenarios. In this way, Lee and Zemke (1993, p. 3) evaluate this theory from a pragmatic perspective, and explain that while servant leadership theory is about shifting away from the old paradigm of a hierarchical pyramid-shaped organisation, it “ignores accountability and the underlying fundamental aggression of people in the workplace.” Therefore, this indicates that servant leadership cannot represent a practical theory for studying leadership.

**Authentic Leadership Theory**

The origins and foundations of authenticity are rooted in ancient Greek history where philosophers are known for moral injunctions such as “know thyself” and “to thine own
self be true” (Snyder & Lopez, 2002; Avolio & Gardner, 2005). The term “authenticity” has been defined as “owning one’s personal experiences, be they thoughts, emotions, needs, wants, preferences, or beliefs, processes captured by the injunction to know oneself and further implies that one acts in accord with the true self, expressing oneself in ways that are consistent with inner thoughts and feelings” (Harter, 2002, p. 382). In line with this, George (2003, p.12) sheds light on authentic leaders as those chief executive officers who “recognise their shortcomings, and work hard to overcome them. They lead with purpose, meaning and values. They build enduring relationships with people. Others follow them because they know where they stand. They are consistent and self-disciplined. When their principles are tested, they refuse to compromise.” From these statements, it can be argued that authentic leaders truly perceive their own values and beliefs, and are highly recognised by other people as being aware of their own and followers’ values, strengths and weaknesses. As a result, these leaders are most knowledgeable about themselves and the context in which they lead. This has been reinforced by Kernis and Goldman (2006) who reviewed the literature of authenticity, and found that authenticity manifested itself in “authentic functioning of people’s (1) self-understanding, (2) openness to objectively recognising their ontological realities (e.g., evaluating their desirable and undesirable self-aspects), (3) actions, and (4) orientation towards interpersonal relationships” (Kernis & Goldman, 2006, p. 284).

Seven elements have been determined for authentic leadership: positive psychological capital, positive moral perspective, self-awareness, leadership process/behaviour management, self-regulation, follower development and organisational context (Avolio & Gardner, 2005; Ilies et al., 2005). The first element refers to the idea that authentic leaders develop a positive work climate in which followers more effectively contribute to a firm’s performance and competitive advantage. The second element is about the authentic decision-making process, which firstly identifies moral dilemmas, and then evaluates and selects the best available alternative to be implemented. In the third element, authentic leaders continually understand their own “unique talents, strengths, sense-of-purpose, core values, beliefs, and desires” (Avolio & Gardner, 2005, p. 324). The fourth element relates to distinguishing the processes and mechanisms whereby an authentic leader influences his/her followers. In line with this, Avolio and Gardner (2005) argue that authentic leaders can effectively influence their followers through taking various processes such as positive social exchange. The fifth element is about self-awareness and self-regulation by which “authentic leaders align their values with their interactions and actions” (Avolio & Gardner, 2005, p. 325). In this element, a strong alignment can be achieved in values and goals by using a transparent process between leaders and followers. Then, in the sixth element, an authentic leader takes a coaching role for transforming and developing people. Finally, authentic leaders develop effective workplaces “that provide open access to information, resources, support, and equal opportunity for everyone to learn and develop” in order to actively respond to the changes occurred in external environment (Avolio & Gardner, 2005, p. 325).

Ford and Harding (2011, p. 465) maintain that the foundations of authentic leadership theory are “somewhat vague”, and critique the lack of attention to how an authentic leader, as Goffee and Jones (2005; 2006) say, can adapt himself/herself to every situation and present different faces to different followers while remaining authentic. They also challenge authentic leadership theory in terms of its theoretical foundations and approach to adapting people to the collective, and argue that this theory has failed to consider the fact that each person is full of contradictions. In addition, Gardiner (2011, p. 99) critiques this theory for the lack of a theoretical rationale by which the essential role of social and historical factors can be justified, and posits that “authentic leadership is deeply
problematic because it fails to take into account how social and historical circumstances affect a person’s ability to be a leader.” She elaborates that telling the truth is not always easy, and gives an example of how social circumstances could dramatically affect Irish women working and living in England during ethnic conflicts throughout 1970s, causing them to remain silent.

Based on these criticisms, it is essential to uncover an emerging theory for leadership, which we describe in the following section.

Transformational Leadership Theory
While Burns (1978) initially developed the theory of transformational leadership, the concept has been further developed by scholars and will continue to evolve. One definition of transformational leadership is that it emphasises satisfying basic needs and meeting higher desires though inspiring followers to provide newer solutions and create a better workplace (Eagly & Carli, 2003; Horwitz et al, 2008; Marturano & Gosling, 2008; Patiar & Mia, 2009). A strong component of transformational leadership is the concept of becoming a charismatic leader. Transformational leadership actually employs charismatic behaviours and motivates subordinates to provide better outcomes (Druskat, 1994). Transformational leadership also postulates that it focuses on the critical human assets which helps people to become more committed to effectively exert organisational changes. This leadership model in fact sheds light on the strategic role that followers have in the form of attitudes and values. Follower’s attitudes and values can be enhanced to accomplish a higher degree of effectiveness and change implementation.

Today’s global business environments involve a high level of uncertainty and organisations will increasingly need more and better leaders to lead them. Transformational leaders may be more innovative and creative but some type of leadership is necessary to lead a global organisation. Since there are a plethora of leadership models and theories, our emphasis is on becoming better at leading organisations with more leaders practicing transformational leadership. Although Zaccaro and Horn (2003) critique the literature of leadership for having no relevance between leadership theories and today’s changing business environment, transformational leadership has proven results in organisations. For example, influencing employee individual interests to align with organisational interests, and through inspiring followers to create new ideas and innovations for effective business outcomes.

The four dimensions of transformational leadership are at the forefront of the knowledge base and has relative value in organisations throughout North American and the rest of the developed countries such as Australia and Japan. Transformational leadership consists of four dimensions including: idealised influence, individualised consideration, intellectual stimulation, and inspirational motivation.

Leaders can use idealised influence to develop a shared vision and improve relationships with followers (Avolio, Waldman & Yammarino, 1991; Canty, 2005); while leaders use individualised consideration which concentrates on identifying employee’s individual needs and empowering followers (Avolio, Waldman, & Yammarino, 1991; Canty, 2005) in order to build a learning climate (Lowe, Kroeck, & Sivasubramaniam, 1996) and mobilise their support towards goals at the organisational level (Osong, 2006). Leaders can use intellectual stimulation to propel knowledge sharing in the organisation to generate more innovative ideas and solutions (Canty, 2005). Leaders can use inspirational motivation to focus on inspiring human assets, thereby setting a higher level of desired expectations for them (Bass & Avolio, 1997; Canty, 2005).
Another concept that has been posited as a widely-used tenet of leadership is acquiring knowledge and remain on the forefront of innovation. The four dimensions of transformational leadership mentioned above, when carried out correctly, can enhance the effectiveness of productivity in a knowledge-based economy that develops and manages intellectual capital within organisations.

Transformational leadership has been associated with the trait theory in some ways. However, there is a substantial difference between transformational leadership and trait theory. The thinkers associated with trait theory believed that a great man has to be born, not made. In contrast, the four dimensions of transformational leadership are as a way to become or aspire to be a great leader which is in contrast with the “great man” approach in trait theory.

However, Tourish (2013, cited in Brumback, 2015, p. 150) argues that since “transformational leadership grants an excess of power to leaders to determine unilaterally both the ends and means of the collective action to which followers are expected to commit themselves,” this theory may incentivise leaders toward narcissism and hubris. Apart from Tourish’s (2013) criticism, transformational leadership is easy to understand, implement, and get followers to be one-voice and vocal throughout the organisation. It is apparent that transformational leadership is more realistic than some of the other leadership forms. Therefore, transformational leadership has risen to a phenomenon that is worth understanding, learning, and using in organisations around the world.

**Taxonomy of Leadership Theories**

Based on the review of these leadership theories, the synthesis of previous research yields the following taxonomy summarising the fundamental assumptions of leadership theories:

**Table 1: Taxonomy of Leadership Theories**

<table>
<thead>
<tr>
<th>Theories</th>
<th>Period</th>
<th>Fundamental Assumption</th>
<th>Major criticisms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Servant Leadership</td>
<td>1977 to present</td>
<td>Leaders manifest themselves as servants, who turn the pyramid upside down and put customers and employees at the top.</td>
<td>A criticism includes a lack of adequate empirical studies to substantiate the hypotheses of servant leadership theory. This leadership theory suffers from gender bias in its theoretical perspectives. Servant leadership theory has failed to consider today’s business emphasis on practicality.</td>
</tr>
<tr>
<td>Authentic Leadership Theory</td>
<td>2005 to present</td>
<td>Leaders adopt a pattern of behaviours to develop honest relationships with followers and identify values and strengths within organisations.</td>
<td>A criticism includes a lack of attention to how an authentic leader can adapt himself/herself with every situation and present different faces to different followers while remaining authentic. Authentic leadership theory suffers from a failure to account for the fact that each person is full of contradictions. This leadership theory has failed to sufficiently consider the essential role of social and historical factors in a person’s ability to be a leader.</td>
</tr>
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</table>
### Knowledge within Organisations

Knowledge has been identified as a multi-faceted concept (Choi 2002), which is widely defined and categorised in various ways, and is distinctly different from information and data (Alavi & Leidner 2001; Grover & Davenport 2001). Interestingly, the term data has been defined as raw entities, and information is highlighted as a meaningful pattern of these raw entities (Bell 1999; Tsoukas & Vladimirou 2001; Wiseman 2008), while the definitions about knowledge could be categorised using two approaches (Beckman 1999; Park 2007). Firstly, knowledge is a practical concept for solving problems. Based on this approach, Bock (2001) evaluates knowledge as a combination of rules, procedures, beliefs and skills that positively contribute to solving organisational problems. The second approach elucidates the integral components of knowledge, namely “truths and beliefs, perspectives and concepts, judgments and expectation methodologies, and know-how” (Wiig 1993, p.73). Similarly, Ruggles (1997) defines knowledge as a blend of information, experiences and codes, and Amidon (1997) argues that knowledge is a collection of meaningful information. In general, it seems that knowledge is a more applicable and comprehensive concept when compared to data and information, and synthesises the current information together in order to develop rules, procedures and other official statements.

Within organisations, knowledge resides in various areas such as management, employees, culture, structure, systems, processes and relationships (Starbuck 1992; Zander & Kogut 1995; Pemberton & Stonehouse 2000; Bollinger & Smith 2001; Haney 2003), and the role is to enhance organisational functions (Spender 1996). To describe the importance of knowledge to leadership, Endrissat and von Arx (2013) shed light on the significant role of the sociology of knowledge in portraying the links between human thought and the social context within which it arises. Max Scheler in the 1920s initially coined the term “sociology of knowledge,” and subsequently Karl Mannheim (1954, cited in Stehr & Grundmann, 2005, p. 129), in his book, *Ideology and Utopia: An Introduction to the Sociology of Knowledge*, has highlighted “the understanding that no human thought...is immune to the ideologising influences of its social context.” Following this approach, Endrissat and von Arx (2013) argue that although “the field of leadership increasingly recognises the importance of context to understand (and possibly solve) the leadership puzzle,” “the relationship between leadership and context is recursive: leadership is produced by, but also produces the context to which it refers.” Clearly, the sociology of knowledge can be a valuable tool for leadership that includes a set of contextually influenced and context-producing practices. In addition, Spender (1996) argues that organisational knowledge cannot be merely described as the sum of individual knowledge, but as a systematic combination of knowledge based on social interactions and shared among organisational members. Based on this view, Tsoukas (1996) determines organisational knowledge as a collective mind, and Jones and Leonard (2009) explain organisational knowledge as the knowledge that exists in the organisation as a whole. Taken together, these studies indicate that organisational knowledge is “the
systematic, synergistic combination of that individual knowledge” (Haney 2003, p. 28) which is owned by the organisation (Jones & Leonard 2009).

**Tacit vs. Explicit Knowledge**
Following a perspective of knowledge creation, knowledge can be categorised as tacit and explicit knowledge (Nonaka & Takeuchi 1995; Anand, Ward & Tatikonda 2010). Tacit knowledge is described as the knowledge that exists in the minds of organisational members which is gained by their individual experiences, and is difficult to formalise (Nonaka & Takeuchi 1995; Polanyi 1966; Muralidhar 2000; Wenger & Snyder 2000; Hall 2005). On the other hand, explicit knowledge has been defined as the knowledge that is highly formalised and codified, and can be easily recorded and communicated through formal and systematic language, and manifested in rules and procedures (Polanyi 1966; Nonaka 1991; Nonaka & Takeuchi 1995; Ward 2006). In the same way, Brooking (1999, p.50) posits that explicit knowledge is the “knowledge which a person is able to make available to another for inspection. This may mean it can be explained verbally, but it is generally preferable to codify it, that is, write it down.” Accordingly, it could be inferred that explicit knowledge has taken a more objective approach when compared to tacit knowledge, which is so subjective. Based on this view, Nonaka and Takeuchi (1995, p. 61) highlight explicit knowledge as “declarative knowledge,” and Saint-Onge (1996, p.10) elucidates this type of knowledge as “articulated knowledge.” From these statements, it could be argued that explicit knowledge is more formal, has the potential to be shared, and is expressible in words and specifications, when compared to tacit knowledge.

**Knowledge Management and Organisational Learning**
Knowledge management is a significant driver for developing learning in organisations. Learning manifests itself as a “dynamic process of strategic renewal occurring across three levels of the organisation (i.e. individual, group, and organisation), leading to change in cognitions and behaviours, as well as involving a tension between assimilating new learning and using what has been learned” (Crossan et al., 1999, p.523) at the organisational level. Organisational learning is a set of modifying behaviours resulting in newer insight and knowledge, and can develop a better understanding and to gain newer knowledge (Garvin, 1993). Organisational learning focuses on changing existing behaviours with the aim of generating new ideas and knowledge, and is therefore considered to be a key factor to improve a firm’s competitive advantage (Linderman et al., 2004).

Organisational learning is highly related to various processes of knowledge management, and the effective implementation of knowledge management requires learning and sharing best practices and experiences among employees (Bayyavarapu, 2005). Organisational learning has been regarded as the set of actions “within the organisation that intentionally and unintentionally influence positive organisational change” (Templeton et al. 2002, p. 189), or has even been defined as “a dynamic process of creation, acquisition and integration of knowledge aimed at the development of resources and capabilities that contribute to better organisational performance” (Lopez et al. 2005, p. 228). Organisational learning consists of four central processes including knowledge intuition, knowledge interpretation, knowledge integration and knowledge institutionalisation (Crossan et al., 1999). In this view, organisational learning emanates from the individual, group, and organisation; and knowledge comes from the explanation of individuals’ ideas and beliefs to be shared, and is codified in formal and systematic language. It suggests that organisational learning is associated with various processes of knowledge management, and can propel these processes in organisations.
Knowledge management can also enable organisational learning, and consequently develops learning opportunities in organisations. Effective organisational learning requires various processes such as knowledge acquisition, collaboration, dissemination, sharing, generation, and storage to acquire knowledge within an organisation. Knowledge management improves these processes through various KM-related tools including search engines, social software, and taxonomy tools (Lau & Tsui, 2009).

In conclusion, there exists a mutual interaction between knowledge management and organisational learning. Thus, top managers should employ knowledge management to enhance organisational learning that represents employees’ development.

Organisational Culture: A Knowledge-based View

Pettigrew (1979) initially introduced the term organisational culture into the business literature (Reichers & Schneider 1990; Detert, Schroeder, & Mauriel 2000). However, Schein (1984, p.37) subsequently suggested a definition which describes organisational culture as a “pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.” Additionally, several authors argue that organisational culture includes shared behaviours, values, beliefs, perceptions, and symbols held by the members of an organisation as a whole, or even organisational units and social groups within organisations (Scott et al., 2003; Van Den Berg & Wilderom 2004). Furthermore, O’Reilly and Chatman (1996, p.160) define organisational culture as a “system of shared values defining what is important, and norms, defining appropriate attitudes and behaviours, that guide members’ attitudes and behaviours.” Based on these definitions, organisational culture is reflected in shared assumptions, symbols, beliefs, values, and norms, which specify how employees perceive problems and appropriately react to them. In this circumstance, Balogun and Jenkins (2003) argue that there is considerable alignment between the knowledge-based view of the firm and organisational culture. More specifically, these researchers view shared assumptions and values as members’ knowledge acquired by learning from others, and subsequently posit that organisational culture is equal to tacit knowledge as the most strategic factor of competitive advantage. From this argument, it is apparent that organisational culture can positively impact on competitive advantage through developing shared assumptions and values, which manifest as tacit knowledge embedded in organisational members.

How Transformational Leadership Can Meet the Need for Innovative Products and Services

The answer to this question lies in a leader’s demonstration to facilitate the generation of new knowledge and ideas through inspiring followers to rethink problems and challenge their current personal attitudes and values. Leaders transform organisations by attempting to change the basic values, beliefs, and attitudes of followers so that they are willing to perform beyond their previous or originally level specified by the organisation in their job description. Transformational leaders have been posited to be visionary leaders that attempt to develop a shared and inspiring vision for the future. Each leader plays a critical role in shifting organisations toward the creation of new services and products. Leaders also contribute to new products and services to meet dynamic market needs, through higher expectations and stimulation for new and strategic opportunities to meet the needs of customers in the marketplace. Unfortunately, while leadership is positively associated with organisational innovation, it is somewhat underutilised in organisations worldwide. Therefore, transformational leadership has been posited as a managerial-based competency for organisations operating in today’s innovative business environment.
How Transformational Leaders Build an Effective Organisational Culture

Organisational culture consists of three dimensions, including collaboration, trust and learning. Lee and Choi (2003) explained these cultural dimensions as follows: the first dimension, collaboration, refers to the degree to which employees are willing to help and support each other, and their interactions are strongly based on coactivity, social interactions and open dialogue that can in turn build a climate of openness for individuals within organisations. The second dimension is trust, which is defined as those relations based on reciprocal faith in relation to employees’ behaviours and intentions. The final dimension, learning, determines the extent to which organisations encourage learning among its employees, and are actively involved in developing both formal and informal learning opportunities through providing job training and self-development programmes for their members.

Collaboration is facilitated by less isolation and further dialogue (Darling, 1990). Transformational leadership can enhance interactions and dialogue to link subordinates’ individual-interests to collective-interests (Bass & Steidlmeier, 1999). In this way, transformational leaders positively contribute to enhancing collaboration by an idealised influence aspect that develops relationships with subordinates. In addition, transformational leaders as the facilitators of trust-based relationships. Based on this, researchers (such as Podsakoff et al., 1990; Klinsontom, 2005) argue that transformational leaders engender trust, thereby showing concern for both organisations’ needs and followers’ interests at the same time. Particularly, transformational leaders show their concern through individualised consideration, which focuses on identifying employees’ individual needs within companies. It is also argued that transformational leaders are executives who improve trust to enhance the commitment of their subordinates and mobilise their support toward transformational leadership’s vision for changing the current situation.

Furthermore, transformational leadership provides freedom for followers to investigate new ideas and knowledge. Accordingly, it is apparent that transformational leadership can be applicable to develop learning climates. Importantly, these leaders propel learning culture by intellectual stimulation that facilitates knowledge sharing and new idea generation within organisations. Following this approach, Dix (2013, p. 79) postulates that “if an organisation wants to have a culture oriented towards learning, then transformational leadership is a very viable choice.” In addition, through a review of the current literature, it is identified that the existing empirical studies have highlighted transformational leadership as an important facilitator of collaboration, trust and learning (Darling, 1990; Vera & Crossan, 2004). Transformational leaders, therefore, manifest themselves as change agents who positively contribute to the cultural aspects of collaboration, trust and learning within organisations.

How Transformational Leaders Contribute to Organisational Knowledge

Transformational leadership provides a significant contribution to leaders to enhance their interactions through idealised influence, which develops the relationships with employees (Avolio, Waldman, & Yammarino, 1991; Canty, 2005). Accordingly, transformational leaders can contribute to disseminate knowledge around the organisation. In addition, the current literature illustrates that transformational leadership plays a crucial role in developing a learning climate in organisations by individualised consideration of employees’ needs and subsequently empowers them in the pursuit of organisational goals (Avolio, Waldman, & Yammarino, 1991; Canty, 2005). Seidman and McCauley (2011) give excellent examples of how transformational leadership could enable organisations to actively respond to the changes occurring in the external environment, and conclude that...
sustainable change is highly dependent on stimulating sustained learning within organisations.

It is also evident that intellectual stimulation as another aspect of transformational leadership could also build a learning workplace through facilitating knowledge sharing around the organisation. In addition, Seidman and McCauley (2011) postulate that knowledge management requires people who have been inspired to share their own knowledge with theirs and face the changes in the business environment. Herein, transformational leadership can inspire their followers by inspirational motivation that determines a highly-desired expectation for employees (Bass & Avolio, 1997; Canty, 2005). Therefore, it seems reasonable to say transformational leadership is positively associated with organisational knowledge.

**How Organisational Culture Contributes to Organisational Knowledge**

To analyse the relationship between corporate culture and knowledge, Lee and Choi (2003) illustrated that organisational culture could be visualised by its three major dimensions, including collaboration, trust, and learning. Knowledge is a product of interactions (Polanyi, 1966). In terms of the knowledge-based view of the firm, collaboration is a critical factor in developing access to knowledge (Grant & Baden-Fuller, 2004). Similarly, the current literature highlights the vital importance of collaboration in supporting knowledge management processes (Gold et al., 2001; Sveiby & Simons 2002). In fact, this cultural aspect enhances a shared understanding of the problems among employees, which is a necessary precursor to create new ideas and knowledge (Fahey & Prusak, 1998; Choi, 2002). In addition, transformational leadership as enabling trust-based relationships, and subsequently assumes that these kinds of relationships are ideal to share tacit knowledge. In the same line of thought, Lines et al (2005) argue that leaders’ ability to create knowledge and develop a more innovative climate is a product of employees’ trust toward their leaders’ decisions. Several authors also argue that high trust environments could positively impact the tendencies of human assets to share their knowledge with others (Wagner 2003). Based on this view, Sveiby and Simons (2002) state that both cultural dimensions of collaboration and trust promote the processes of knowledge management within organisations. Furthermore, as the knowledge-based view uncovers, embedding knowledge in organisational members is an important paradigm to support knowledge as the most strategic asset of organisations. Based on this, sharing the best practices and experiences (i.e., learning) could play a crucial role in embedding organisational knowledge in members and supporting this most strategic asset. Additionally, the knowledge knowledge-based view features the companies’ capabilities to create knowledge as an essential factor to develop competitive advantage (Zheng, Yang, & McLean, 2010). Herein, learning has been highlighted as a precursor for knowledge creation (Ndlela & Toit, 2001), and subsequently argued that “the amount of time spent learning is positively related with the amount of knowledge” (Choi, 2002, p. 52). Similarly, Huber (1991) and Garvin (1993) posit that firms stressing the cultural aspect of learning are stronger in creating new knowledge, and also transferring knowledge around the organisation. In this way, the empirical studies by Choi (2002) and Dyer and Chu (2003) support these arguments, and portray the critical role of collaboration, trust and learning in enhancing various knowledge management processes such as knowledge creation, transferring and sharing. This review, therefore, indicates that organisational culture is positively associated with organisational knowledge. Taken together, this review shows that organisational culture plays a mediating role in the relationship between transformational leadership and organisational knowledge.
Conclusion
This article raises a vital question as to how transformational leaders can successfully reshape an effective culture for organisations in order to facilitate organisational knowledge. We highlighted the potential consequences of applying effective transformational leadership, and explained how transformational leaders can act as catalysts to cultivate an effective culture, which significantly contributes to the effectiveness of knowledge management. It follows that cultivating an effective culture requires applying effective transformational leadership within organisations.

In light of the increased pressures of the global workplace that inspires leaders to exert effective change at the organisational level, a review of the literature points out the vital importance of transformational leadership in influencing culture to have access to higher degrees of learning, collaboration, and trust within organisations. In fact, transformational leaders develop communications within companies. In addition, coaching from transformational leaders can play a critical role in improving employees’ interpersonal/social skills.

Building on prior research that has indicated organisational culture is a major factor for organisational knowledge, this article reinforced these points and supported the positive impact of culture on organisational knowledge. Organisational culture in fact constitutes the basics of a supportive workplace to develop organisational knowledge. We, therefore, suggest channelling organisational learning efforts into employing a supportive organisational culture within organisations. Herein, transformational leaders can play a crucial role in developing the culture of trust, which in turn facilitates learning and knowledge transference around the company. Transformational leaders are, therefore, those leaders who can effectively create a learning workplace to disseminate knowledge within organisations. These leaders can develop a collaborative culture that potentially leads to attract and retain talents who provide a significant contribution to new ideas generation and new knowledge acquisition.

Scope for Further Research
This serves as a foundation for future research to integrate the knowledge-based view of the firm to explore the role that transformational leaders may play as change agents within organisations. Linking other theories and models that may have relevance such as Phillips’ change management model (Phillips, 1983) to the literature of this research can also spur future studies.

One particular area for future research is to investigate the impacts of transformational leadership on organisational culture and organisational knowledge. Since the theory in this paper has only focused on culture, future studies can therefore identify other organisational factors that might be affected by transformational leadership, or can mediate the relationship between transformational leadership and organisational knowledge.

In terms of methodology, researchers are encouraged to employ both quantitative (survey) and qualitative methods (interview) to improve the generalisability of their results. Additionally, this paper employed the knowledge-based view of the firm, and examined the influence of transformational leadership on organisational culture, which can mediate the relationship between transformational leadership and organisational knowledge. In so doing, this paper has opened up a new avenue of inquiry to investigate the interactions between transformational leadership and organisational knowledge as an important driver of organisational performance. To explore the potential interactions between transformational leadership and organisational performance, future research could also
attempt to explore the impact of organisational culture on organisational performance, and also measure the mediating role that may play in the relationship between transformational leadership and organisational performance.

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