

Formation of leadership style in the process of generations' transition: case of Austria and Ukraine

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ABSTRACT

The development and efficiency of an enterprise in today's environment directly depend on the style and effectiveness of management activities. The choice of leadership style has always been difficult, as it is influenced by various factors: the personal characteristics of the leader, his followers, the industry in which the organization operates, the stage of its development, etc. In recent years, these factors have been joined by new ones caused by globalization processes in the management of organizations. These factors include, first of all, the cultural characteristics of leaders and followers, as people in different countries have different values, traditions, and visions. Secondly, it is clear that people themselves have also changed - new generations are significantly different from the previous ones. This means they need new leaders. This is why modern leaders need to develop a leadership style that takes into account the cultural characteristics and requirements of the new generations. Moreover, choosing the right leadership style for each stage of an organization's life cycle is critical for its success and growth.

The results of the survey on the preferences of Generation Z representatives regarding the values of their future leaders and expectations from these leaders in Austrian organizations showed that transformational and transactional leadership styles are less important for Generation Z representatives in Austria. Austrian respondents pay more attention to employee-oriented (transactional) leadership styles, and performance does not influence their preferred leadership style.

The results of the survey on the preferences of Generation Z representatives regarding the values of their future leaders and expectations from these leaders in Ukrainian organizations showed that transformational and transactional leadership styles are more important for Generation Z representatives in Ukraine. Ukrainian respondents evaluate production-oriented leadership and change-oriented leadership higher than Austrian respondents. At the same time, Ukrainian respondents with a higher level of productivity prefer a transformational, change-oriented style of leadership to an employee-oriented (transactional) style.

INTRODUCTION

Competent staff members contribute to improved productivity, making human capital the most valuable asset for companies (Bejtkovský, 2016). People experience a shift in generations. Each generation has its own distinct narrative, whether it's Generation X, Generation Y, or Generation Z. "No generation is uniform, but there are emerging patterns of expectations and inclinations that evolve alongside shifts in culture and workforce requirements" (Lanier, 2017).

As a result, individuals coming of age in these evolving environmental circumstances have undergone significant transformations, giving rise to a new cohort known as "Generation Z" entering the workforce. This shift presents companies with fresh challenges and demands,

particularly in terms of leadership and management. To stay competitive, businesses require dedicated and inspired staff who can integrate into an international workforce contributing to a diverse landscape of change, adjusting to varied cultural surroundings. Thus, managers must reevaluate their leadership approaches and theories to align with these new environmental realities (Chillakuri and Mahanandia, 2018).

The transition between generations involves the development of fundamental leadership concepts influenced by the traits of Generation Z and the cultural context. It's important for leaders to recognize that various generations perceive leadership skills and approaches differently, and cultural diversity impacts the globalization and movement of the workforce, thereby emphasizing the significance of digital leadership practices.

In this context, the transition of leadership between generations in contemporary businesses becomes crucial for maintaining management stability amidst uncertainty. Hence, there is a necessity for research on leadership style development during intergenerational leadership transitions and the adoption of innovative methods and strategies in Ukraine and Austria amid evolving in the global digital landscape. This underscores the importance of ongoing research to determine research objectives, scope, and tasks.

TRANSACTIONAL & TRANSFORMATIONAL LEADERSHIP

Today's businesses face a dynamic and ever-evolving landscape, with work procedures that pose growing challenges. The significance of individuals as leaders and managers is on the rise. Even in cases where leadership is structured, it ultimately hinges on individuals adhering to the set guidelines. As a result, effective leadership is contingent on the people involved and their interactions and communication with one another.

Leadership theory evolved from the belief that leaders are born or predestined to recognition of specific traits that indicate leadership capabilities in individuals.

The transactional style, when paired with the transformational leadership style, was initially introduced in the 1970s. Both styles were formulated by the American political scientist James MacGregor Burns (Burns, 1978). However, it was the organizational psychologist Bernard Bass who first applied and expanded upon these concepts in the business realm through his influential work "Leadership and Performance Beyond Expectations" (Bass, 1985).

Transactional leadership involves a reciprocal relationship between an employer and their employees. Leaders in transactional leadership style provide rewards in exchange for their followers' successful accomplishment of objectives. These rewards may take the form of financial incentives, such as bonuses, career advancements, or even psychological benefits like recognition. The essence of transactional leadership lies in setting clear expectations, promising rewards for performance, and imposing consequences for underperformance. This leadership approach relies heavily on external motivators that stem from a transactional relationship between performance and rewards. In essence, transactional leadership manifests when a leader incentivizes or penalizes employees based on their task fulfillment (Peters, 2015).

Transactional leadership involves a relationship between a leader and their employees centered on a mutual exchange. Leaders offer support to help employees reach their objectives, with rewards, such as bonuses, promotions, or praise, being the incentives provided to employees. This leadership style focuses on setting clear expectations, rewarding performance, and imposing consequences for inadequate performance. It can be said that, in terms of motivation, transactional leadership heavily relies on external incentives (Peters, 2015).

A transformational leader not only recognizes the needs of their employees but also endeavors to surpass these needs by elevating them to a higher level. This kind of leader seeks to alter the motives, values, goals, and trust of their employees. This transformation is achieved by enabling employees to have decision-making power in the decision-making process (Afsar et al., 2017).

Therefore, fresh and imaginative methods are promoted, and errors stemming from these innovative initiatives are not punished. Ultimately, personalized attention signifies that transformational leaders view each team member as a unique individual and recognize their individual requirements.

METHODOLOGY

The study investigates the expectations of Generation Z representatives from Ukraine and Austria regarding their future leaders, focusing on cultural and economic disparities between the two countries. It specifically explores the role of transformational leadership, along with three variations of transactional leadership (monetary-focused, non-monetary-focused, sanctions-based), and three anticipated leadership orientations (employee-centric, production-centric, change-centric).

The primary research was conducted as a quantitative study involving Generation Z individuals in Ukraine and Austria, assessing various leadership qualities among those born after 1997. Participants were selected from schools and undergraduate programs in both countries. An online survey available in German and Ukrainian served as the primary assessment tool. Statistical analysis tools were used to ensure the credibility and accuracy of the data.

A cross-cultural quantitative survey was carried out in Austria and Ukraine to investigate the preferred leadership style of Gen Z individuals. A total of 157 Austrian and 131 Ukrainian students participated in an online survey regarding their expectations of transformational and transactional aspects of leadership. The sample consisted of 71% females and 29% males, with respondents aged between 17 and 25 years old. Regarding job experience, 26% had no prior experience, 26% had up to one year, 30% had one to five years, and 18% had more than five years of experience.

A survey instrument was created by utilizing pre-existing scales. The survey was distributed to participants in both German and Ukrainian. The Ukrainian version was translated by native speakers who possess expertise in leadership and cultural issues. The questionnaire consisted of 17 questions, comprising both open-ended and demographic inquiries. Respondents' answers were evaluated on a 5-point Likert scale (from 'very important' to 'not at all important'). The survey was distributed to respondents in Austria and Ukraine using an online platform (Limesurvey V. 3.25.21). The data was analyzed through the use of statistical software, specifically SPSS version 27.

The scale developed by Jensen and Andersen (Jensen et al., 2019) was used to measure transformational and transactional leadership expectations. The instrument contains 13 items that measure four factors:

- a) transformational leadership (4 items);
- b) contingent intangible rewards (3 items);
- c) contingent monetary rewards (3 items);
- d) contingent sanctions (3 items).

Factors (b) - (d) are parameters of transactional leadership.

Internal consistency, measured by Cronbach α , was satisfactory, with $\alpha = 0.894$ for transformational leadership, $\alpha = 0.786$ for contingent nonpecuniary rewards, $\alpha = 0.804$ for contingent pecuniary rewards, and $\alpha = 0.799$ for contingent sanctions.

According to the factor analysis conducted by Skogstad and Einarsen (Skogstad and Einarsen, 1999), the instrument measures three dimensions of leadership, 'change orientation', 'production orientation' and 'employee orientation'. Examples of points for 'employee orientation' subscale : 'shows attention to subordinates as individuals', 'attentive' and 'allows his subordinates to make decisions'. Examples of the 'production orientation' subscale are 'plans carefully', 'follows plans very closely' and 'gives clear instructions'. Examples of the 'change-oriented leadership' subscale are: 'offers ideas for new and different ways of doing things', 'initiates new projects' and 'experiments with new ways of doing things'.

Internal consistency of the three subscales was sufficient (employee-orientation leadership $\alpha = 0.819$, with items 1 and 4 deleted due to a value below 0.3 for corrected item-total correlation; production orientation $\alpha = 0.768$; change orientation $\alpha = 0.765$).

In addition to the key variables, demographic information was also collected. This includes work experience, complete higher education and gender. In terms of age, only participants under the age of 26 took part in the survey.

Univariate F tests (see Figure 1.) show a notable contrast in the preferences for various leadership styles between Ukrainian and Austrian respondents, specifically in transformational leadership, transactional leadership (with financial incentives), transactional leadership (without financial incentives), transactional leadership (with disciplinary measures), and employee-centered leadership.

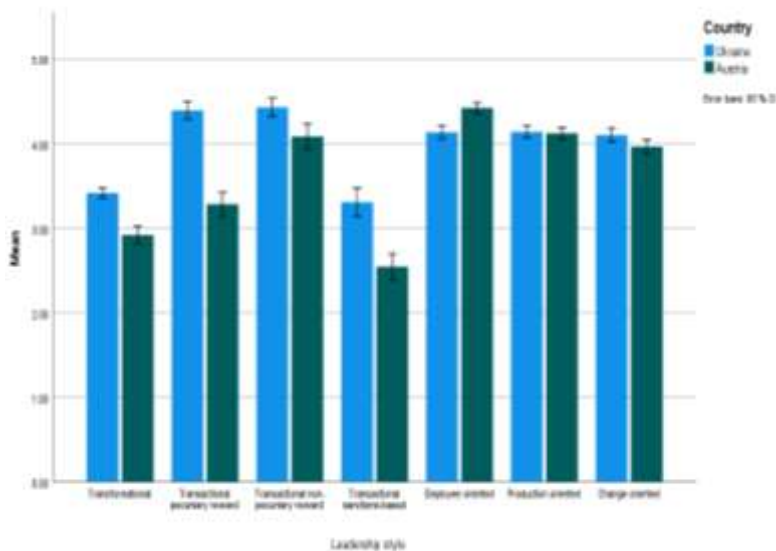


Figure 1. Preferred leadership styles in Ukraine and Austria

No significant country differences were identified in terms of production orientation leadership and change orientation leadership. However, Austrian respondents showed higher mean

values for employee-oriented leadership compared to Ukrainian respondents. Additionally, Ukrainian respondents rated higher in other significant differences.

To examine the impact of motivation and performance on leadership style preferences, a multivariate analysis of variance was conducted with factors such as high/low levels of performance/motivation for each country individually.

The MANOVA findings show that performance has a significant impact on the preferred leadership styles among Ukrainian participants, including transformational, transactional pecuniary, transactional non-pecuniary, employee-oriented, production-oriented, and change-oriented leadership. However, there was no significant impact of performance on the transactional sanctions leadership style for this group. In contrast, for Austrians, the transactional sanctions and change orientation leadership styles show significant reactions to changes in performance levels.

Figures 2. and 3. provide a summary of the differences observed between the two countries.

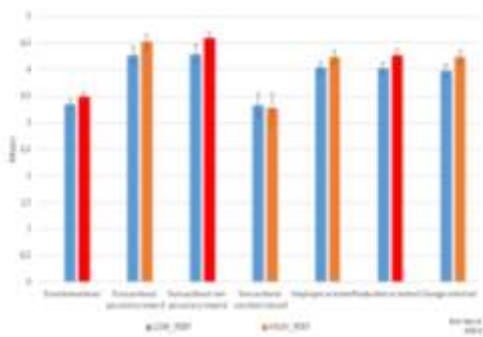


Figure 2. Preferred leadership styles at different performance levels in Ukraine

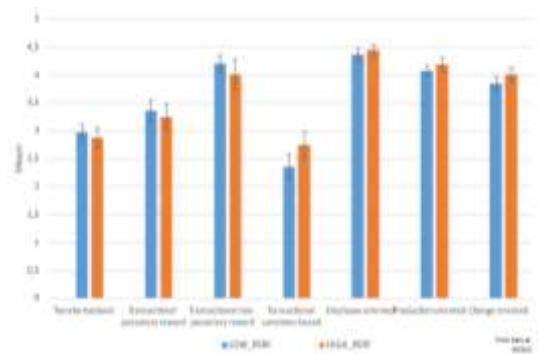


Figure 3. Preferred leadership styles at different performance levels in Austria

Figure 4. and Figure 5. display the favored leadership approaches based on various motivation levels in both Ukraine and Austria.

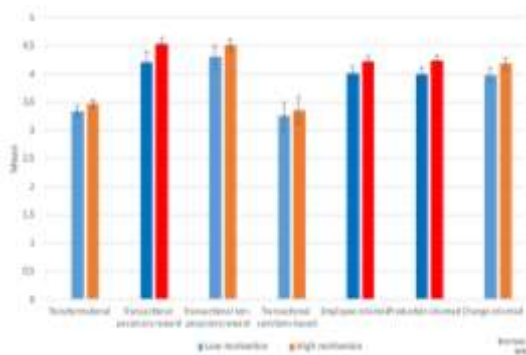
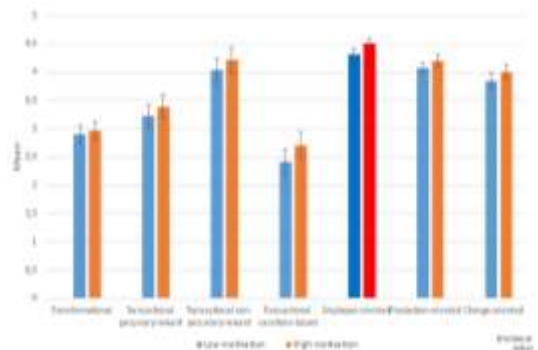


Figure 4. Ukraine: Preferred leadership styles at different motivation levels



RESULTS AND DISCUSSION

Results show that work motivation significantly influences various leadership styles - pecuniary, production, employee, and change orientation - among Ukrainian participants. In contrast, Austrian participants are mainly motivated by an employee-oriented leadership style. These findings highlight cultural differences in leadership preferences between the two countries, with Ukrainians placing greater emphasis on all aspects of leadership styles compared to Austrians.

The leadership style relying on contingent sanctions was rated the least favorable in both nations. Nonetheless, the contrast between Ukraine and Austria was significant, as respondents from Austria rated this style significantly lower than those from Ukraine. This disparity can be understood through a cultural lens, particularly in terms of power distance, which is notably greater in Ukraine compared to Austria. As per Wang and Guan (Wang and Guan, 2018), individuals from cultures with high power distance, such as those in Ukraine, are more inclined to accept authoritative behavior in authoritarian leadership settings where sanctions are used to discipline nonconforming behaviors, in contrast to individuals from cultures with lower power distance like those in Austria.

When considering work motivation and work performance as influences on preferred leadership styles, the study revealed significant differences between Austria and Ukraine. Although all assessed leadership styles were positively linked to performance (meaning that high performers tended to value a particular leadership style more), the most pronounced impact was observed for production-oriented leadership. In Ukraine, high performers favor this style, which prioritizes task completion over employee well-being and motivation. Conversely, in Austria, performance levels exclusively influenced transactional, sanction-based leadership, with high performers displaying a greater appreciation for this style than low performers.

Work motivation was found to have moderating effects on all leadership styles except transactional, sanctions-based styles in Ukraine. The most significant impact of motivation was observed in production-oriented leadership. In Austria, the only notable impact of varying levels of motivation was observed in employee-oriented leadership.

The analysis of previous classical research (Hofstede G., House R.J., Trompenaars F., Hall E.T.) about leadership style and national culture connection shows that they typically involves delving into several key theoretical frameworks. These frameworks help elucidate the complex relationships between cultural dimensions and leadership practices across different countries. Geert Hofstede's cultural dimensions theory is foundational in cross-cultural psychology and management studies (Hofstede, 2011, 2019). His framework includes now six dimensions: power distance; individualism vs. collectivism; masculinity vs. femininity; uncertainty avoidance; long-term vs. short-term orientation; indulgence vs. restraint. In his was mentioned that leadership in high power distance cultures often exhibits autocratic styles (especially if this power distance combines with masculinity dimension of culture), whereas in low power distance cultures, a more democratic or participative style is common.

The GLOBE (Global Leadership and Organizational Behavior Effectiveness) study (House et al., 2004) extends Hofstede's insights and applied it to sphere of management via introducing additional dimensions relevant to leadership, such as: performance orientation and humane orientation. According to the GLOBE study, societal norms and values significantly influence leadership effectiveness, and the study delineates leadership styles that are more effective in

different cultures. GLOBE study improve usability of Hofstede's insights, for example it showed that charismatic/value-based leadership is universally perceived as positive, though its expression might differ across cultures.

Trompenaars' model of cultural dimensions (Trompenaars et al., 2011), which includes categories such as universalism vs. particularism and achievement vs. ascription, also offers insights into leadership styles: leaders in universalistic cultures (where rules and laws prevail) might focus on impartial rules and standards, while in particularistic cultures (where relationships are prioritized), leaders may focus more on adaptability and maintaining relationships. Hall's cultural factors (Hall, 1976), particularly high context vs. low context communication, also influence leadership communication styles: in high-context cultures, leaders may rely heavily on non-verbal cues and implicit communication, whereas in low-context cultures, leaders prefer explicit, direct communication.

These frameworks collectively suggest that the effectiveness of a leadership style is highly contingent on the cultural context. Leaders who can adapt their style to align with cultural expectations are more likely to be successful. Understanding these cultural nuances is especially critical for leaders operating in multinational environments, where they must navigate a plethora of cultural expectations and norms. The ongoing dialogue in this field encourages a more nuanced view of leadership that respects cultural diversity and differences if the leader's generations, but none of this study install into the model generational dimension of national culture as we do in this research

CONCLUSIONS

This research gives some arguments for the relationship between Gen. Z'ers and their leaders:

1) Gen. Z'ers feel well in flat hierarchy working conditions if combining with the good team spirit or pleasant working atmosphere, which can be best provided via transformational, servant, or coaching leadership styles, where caring, coaching, supporting, motivating, and nurturing are the main elements.

2) Motivation systems for Gen. Z members more social and security-related work and life are separated, so concerning leadership styles, supportive and coaching leadership are appropriate, also presenting the leader as a role model, as it is seen in transformational leadership styles, could help Gen. Z members to unfold intrinsic motivation.

3) As if Gen. Z grew up using direct communication tools, responding fast, including social (not only task-related) messages, for leaders impotent to communicate using advanced technology. However, the results show that Gen. Z highly appreciates security and stability, so the elements of transactional leadership, such as clear and fast communication, clarified expectations, and, transparent rules, help Gen. Z to feel comfortable.

4) Research shows that for Gen. Z the work atmosphere is important, that is why characteristics of servant leadership, such as caring for good working conditions and encouraging personal growth, would be appreciated. Also, a coaching leadership style could be appropriate, because of flexibility and individuality that is granted to employees. Especially for female Gen. Z'ers, job-family compatibility ranks high in importance, and leading by coaching can take care of those individual needs.

According to data, Generation Z values diversity, variety, and flexibility in their jobs. They are comfortable with rapid change, reflecting their media-driven personal lives. Gen. Z finds

cross-functional roles, job rotation, interdisciplinary tasks, and group work with diverse team members appealing. They appreciate leadership that is flexible rather than rigidly structured. Research suggests that Gen. Z responds well to a range of leadership styles, rather than a one-size-fits-all approach. As summarized by Scholz (Scholz, 2014), Gen. Z's message is clear: "Don't micromanage me, understand me."

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