Results of socially responsible transformational leadership: increased holism and success

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Abstract

Purpose – The aim of this paper is to present a research on how – the extremely necessary – systemic rather than one-sided and short-term behavior can enjoy support from (corporate and individual) social responsibility (SR) enhanced by transformational leadership as a source of success.

Design/methodology/approach – Based on the previously published empirical research, the authors use qualitative research methodology including desk and informal field research, the Dialectical Systems Theory and its law of requisite holism.

Findings – The entire humankind is in big trouble and facing the danger of the Third World War resulting from the "war against terrorism" proclaimed in USA in 2002 and making close to 100 million persons need relief aid; this situation is because of monopolies in the global economy, both business and government monopolies. Application of knowledge that might be able to solve the problem depends on values, culture, ethics and norms that prevail in all/any entities from families via corporations and other organizations, countries, international entities (such as European Union) to the entire world and humankind (and its United Nations Organization). The most influential of all of them are the corporations, hence, their corporate governance and strategic management. Hence, they should urgently implement SR principles and methods supporting its realization instead of the prevailing short-term and one-sided criteria of right and wrong, for clear and proven economic reasons; satisfied and healthy people are causing much less cost and trouble than strikes, medical care, renewal of safe natural environment, wars, unhappy/abused partners, etc.

Research limitations/implications – The hypothesis is researched to the greatest extent possible, with qualitative analysis in desk and field research. Quantitative methodological approach took place in the cited previous publications.

Practical implications – For humankind and managers, the use of the transformational leadership is very important because of its positive impact on health and well-being of employees and, hence, on humankind's survival in the current global socio-economic crisis.

Social implications – Good health and well-being of employees reduce many societal troubles and related cost resulting otherwise from the too short-term and narrow-minded behavior of managers and employees, potentially their families as well, all way to tens of millions of homeless migrants, killed and injured people, children with no chance for education, etc.

Originality/value – No similar concept is offered in the available literature.

Keywords Leadership, Dialectical systems theory, Leadership style, Management, Social responsibility

Paper type Research paper

Introduction: empirical background: the current conditions in the global economy and society

With beyond 100 contributors, we published 8 books and 3 special issues of Kybernetes, Systems research and Behavioral Science, Systems Practice and Action Research, to be added to 4 international conferences on social responsibility (SR), the head of all teams of

coauthors being our coauthor Matjaž Mulej and 6 books by Simona Šarotar Žižek and coeditors in 2013-2016. The published findings provide us the empirical basis about the current reality, its essence being the alternative "either the third World War or SR of all influential persons and organizations". We have no room to reproduce data here[1]. We provided a model to which one must add a suitable leadership style to innovate the inherited practice; we see it in the transformational leadership applying systemic behavior via SR.

The internationally agreed definition of SR (in ISO 26000) is clear: the point of SR lies in one's *responsibility* for one's impacts over society; therefore, one needs *interdependence* of all crucial viewpoints/professions to come as close as possible to *holism* of approach and *wholeness* of outcomes (ISO, 2010). SR addresses humankind's survival, nothing less; it is left to free will but necessary for business success and humankind's survival. This fact puts a crucial new demand addressing human values, culture, ethics and norms (VCEN) to change the current short-term and narrow-minded VCEN to VCEN of interdependence and requisite holism (in the footnote cited references). This non-technological innovation process requires the transformational rather than routine-loving leadership from all influential persons and organizations. They must support SR. With promotion of SR, humans are trying to prevent a World War to which the world is heading due to monopolies resulting from the neoliberal economic theory and practice under its excuse that the fully free market is the best for humankind. The fully free market might be the best (the main authors of this statement provide no empirical proof; see: Felber, 2010/2012), but it does not exist because is now ruined by monopolies' lack of SR. Thus:

- Wealth, equal to property of 3.5 billion persons, belongs to 1 per cent of humankind.
- Only 15 per cent of humankind live on more than US$6 a day.
- Millionaires make 0.2 per cent of humankind.
- Close to 100 million humans need international relief aid[2].

Namely, the neoliberal economic theory swears, but has no empirical evidence, to have in the totally free market the best way to well-being of all people; it prohibited social responsibility because it finds in it an obstacle to companies' freedom, whereas the market is said to prevent their lack of honesty. Practice denied this statement: the neoliberal economics' consequences include:

- Global monopolies because among 30 million investigated organizations, less than 750 (0.0004 per cent) controls 80 per cent of the world market place.
- Tax heavens are hiding tremendous sums, higher than GDP of USA and Japan combined.
- Natural resources are running out.
- Nature is destroyed, making life unhealthy.
- Currently, about 30 wars are being fought plus the global war against terrorism.
- In total, 8 (in 2016) individuals have as much property as 3.5 billion people have combined.
- The "economic killer" Perkins reports that governments, USA included, are only or first of all, at least, tools for profits of the few most influential companies to the detriment of people/humankind.

- The entire global debts reach 286 per cent of the total global GDP (Japan 400 per cent, USA and China around 220 per cent), whereas debts for recovering the nature are even not included, etc.

The world war is here because the most influential ones live without their SR for their impacts, without consideration of their interdependence with others and with nature, i.e. without requisite holism. They seem to hate their children and grandchildren; so, short-term and narrow are criteria they are using for their decisions[3].

One of the first authors that apply cybernetics to management, defining cybernetics as the science of effective organization, was Stafford Beer. Beer (2011) defined, as one of the fundamental concepts, the Viable System Model, which can be used as a conceptual tool for understanding organizations and supporting the change management and innovation. His concept had an influence on application of systemic, i.e. requisitely holistic behavior.

Application of systemic – requisitely holistic behavior – via SR – this is our suggestion for the humankind to escape from this terrible global socio-economic crisis. Let us follow the Ludwig von Bertalanffy's sentence, creator of Systems Theory: the overall fate of the world depends on the adoption by humanity of a new set of values based on general systems *Weltanschauung* (= worldview). He wrote:

> We are seeking another basic outlook: the world as organization. This [outlook] would profoundly change the categories of our thinking and influence our practical attitudes. We must envision the biosphere as a whole […] with mutually reinforcing or mutually destructive interdependencies. [We need] a global system of mutually symbiotic societies, mapping new conditions into a flexible institutional structure and dealing with change through constructive reorganization.

Bertalanffy advocated that we dare to broaden our loyalty from nation to globe […], that we become patriots of the planet, endeavoring to think and act primarily as members of humanity […], that we must begin protecting the individual and cultural identity of others. He advocated a new global morality: "an ethos which does not center on individual goods and individual value alone, but on the adaptation of Humankind, as a global system, to its new environment". The need for this new morality, he said, was imperative:

> We are dealing with emergent realities; no longer with isolated groups of men, but with a systematically interdependent global community: it is this level of [reality] which we must keep before our eyes if we are able to inspire larger-scale action, designed to assure our collective and hence our individual survival. (Davidson, 1983, quoted from: Elohim, 1999, in Mulej *et al.*, 2013).

Obviously, critical changes in the prevailing VCEN are urgently necessary. Let us tackle them from the viewpoint of influence over humans as employees in the influential corporations, after reporting on the applied methodology.

Methodology
Based on a systematic literature search strategy, the databases dLib.si, ProQuest and Cobbis.si were reviewed in 2016. Literature search was made by using the following key words: management, leadership, leadership style, Dialectical Systems Theory, SR. We broaden our search of the literature on the human resources management and systems theory (in conjunction with requisite holism by systemic approach). Limitation represented the outflow year for the search because the study covered only publication since 2003; such restrictions were deliberately set because we wanted to obtain the latest and updated information on the studied issues. In the literature search, we focused on the literature based on Slovenian and English languages. Other restrictions were not made.

Results of the review
Information were searched in the databases of the University of Maribor. Qualitative research methodology, including desk research, which was based on systems theory (Šarotar Žižek and Mulej, 2015), Mulej's Dialectical Systems Theory (Mulej and Dyck, 2014) and the law of requisite holism (Mulej *et al.*, 2013) was used. The search in the databases of the University of Maribor resulted in 2,905 hits. We selected 72 sources and researched them (Figure 1).

Quality score review and description of the data processing
The selected sources were published between 2003 and 2016. We excluded the sources, which were double or we estimated the content has not been sufficiently connected with the subject, purpose and objective of our research. For the analysis of the technical and scientific content, we conducted a synthesis of the results and took into account the availability of the content and contextual relevance. We chose 72 sources that were appropriately connected with our topic and objectives and contribute with high quality to our research.

Changes and their impact on humans as employees
Currently, everything is constantly changing – global market, national/local markets, organizations, workplaces; employees are therefore facing multiple challenges. Every activity results from the demand for efficacy, efficiency and success. Over the past four decades of the twentieth century, the nature of work changed dramatically for society, organizations and people (Sparks *et al.*, 2001). Agents of changes in the 1960s, 1970s and 1980s included new technology, particularly the use of computers, globalization, many organizations' mergers, acquisitions, strategic alliances and privatizations. Increased economic competitiveness in international markets resulted for those countries that embraced changes (Cooper and Jackson, 1997). In the 1990s, the issue was a major restructuring of work:

- Organizations in countries hit by recession were downsizing or delayering in an effort to survive.
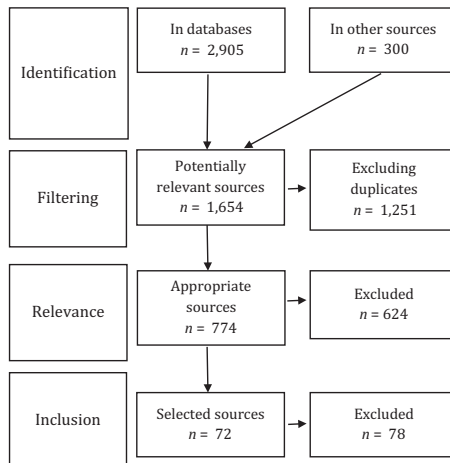
Source: Authors' presentation

Figure 1.
Research process
flowchart

- During the past decade, this trend for restructuring and downsizing has continued in many organizations, together with an increase in sub-contracting and outsourcing for them to compete successfully in the increasingly competitive global markets (Sparks *et al.*, 2001).

This had an important impact on workforce. There was a more flexible workforce from day to day, both in number of employees and in their skills and functions (Cox *et al.*, 2000); female participation in the workforce, part-time work, dual-earner couples and the number of older workers, etc. increased. All this impacted the individual employees (their occupational health and psychic well-being) and the organizational levels (human resource management's practices, organizational culture and climate, leadership, organizational psychology). Employees' occupational health and well-being are concentrating on four major areas: job insecurity, work hours, control at work and managerial style; each one of these issues has become a major concern as a result of the recent radical organizational changes (Sparks *et al.*, 2001). Managers and their socially responsible (or irresponsible) activities can generate a crucial (good or bad) framework for occupational health and employees' well-being.

All unsolved issues negatively affect the well-being and health of the working population (Rodríguez-Carvajal *et al.*, 2010).

> The Government, insurance companies, and organizations suffer from a significant drain on resources due to work-related ill-health problems, working days lost, sick-leaves, turnover and the subsequent costs of searching and training new employees (Rodríguez-Carvajal *et al.*, 2010).

In data of the European Agency for Safety and Health at Work (Milczarek *et al.*, 2009), we see the estimation that on average, 1,250 million working days are lost each year because of work-related ill-health problems. "Studies suggest that between 50 per cent and 60 per cent of all lost working days have some link with work-related stress" (Rodríguez-Carvajal *et al.*, 2010).

Therefore, we can ask how to increase well-being and health. Rodríguez-Carvajal *et al.* (2010) mentioned as follows:

(1) organizational culture, organizational policies and job characteristics;

(2) leadership; and

(3) personal resources:
- positive psychological capital;
- psychological flexibility;
- self-regulation processes;
- positive attributional style;
- emotional intelligence;
- getting engagement;
- core-self evaluations; and
- experiencing flow.

In this article, because of the critical influence of leaders, we will focus on the cited research on leadership as the most important milestone for health and well-being of employees in connection with SR.

Leadership

"Leadership constitutes a process of social influence that is enacted by designated individuals who hold formal leadership roles in organizations" (Kelloway and Barling, 2010, p. 261). A normative model or leadership theory consists of explicit moral norms for analyzing leaders and leadership; such normative models are (Ciulla *et al.*, 2013, p. 27, p. 28):

- servant leadership;
- transformational leadership;
- authentic leadership;
- ethical leadership;
- responsible leadership; and
- spiritual leadership.

The majority of researches that link leadership and employees' health focus on leaders' behavior toward employees. From an overall review in this field, we see that "good" leadership behavior (e.g. supervisor support) is related not only to the employees' health but also to lower levels of job stress and burnout (Franke *et al.*, 2014; Kuoppala *et al.*, 2008; Skakon *et al.*, 2010). With regard to employee's health, most studies have applied the concept of transformational leadership (Franke *et al.*, 2014; Franke and Felfe, 2011; Skakon *et al.*, 2010).

Many researchers found that this leadership style – transformational leadership – was repeatedly positively related to the individual's well-being (Arnold *et al.*, 2007; Kelloway *et al.*, 2012; Munir *et al.*, 2010; Nielsen *et al.*, 2008).

Other studies focus more on specific leadership attributes and how they affect health and well-being. Skakon *et al.* (2010) systematically reviewed literature regarding the impact of leaders on employee stress and affective well-being. They found that leadership behavior, such as support, consideration and empowerment reduces employees' experienced stress and increases well-being. In other studies, leadership behavior such as empathy, appreciation or giving opportunities to participate in decision processes are related to the employees' experience of stress (Berkman *et al.*, 2010; Lee *et al.*, 2009; Scott *et al.*, 2010).

New model of leaders

In our previous sections, we addressed the changes and their impact on human being. The leader and leadership models certainly crucially affect employees and their behavior and satisfaction.

This article addresses leaders and leadership requisitely holistically/systemically[4]. We will give a brief overview of the human cognition, emotion and behavior in brain and environment and how they change. Leadership is a dynamic and adaptable process, which depends on a wide range of contexts and perceptions of subordinates, not just on the characteristics of the leader (Swart *et al.*, 2015). From these perspective leaders are individuals who have sufficient status, power, dominance and influence to achieve goals with and through others (Swart *et al.*, 2015, p. 42).

Wayne Clarke, founder of the Global Growth Institute (Jacobs, 2014) said that the new leadership focused on partnership and collaboration, which will be the key to sustainable growth of companies. The leaders must create a culture of constructive interaction where partnership and collaboration are involved.

Before we explain the new model of leaders, we point out that there are three major barriers in breaking down the hierarchies in the companies, which are the biggest reason for survival of domination of the traditional style of leadership, i.e. the position of power. The three major barriers include:

(1) It is hard to change the company culture.

(2) It is difficult to get people to accept that their responsibility is for the success of the organization as a whole, not their individual area only.

(3) People must give up power, and they are reluctant to do so; hierarchies not only put barriers within a function but between them (Jacobs, 2014).

On the other hand, the problem can occur in persuading leaders to give up on hierarchies because status is important for them. The major challenge therefore remains in the mindset/VCEN of the leaders; once the mindset has shifted, the team coaching will increase the importance of the collaborative leading.

Leaders' behavior must promote benefits for the group, not just the individual, and this is essential for making all employees participate in company vision and strategic goals. Swart *et al*. (2015) said: a leader who demonstrates fairness and enables individuals to articulate their own goals, as subsets of the corporate ones, creates a platform for people to work together toward the good of the whole. A leader who creates an environment of trust and clarity of purpose, emphasizes the people's differences at work, makes it easier for people to work together toward a common goal (Goleman and Boyatzis, 2008).

To go a little bit further, we can connect the leader's characteristics with the new – neuroscience-based leadership model. We have no room for details.

The Figure 2 shows that the most fundamental characteristic of leadership is the ability to manage oneself, which depends on the constant self-reflection and practice. The model is based on the statement that well-developed and practiced prefrontal cortex (PFC) and its executive functions are at the heart of effective leadership. The model shows that the leadership is a unique combination of who leaders are (personality), what they do (behavior
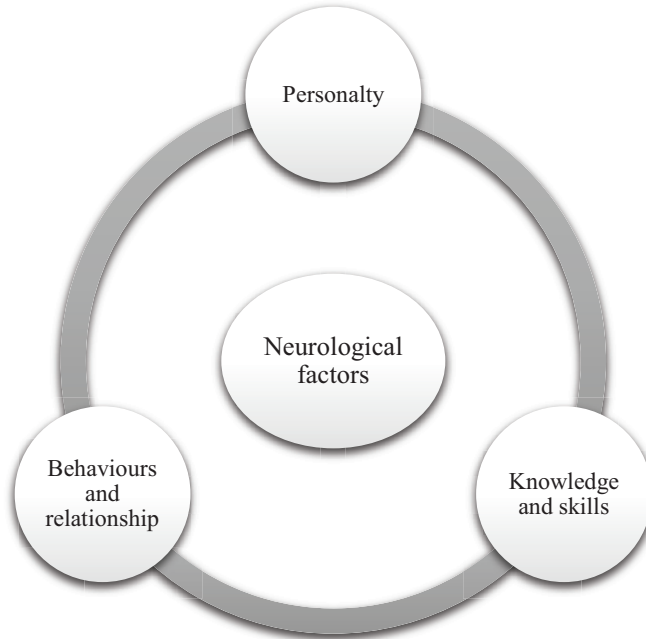
Figure 2.
A new
neuroscience-based
leadership model

Source: Chisholm (2014) in Swart *et al*. (2015, p. 58)

and relationship) and how they are related to other people (knowledge and skills and VCEN). In the core of the model, there are neurological factors, especially PFC.

Swart *et al.* (2015) pointed out that leaders with a well-developed PFC are likely to have clear, aligned goals; other members of the company trust them and accept leaders' persuasion and influence. People with such leaders feel more valued and secure. On the other hand, employees who feel that they can control their work role are more engaged and contribute more because of the impact on their positive well-being and health, and they are more self-motivated, productive and creative.

Organizations will need in future the right kind of leaders for sustained success and an adaptive leadership style; in practice, this is the new model of "transformational leadership". With it, development of VCEN toward SR is more possible than without it, and the current global socio-economic crisis is therefore easier to resolve.

Transformational leadership

One speaks about transformational leadership when "leaders broaden and elevate the interests of their followers, generate awareness and commitment of individuals to the purpose and mission of the group, and when they enable subordinates to transcend their own self-interests for the betterment of the group" (Seltzer *et al.*, 1989, p. 174). Bass (1985) exposed the following points:

- Transformational leaders establish a shared vision through which leaders provide a meaningful and creative basis from which change is brought about in people and contexts.

- The concept is composed of idealized influence/charisma, inspirational motivation, intellectual stimulation and individualized consideration.

Bass (1985) originally distinguished between two components of transformational leadership: emotional (charisma and inspirational leadership) and intellectual.

Simola *et al.* (2012) define transformational leadership as a type of leadership in which interactions among interested parties are organized around a collective purpose in a way that transform, motivate and enhance the actions and ethical aspirations of followers. Geib and Swenson (2013) added that transformational leadership is a leadership style that seeks positive transformations in those who follow and that achieves desired changes of the organization.
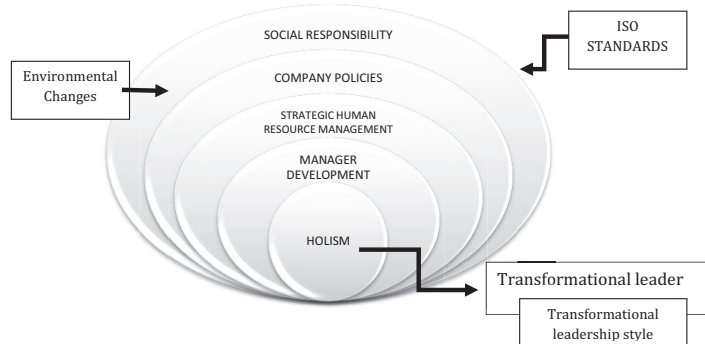
Transformational leaders are able to articulate the organization's common purpose in a way that emphasizes the social dimension. Therefore, they have the main characteristics that emphasizes their charisma and inspirational leadership for others.

Transformational leaders' characteristics are presented in Figure 3.

As Figure 3 presents, the core characteristic of transformational leaders is their requisitely holistic behavior, which they realize in their environment by acting socially responsibly, with their requisitely holistic strategic approach to human resources management (SHRM) and by developing a working climate, which supports (innovative!) changes and requisitely holistic development of the individuals and their well-being. Against this background, the transformational leader is a requisitely holistic leader, who follows the principles of holism and development of individuals' VCEN and behavior by SR on a daily basis.

Transformational leaders use a visionary and creative style of leadership, and they act as coaches and mentors at the same time, provide personal attention and psychosocial support to the development of the individual employees, inspire employees to make independent decisions and reach satisfaction in their work (Munir *et al.*, 2010). Transformational leaders

Source: Authors' presentation

also promote a positive vision of the future, which can help employees see their situation in a brighter light (Sivanathan *et al.*, 2004).

For our research, it is important that previous studies have confirmed that the transformational leadership behavior can be trained (Barling *et al.*, 1996; Parry and Sinha, 2005).

Transformational leadership, sometimes called inspirational leadership, has an important impact on:

- improved general well-being (Nielsen *et al.*, 2008);
- reduced burnout (Corrigan *et al.*, 2007; Hetland *et al.*, 2008); and
- lower job-related stress (Sosik and Godshalk, 2000).

Šarotar Žižek (2012) and Nielsen *et al.* (2008) found support for hypotheses empirically: followers' experience of a meaningful work environment, role clarity and opportunities for development partially mediated the relationship between transformational leadership and followers' well-being. The results of Nielsen *et al.* (2008) are as follows:

- They strongly indicate that the transformational leadership is closely related to the perception of some aspects of the work characteristics, and the existence of a direct effect cannot be entirely discounted.

- They also supported the reciprocal nature of the relationship between the managers' perceived transformational leadership style and well-being (van Dierendonck *et al.*, 2004). This means that employees with poor psychological well-being may either make it difficult for the manager to exert transformational-leadership behavior or may have difficulties in benefiting from these behaviors because these employees assess the managers' behavior as a negative manner.

- They indicate the importance of making managers aware of the degree to which they influence their subordinates' perceptions of work characteristics and self-reported well-being. It is important that exerting behaviors associated with transformational leadership (such as stimulating employees to engage in complex decision-making and problem solving, providing a clear vision, coaching and mentoring individuals, etc.) may increase the well-being of their followers but only if their behavior alters the way followers perceive their work.

- They have implications for those aiming to implement organizational-level interventions to improve employee health and psychological well-being. They expose

that implementing wide-ranging organizational-level changes in the job design and work organization of followers' work, these results suggest that training their superiors may have a similar impact.

To summarize: one's leadership style that is influential in improving the health and well-being of workers is transformational leadership. It is a way of practicing SR inside an organization and having a broader effect (Šarotar Žižek, 2012, 2014a, 2014b, 2014c, 2014d).

Arnold *et al.* (2007) also mentioned that, overall, these results support and add to the range of positive mental health effects associated with transformational leadership and are suggestive of interventions that organizations can make to improve well-being of workers.

Transformational leaders can affect their employees' perceptions of human capital benefits. Such leaders have the greatest potential to augment these benefits through involving them in the knowledge-management process, establishing organizational culture and encouraging communication among employees (Birasnav *et al.*, 2011).

This process can receive a crucial support from the socially responsible practices, namely: ISO 26000 on SR (ISO, 2010) requires a *holistic approach* (based on *interdependence*) and includes seven content areas: organization, management and governance, human rights, labor practices, environment, fair operating practices, consumer issues and community involvement and development. Positive influence on coworkers' health can be seen as an act of SR inside its core subject "labor practices". It can be positive if the influential persons realize the seven principles of SR from ISO 26000: accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the rule of law, respect for international norms of behavior and respect for human rights (ISO, 2010, pp. 10-14).

How, more concretely, can corporate social responsibility (CSR) receive support from the transformational leadership?

Briefly about corporate social responsibility in relation to transformational leadership

Kotchen and Moon (2012) spoke about the two related concepts:

(1) CSR as a program of actions to reduce externalized costs or to avoid distributional conflicts; and

(2) corporate social irresponsibility as a set of actions that increases externalized costs and/or promotes distributional conflicts.

CSR "empirically consists of clearly articulated and communicated policies and practices of corporations that reflect business responsibility for some of the wider societal good" (Matten and Moon, 2008). Aguinis and Glavas (2012) suggested the use of CSR definition that was offered by Aguinis (2011, p. 855) and adopted by others (Rupp, 2011; Rupp *et al.*, 2010): "context-specific organizational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance". Organizations engage in CSR because of institutional pressures, particularly from stakeholders (Sharma and Henriques, 2005; Stevens *et al.*, 2005). Stakeholders have three main motives for pressuring firms to engage in CSR: instrumental, relational and moral (Aguilera *et al.*, 2007).

The core characteristics of CSR that are essential features of the concept CSR are (Crane *et al.*, 2008):

- voluntary;
- managing externalities;

- beyond philanthropy;
- multiple stakeholder orientation;
- practices and values; and
- social and economic alignment.

What benefits does CSR bring to the organization? First, a benefit for organizations is an improvement in their reputation (Brammer and Pavelin, 2006; Verschoor, 1998). Aguinis and Glavas (2012) expose that such a positive effect has been found, for example, on the part of consumers (Arora and Henderson, 2007; Sen and Bhattacharya, 2001), who respond to CSR through favorable evaluations of the company and its products (Ellen et al., 2000; Sen and Bhattacharya, 2001) as well as through increased loyalty (Maignan et al., 1999). Important is not only that CSR was found to improve a firm's reputation and goodwill with external stakeholders but also it increased financial performance (Orlitzky et al., 2003).

Aguinis and Glavas (2012) mentioned that working for socially responsible companies leads to:

- increased organizational identification (Carmeli et al., 2007);
- employee engagement (Glavas and Piderit, 2009);
- retention (Jones, 2010);
- organizational citizenship behavior (Jones, 2010; Lin et al., 2010; Sully de Luque et al., 2008);
- employee commitment (Maignan et al., 1999);
- in-role performance (Jones, 2010);
- employee creative involvement (Glavas and Piderit, 2009);
- improved employee relations (Agle et al., 1999; Glavas and Piderit, 2009); and
- increased firm attractiveness to prospective employees (Turban and Greening, 1997).

SR covers socio-economic innovation for humans' rightfully wanted goals. It is crucial for crisis prevention and solving by preventing abuse of legal, economic and natural laws. With SR one aims to replace short-term and narrow standards with broader and more long-term criteria of distinguishing right from wrong and the beneficial from detrimental (Mulej and Hrast, 2008). The way toward the new criteria requires transformational leadership.

To create links between CSR and management as the transformational leadership, it is very important to mention that Sully de Luque et al. (2008) found that managers' emphasis on CSR values was associated with followers' perceptions of visionary leadership, which positively attracted employees' extra effort, which in turn supported firm performance.

So, the next step is researching the leadership style in connection to CSR briefly.

Socially responsible transformational leadership

For each organization and manager, it is very important to know that leadership styles are connected to institutional CSR practices. Because of the advantages of transformational leadership, we studied the link of this style of leadership to CSR. This connection was researched by many researchers (Du et al., 2013; Groves, 2014; Veríssimo and Lacerda, 2015).

Du et al. (2013) exposed that:

- Large-scale field survey of managers reveals that firms with greater transformational leadership are more likely to engage in institutional CSR practices, whereas transactional leadership is not associated with such practices.
- Stakeholder-oriented marketing reinforces the positive link between transformational leadership and institutional CSR practices.
- Transformational leadership enhances, whereas transactional leadership diminishes the positive relationship between institutional CSR practices and organizational outcomes.

Groves (2014) found that transformational leadership was positively associated with the followers of stakeholder CSR values and negatively related to the followers of shareholder CSR values. Research results of Veríssimo and Lacerda (2015) indicate that:

- Integrity is a predictor of transformational leadership behavior; transformational leaders' behaviors are linked to CSR practices.
- Leaders rated with higher integrity are engaged in CSR because they exhibit more transformational leadership behaviors.
- Integrity is important, as transformational leaders engage more actively on "responsible" behaviors of leaders. Organizations can improve their selection and leadership development processes by focusing on these two dimensions.

We must expose that socially responsible transformational leadership has its basis in manager's personal responsibility, which results from the requisite personal holism (Šarotar Žižek and Mulej, 2013). Manager's requisite personal holism is based on the following dimensions (Šarotar Žižek, 2012): physical/body balance, mental maturity, social integration, spiritual maturity, economic stability, etc. To progress along individual dimensions', managers must know and implement the techniques for assuring requisite personal holism. We listed (Šarotar Žižek, 2012):

- techniques to gain physical balance (healthy eating, Ayurveda, massage and aromatherapy, relaxation, breathing techniques, physical activity, respecting biological rhythm, additional medical treatments, etc.);
- the art of living techniques (emotional intelligence, living in the present moment, not forgetting the future, positive thinking and others);
- techniques for professional and work development as well as through social integrity (upbringing, education, training, gaining work experience within professional career, etc.);
- techniques for spiritual development (spiritual intelligence, meditation, mantras, yoga, logo-therapy, practical Buddhist principles for establishing balance, etc.); and
- economic stability techniques (creative and working role in different organizations) satisfy employees' material needs as a person, a family member, a co-worker and a member of a wider community.

These are some ways for transformational leadership behavior and transformational leaders' behaviors to match the above-quoted seven principles of SR.

Conclusions

Somebody must lead humans out of the current global socio-economic crisis, which results from the crisis of VCEN that do not embrace SR of the influential persons. New leaders must implement SR as a non-technological innovation for humankind to survive

instead of experiencing the Third World War that is pending. The given situation requires transformational leadership. We briefed some ways for transformational leadership behavior and transformational leaders' behaviors to match the above-quoted seven principles of SR. The humankind's effort for humankind's survival by finding the way from the current global socio-economic crisis and the danger of the pending Third World War is starting from the personal requisite holism and its application by the transformational leadership.

Application of knowledge that might be able to solve the problem depends on VCEN that prevail in all/any entities from families via corporations and other organizations, countries, international entities (such as European Union) to the entire world and humankind (and its United Nations Organization). The most influential of all of them are the corporations, hence, their corporate governance and strategic management. Hence, they should urgently implement SR principles and methods supporting its realization instead of the prevailing short-term and one-sided criteria of right and wrong for clear and proven economic reasons; satisfied and healthy people are causing much less cost and trouble than strikes, medical care, renewal of safe natural environment, wars, etc.

Thought transformation of itself and others, the transformational leaders encourage others to adopt the transformation process as their-own and, thus, allows them the targeted transformation and CSR. These mean the ability to offer others something that goes beyond self-interest: they provide other with an inspiring mission and vision and give them an identity, what creates the success of the transformational leaders (Geib and Swenson, 2013). With other words, the transformational leaders strive to nurture the best in their employee by showing authentic concern and respect for individuals, they have to build an organizational culture of collaboration based on values such as integrity and fairness and they are socially responsible with increased holism and success.

The new paradigm of transformational leadership has been emphasized as the most effective for firms' performance because the transformational leaders will consequently be able to incorporate the creation of social, economic and environmental factors as a strategic core value within the organizations. This should provide a holistic view of the organization, including its main stakeholders, as part of the strategic process.

Therefore, organizations must develop an implemented model of creating the transformational leaders based on the requisitely holistic behavior of leaders. To realize this behavior, organizations have to develop and plan the development of these characteristics in SHRM. Beyond the leaders' personal characteristics, the working climate, which supports (innovative!) changes and requisitely holistic development of the individuals and their well-being, is incorporated. Therefore, the transformational leader is a requisitely holistic leader, who follows the principles of holism and development of individuals' VCEN and behavior by SR on a daily basis. These leaders use a visionary and creative style of leadership, and they act as coaches and mentors at the same time, provide personal attention and psychosocial support to the development of the individual employees, inspire employees to make independent decisions and reach satisfaction in their work (Munir *et al.*, 2010). Transformational leaders also promote a positive vision of the future, which can help employees see their situation in a brighter light and help the to transform himself (Sivanathan *et al.*, 2004).

The transformational leadership style can be upgraded with new role-model of leaders implementing transformational leadership because this behavior/leadership style contributes to human capital creation by which an organization achieves competitive advantage and potential for growth. If the employees are healthy and experience physical and psychic well-being, they can be creative and innovative.

Good health and well-being of employees reduces many societal troubles and related cost resulting otherwise from the too short-term and narrow-minded behavior of managers and employees, potentially their families as well, all way to tens of millions of homeless migrants, killed and injured people, children with no chance for education, etc.

Nevertheless, only personally and socially responsible person can develop itself in the direction of requisite holism to choose such a management style that leads the success of the organization and psychological well-being of employees.

Further research should be oriented in testing of presented model and measuring the effect of it.

Notes

1. For further data see also: Mulej and Dyck (2014), Mulej *et al.* (2013), Mulej and Hrast (2014), Lebe and Mulej (2014), Šarotar Žižek *et al.* (2014a, 2014b, 2014c, 2014d).

2. "The world is facing a humanitarian crisis that will require a record \$22.2bn in funding for 2017 to support nearly 93 million of the most vulnerable and marginalized people, the UN Office for the Coordination of Humanitarian Affairs (OCHA) on December 5, 2016, said as it launched a relief aid appeal" (Kamal, 2016).

3. For details see: Felber (2010/2012), Hrast *et al.* (2015), Merhar *et al.* (2014), Mulej *et al.* (2013); the above cited references and references therein.

4. We apply Mulej's Dialectical Systems Theory (DST) that has since 1974 proved to support the Bertalanffy's fight against over-specialization and the Wiener's creation of cybernetics in an interdisciplinary work process with its orientation to the requisite holism of approach to human work by dialectics as the science and practice of interdependence and related guidelines and methods of interdisciplinary creative cooperation (Mulej *et al.*, 2013).

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Further reading

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