

A view on transformational leadership: The case of Jeff Bezos

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Abstract: In today's society, in order to be a successful entrepreneur you must be able to adapt to the ever-changing market conditions. To do this, it is important to be able to utilize your resources to their maximum potential so as to gain the best results possible. As such, it is important for an entrepreneur to have very good leadership skills in order to mobilize his team to achieve the vision of the company. The aim of this paper is to highlight the importance of leadership for organizational success in nowadays business environment. In particular, the paper focuses on the transformational style of leadership employed by famous entrepreneur Jeff Bezos that has managed to grow Amazon to the point that it is considered the biggest online retailer in the world. The methodology used is qualitative and is based on the research of secondary sources such as articles, books and interviews. The findings show that transformational leadership is a key solution that fits the needs of companies finding themselves having not only to strive to survive, but to flourish in this fast-paced, ever-changing environment of the business world.

Key words: leadership, transformational leadership, Jeff Bezos, Amazon

JEL: F00, F23, L81

1. Introduction

The research conducted in the vast and topical field of leadership has a long-standing tradition. It is a field that encompasses various approaches and numerous different styles (Toma and Marinescu, 2013; Toma, et al., 2016; Toma, et al., 2019). As the world is changing at a very fast pace and as new challenges occur in the within the environment, companies, institutions, researchers and other stakeholders are confronted with an easy yet complex problem: finding out solutions to these challenges with adaptability as the focal point and the right person for the job. From the leadership's perspective, the main concept surrounding this paper, one approach proving itself to be efficient is to identify and fit the right people to their respective context so that their role would work out for the best. One approach to solving this problem is to understand that there are multiple styles that could be used in order to tackle the above mentioned situation.

This paper is dealing with the study of transformational leadership and how it has been applied in practice, due to the fact that it can be argued that, in practice, this style has yielded some of the best results. In order to see this in practice, the paper presents an analysis on the case of CEO Jeff Bezos of Amazon so as to showcase an example of the success this leadership style can provide.

2. Literature review

The concept of leadership is a common topic nowadays, studied from multiple perspectives and, at the same time, represents a very desirable status. The scientific literature is plentiful and it theorizes about what characteristics are needed in order to achieve

such a dignifying position. Many people showed grit and have this powerful driver to work hard in order to gain those skills, whilst others are naturally talented in this field and have relied on their instincts. Whether one is born a leader or you can become one is still up for debate, one thing that can affirmed about leadership is that it is closely linked to change and progress. Under the right circumstances (even though one might surely argue that circumstances are not always given but also created and controlled by a person/group/entity), leadership can bring about growth at a fast and efficient rate. In order to explore this concept in depth, for the purpose of this paper, it is important to start from defining the concept (leadership) and then placing it in context by approaching the case of Jeff Bezos and Amazon.

Leadership can be explained as "the ability to anticipate, envision, maintain flexibility, and empower others to create strategic change as necessary" (Hitt, et al., 2001). Having established the image that leadership builds, it can easily be recognized as one of the most important characteristics belonging to an entrepreneur. Peter F. Drucker, who is considered to be the founder of modern management, stated in his work that an entrepreneur "always searches for change, responds to it, and exploits it as an opportunity" (Drucker, 1985). If one looks at the common denominator between entrepreneurship and leadership, it can be observed that in both cases, the method employed is bringing about change, usually in an innovative way, in order to achieve their goals. A pertinent reference to this is the Schumpeterian view on creative destruction. When talking about this, Joseph Schumpeter says that "situations emerge in the process of creative destruction

in which many firms may have to perish that nevertheless would be able to live on vigorously and usefully if they could weather a particular storm.” (Schumpeter and Swedberg, 2003). If one would interpret this in the context of leadership, the conclusion that can be drawn is that a leader must be capable of adapting through the whole process of change, creation and, when needed, to change creation. In order to maintain balance and control and, thus, take the correct steps in the decision making process, a leader must be prepared to use all of the resources available factoring in rational usage (Puiu, 2016) and motivate the people that follow him to their maximum potential. Therefore, it can be inferred that a leader must possess certain qualities in order to better perform.

Before analyzing the characteristics of a “good leader”, one must take into consideration that there are multiple leadership styles and approaches. If one consults the academic literature, they can find that James M. Burns, whom is considered an expert on leadership studies, has divided leadership into two opposing categories back in the year 1978 (Burns, 1978); these are transactional leadership and transformational leadership. When it comes to the first case, the leaders are seeking out from the followers a form of cooperation that is based on an exchange and then this relationship is monitored as it progresses. On the other hand, we have the transformational leadership style, where the followers are encouraged and inspired to see past their own self-interest in order to achieve a greater vision. (Gao, et al., 2020)

Transactional leadership is much more task oriented and is associated with a hard leadership approach, often to the point of putting pressure in order to obtain the results

necessary. Nowadays, it can be observed that the transformational leadership style is preferred by organizations in order to encourage a higher level of development and thus it can even end up translating into competitive advantage. For this to be possible, a more soft leadership approach needs to be employed and the skills that go along with it. This is because an important part of leadership is the ability to empower others as can be noted in the definition given in the above section.

In order to be considered a “soft leader”, one “must communicate with an emphasis on soft skills; make decisions by blending your head, heart and gut; and take action keeping the ground realities and goals in your view without compromising task orientation” (Rao, 2016). There are eleven characteristics that are associated with this approach in leadership as follows: “character, charisma, conscience, conviction, courage, communication, compassion, commitment, consistency, consideration and contribution” (Rao, 2016). Not all leaders possess all of these characteristics, but it is considered important to have at least part of these skills in order to become successful. A good example is Sam Walton, the founder of Wal-Mart (Catană, et al., 2020).

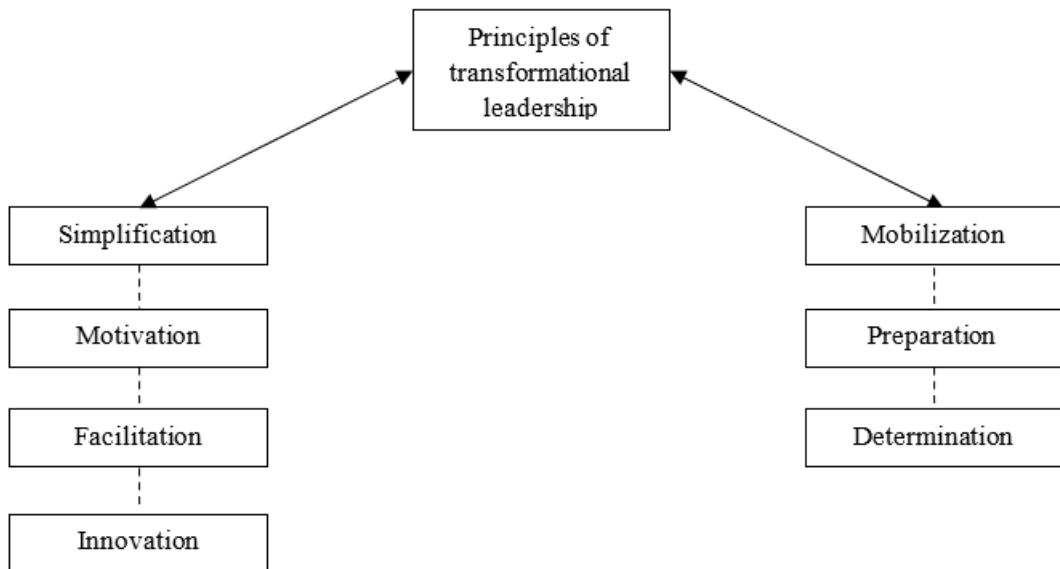
Alongside recognizing the skills necessary to be a leader, it is also important to take into account some of the main challenges that leaders must face and overcome. There is no path in this world with lack of challenges. When it comes to leadership, one must understand context and content. The world is evolving at a fast rate and many businesses rise and fall just as quickly if they do not learn to adapt to the ever-changing market conditions. “This trend of constant change requires businesses to transform themselves fundamentally in order to survive and prosper in

a challenging new economy. Transformation implies change in the way business is conducted, in the way people perform their contribution to the organization, and in the way the organization perceives and manages its vital assets, which are increasingly built around the key assets of intellectual capital and knowledge” (Botha, et al., 2014).

“Transformational leaders are true and trusted leaders” (Ferguson, 2020) who usually

apply a simple set of principles (Figure 1) when bringing “ethical, attitudinal, and process changes to followers” (Khan, et al., 2020) and, thus, affecting the creativity and performance of their employees (Udin, Riyadh and Dananjoyo, 2020); Jeff Bezos is making an art out of these principles.

Figure 1: Transformational leadership set of principles in the case of Jeff Bezos



Source: (Hegar, 2012)

In order to cope with the need of constant change, some organizations have employed the organizational agility strategy, defined as a “combination of flexibility, nimbleness and speed” (Singh, et al., 2013), enabling them “to survive and achieve their competitive advantage” (Saha, 2017). This is because studies have shown that this type of approach can lead to a higher percentage of success: “research conducted by the

Massachusetts Institute of Technology (MIT) suggests that agile organizations grew revenue 37% faster and generated 30% higher profit than non-agile ones” (Roux & Härtel, 2018). Roux and Härtel also emphasise the importance of using a leadership style that encourages all the participants to have initiative and behave like a leader in order to achieve maximum potential. This argument shows that a transformational leadership

style approach would be the most useful in order to obtain the wanted results.

3. Research methodology

In order to arrive at the aim of the paper, the research methodology was based on a quantitative method. For the literature review, the use of electronic databases containing various books and scientific articles from the field of business, leadership and psychology has been adopted in order to reach various source materials in order to study what leadership is, and what characteristics and challenges it presents. A secondary objective was to synthesize all the information presented by highlighting the main characteristics present in the case of Jeff Bezos and the rise of Amazon as a company, in order to find the relevant key features that emphasize the research objectives of the paper. Finally, the conclusion presents the results that were obtained following this analysis

4. Results and discussions

Jeff Bezos, the world's richest man (Ivanovici, 2020), is the CEO of Amazon and has managed to grow his company from a simple online book store to one of the biggest online retailers of the world. Many have attributed his success to his leadership style. He has a few key principles that he abides to in order to continue his development as the leader of his business.

First of all, he places a lot of emphasis on customer satisfaction, and whilst to many it seems that a CEO would have other higher priorities to attend to, Jeff Bezos manages to create a customer oriented environment through his leadership style. He created small teams in order to focus on individual

tasks and problems so as to enable better communication, a more efficient way to identify the problems (easier and faster) and, at the same time, it helped eliminate the hierarchy system that is usually associated with such big organizations. The teams also have as motivation a healthy competitive environment that promotes the development of the organization. By delegating such tasks to his teams, the CEO shows a high level of trust towards his employees and, thus, gives them a certain feeling of empowerment that will motivate them to perform at their best (Denning, 2018).

Another characteristic to be pointed out about Jeff Bezos and his leadership style is the agility and almost aggression with which he has approached the growth of his company: "Amazon is known as a demanding place to work. It's not for everyone. You could say the company is 'aggressive.' Aggressive for results – that is, the right types of results. Aggressive for people to produce and have mastery of their domain. Aggressive for teams and leaders to achieve the impossible: perfection." (Denning, 2019)

It is important to note that the focus that Jeff Bezos places on empowering and encouraging his staff to continuously push themselves to develop is consistent with the essence of the transformational leadership style and this makes it easier to see and understand the role that it played in Amazon's success as a company. To this day, the company continues to employ this style of leadership in order to continue its growth.

Amazon's CEO proves he complies to the seven principles of transformational leadership (Hegar, 2012) as follows:

Simplification: he not only articulates but also applies a clear transformational

vision, his team (company) knowing their direction ever since they have been founded in their pursuit to become Earth's most customer-centric company (Andrés, 2017).

Motivation: getting people on board and gaining their devotion is also reflected in their famous internal motto is "Work hard. Have fun. Make history." (Huddleston, 2019). "One of his gifts, his colleagues said, was being able to drive and motivate his employees without getting overly attached to them personally." (Stone, 2013)

Facilitation: the discovery-driven leader sees the world as a platform for learning and conveys conveying this to his team members, empowering them with prerequisites such as access to knowledge bases (Chambers, 2020)

Innovation: among Amazon's four core principles connected to how they operate, there is "nurturing passion for invention". Thus, Jeff Bezos tries to "foster a culture of innovation and invention" (Amazon, 2020).

Mobilization: a role suitable for a transformational leader is to empower other leaders and participants; when facing a turmoil "in the distribution centers, he started to rely on a young executive named Jeff Wilke, whose cerebral and occasionally impatient management style mirrored his own". He also remembers "the famous Carnegie's

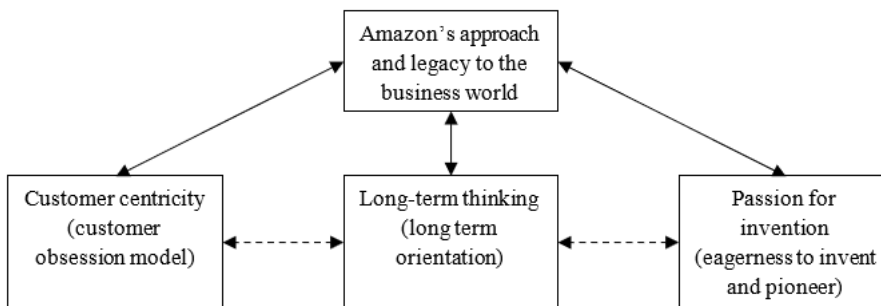
principle of assembling the appropriate team to get the job done empowering and equipping qualified team players" (Andrés, 2017)

Preparation: Jeff Bezos never ceases to learn and he instills this attitude in his employees, pushing them to be "infinite students" (Andrés, 2017).

Determination: It is important to have tenacity to such an extent to which you should cross great barriers in order to achieve your goal. Then, it is easy for your employees to see that hard work does indeed pay off. Amazon's employees learned this through the Get Big Fast motto because "the bigger the company got, (...) the quicker the company grew, the more territory it could capture in what was becoming the race to establish new brands on the digital frontier. Bezos preached urgency: the company that got the lead now would likely keep it, and it could then use that lead to build a superior service for customers. Of course, that meant everyone at Amazon would have to work even harder." (Stone, 2013)

Jeff Bezos's "charismatic" transformational leadership abilities are breathed in Amazon's approach in the business world (Figure 2).

Figure 2: The three big idea cocktail at Amazon with Jeff Bezos



Source: Adaption from Jeff Bezos's interviews (Cassel, 2017; Delroeux, 2019)

5. Conclusions

Transformational leadership is one of the most compatible solutions to the fast pace environment of the business world and it allows for a much more easy and fast development in the ever-changing market. This leadership style allows entrepreneurs to adapt to the competition and better fulfil

the needs of the customers whilst creating a healthy work environment. This paper has allowed a theoretical framework to be built in order to showcase the concept of transformational leadership and how Jeff Bezos has applied this leadership style in order to achieve his success. Further research may be conducted to compare between transformational leaders around the world.

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