

## TRANSFORMATIONAL LEADERSHIP IMPETUS TO SUSTAINED BUSINESS SUCCESS.

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### INTRODUCTION:

The present workforce diversity, technological changes and increased global competition will place new demands on leaders (House, 1995) According to Kotter (1995) the importance of leadership in the changing environment is not fully understood in that change requires creation of a new system which then has to be institutionalized. Transformational leadership has sustained interest of both managers and researchers because of the promise of extraordinary individual and organizational outcomes. Transformational leadership has received more empirical examination in the past decade than all other leadership theories (Judge & Bono, 2000; Humphreys & Einstein, 2003; Kirkbride, 2006). According to Yukl (2003) Transformational Leaders transform values and priorities of followers and motivates basis to perform beyond expectations. Transformational leadership is thus defined on the basis of its effects and has been empirically proven to have positive effects on work-related outcomes such as work performance (Barling et al, 1996). Most importantly, transformational leadership is also known to predict performance in cases when personality characteristics are controlled statistically (Judge & Bono, 2000).

The most significant essence of transformational leadership is the relationship between followers and leaders. These leaders have the ability to not only identify their own values but also those of others to guide their actions and consciously developing a shared way of doing things, aligning everyone around a common purpose with a future orientation. Power is not seen as limited but expansive and is therefore distributed. Transformational leaders truly empower others. Usually these leaders are not following the short-tem bottom-line shareholder value; they look after all stakeholders, and assumedly thus leading to sustained shareholder's value. Bass (1985) built on Burns's theory describing a process that resulted in high levels of performance in organizations where transformational leadership was practiced.

### CONCEPT OF TRANSFORMATION LEADERSHIP :

Transformational leadership is a process that changes and transforms individuals (Northouse, 2001). In other words, transformational leadership is the ability to get people to want to change, to improve, and to be led. It involves assessing associates' motives, satisfying their needs, leader could make the company more successful by valuing its associates.

On such examples is Sam Walton, founder of Wal-Mart who often visited Wal-Mart stores across the country to meet with associates to show his appreciation for what they did for the company. Sam Walton gave "rules for success" in his autobiography, one of which was to appreciate associates with praise (Walton, 1966).

There are four factors to transformational leadership, (also known as the "four I's") : idealized influence, inspirational motivation, intellectual stimulation, and individual consideration. Each factor will be discussed to help managers use this approach in the workplace.

- **Idealized influence** describes managers who are exemplary role models for associates. Managers with idealized influence can be trusted and respected by associates to make good decisions for the organization.
- **Inspirational motivation** describes managers who motivate associates to commit to the vision of the organization. Managers with inspirational motivation encourage team spirit to reach goals of increased revenue and market growth for the organization.
- **Intellectual Stimulation** describes managers who encourage innovation and creativity through challenging the normal beliefs or views of a group. Managers with intellectual stimulation promote critical thinking and problem solving to make the organization better.
- **Individual consideration** describes managers who act as coaches and advisors to the associates. Managers with individual consideration encourage associates to reach goals what help both associates and the organization.

Effective transformational leadership results in performances that exceed organizational expectations.

Each of the four components describes characteristics that are valuable to the "transformation" process. When managers are strong role models, encouragers, innovators, and coaches, they are utilizing the "four I's" to help "transform" their associates into better, more productive and successful individuals. Northouse (2001) states that in 39 studies of transformational literature, individuals who exhibited transformational leadership were more effective leaders with better work outcomes. This was true for both high- and low-level leaders in the public and private sectors (Northouse, 2001).

Because transformational leadership covers a wide range of aspects within leadership, there are no specific steps for a manager to follow. Becoming an effective transformational leader is a process. This means that conscious effort must be made to adopt transformational style. Understanding the basics of transformational leadership and the four I's can help a manager apply this approach' According to Northouse (2001), a transformational leader has the following qualities :

- Empowers followers to do what is best for the organization:'
- Is a strong role model with high values,
- Listens to all viewpoints to develop a spirit of cooperation;
- Creates a vision, using people in the organization:
- Acts as a change agent within the organization by setting an example of how to initiate and implement change;
- Helps the organization by helping others contribute to the organization.

## WHY TRANSFORMATIONAL LEADERSHIP

Transformational Leadership is primarily about the intangibles required to motivate others in the organization to make changes that optimize their performance. It is holistic and relies on stimulating the intrinsic motivations of the followers. As such, transformational leadership

requires an uncommon balance of diverse skills, knowledge, and experience that relatively few people have. A transformational leader must :

- Create and communicate a compelling vision for the future that inspires large numbers of people to function at higher levels than previously imagined.
- Hire a team that has just the right combination of skills and knowledge.
- Manage his team with a delicate balance between drive and support.
- Continue to achieve transactional excellence.

Transformational leadership is directly correlated to long-term high performance (e.g., Bass & Riggio, 2006; Cameron, 2008; Collins, 2001). In addition, there is significant evidence that thinking and acting transformationally actually improves transactional performance (Pink, 2009). Simply put, organizations that think and act transformationally, not transactionally, do better over the long term.

Obviously, there is a significant conflict between the continuous and even growing pressures on organizations to quickly and efficiently change themselves and the simultaneous need to find a way to be transformational, even as they effectively maintain operational excellence. What are transactional organizations to do when they need to change ? Fortunately, recent advances in several areas related to organizational change make it possible to lower the requirements for effective transformational leadership while simultaneously boosting the capabilities of transactional manager that must lead organizational change. Specifically, breakthroughs in four areas – positive deviance, fair process, neuroscience, and mass customization – now make it possible to systematically and quickly guide transactional managers to function as transformational leaders. When these findings are combined with the emerging field of persuasive technology, almost any organization can achieve the performance levels formerly reserved for those with experienced transformational leaders. More specifically, the recent advances suggest two approaches for creating the impact of transformational leadership in organizations:

**1. Leading a Single Initiative :**

Creating the impact of having transformational leadership for a single performance improvement initiative (e.g., a specific customer service improvement initiative or a manufacturing quality initiative).

**2. Developing Core competency :**

Developing transformational leadership as a core competency of the organization in which everyone contributes to organizational transformations. The first approach is more tactical and narrowly focused It has the advantage of being less demanding of the organization but also produces a more limited impact. The second approach is more difficult to achieve and requires a deeper commitment from the organization, but transformational leadership as a core competency has many long-term benefits in a constantly changing world.

**CONCLUSION :**

Transformational leadership is a vital role for effective managers because leader effectiveness determines the success level of the organization. According to Hesselbein and Cohen (1999, p.263), organizations that take the time to teach leadership are far ahead of the competition. By

becoming familiar with the transformational leadership approach and combining the four I's, managers can become effective leaders in the business world. Transformational leadership can be applied in one-on-one or group situations. Using this approach, the manager (leader) and the associates (followers) are "transformed" to enhance job performance and help the organization be more productive and successful.

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