

Transformational Leadership: Gaining importance in Current Scenario

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Abstract

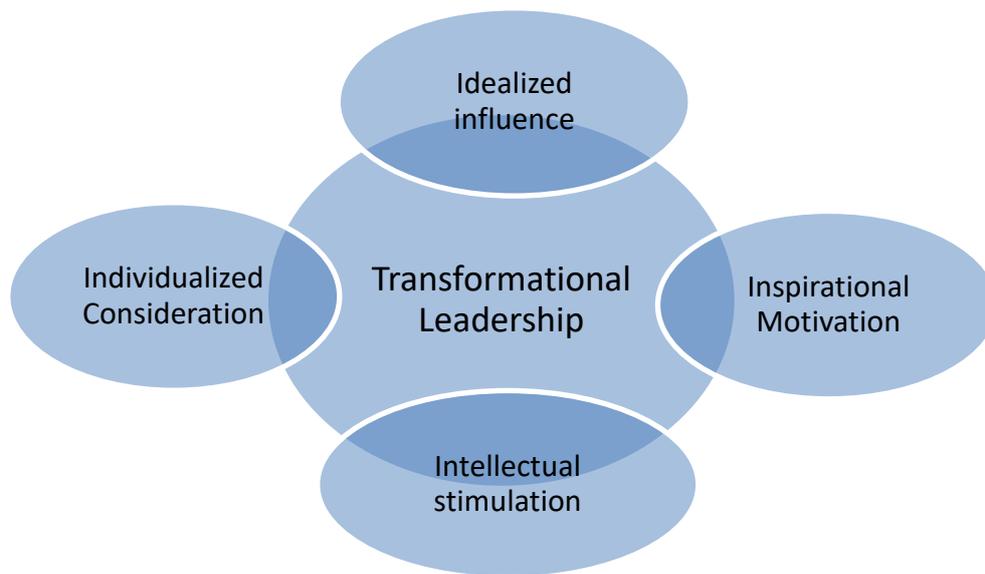
In today's information world, the management of knowledge and innovation are the primary factors that enable an organization to create, exploit, renew and apply knowledge processes to create competencies and attain competitive advantage. The traditional methods of leadership are not enough to survive in this knowledge era. The internal and external strategic variables need to be aligned in a way as to outperform the competitors. The organizations that fail to monitor and adapt to changes fail to survive. The modern day organizations are driven by Technology and Knowledge, leaders need to focus on Innovation to improve Organization's performance. Till date not much research has been done to establish the direct relationship between the leadership styles and organizational effectiveness. Through this research a sincere effort has been made to explain the concept of Transactional Leadership and to provide insights into how different leaders with their vision and foresight took the organizations to greater heights.

Keywords: *Transformational leadership, Transactional leaders, organizational performance.*

Introduction

Transformational Leadership is a leadership style in which leaders encourage, inspire and motivate employees to innovate and create changes which foster the growth and productivity of the employees as well as the organization. A Transformational Leader works with teams to identify and execute change by motivating them. Transformational Leadership strives to enhance the morale, job performance and motivation of the teams by being a role model and challenging followers to take ownership of their own work. It is based on strong vision and personality rather than on 'Give and take relationship'.

The components of Transformational Leadership are defined as the 4 I's.



1. Idealized Influence (II)- A Leader must 'Walk the Talk'. We cannot expect others to do something that we ourselves don't do. So a Transformational Leader serves as a role model for his team and embodies the qualities that he/she wants in his/her team.
2. Inspirational Motivation (IM)- Transformational Leaders have strong vision and foresight by which they inspire and motivate followers. Their charisma and ability to guide the team towards organizational goals is remarkable.
3. Individualized Consideration (IC)- People have different Personalities and motivation. Each member of the group has specific needs that must be recognized and fulfilled. A transformational leader must exhibit genuine concern for the specific needs of the followers and help them to self-actualize.
4. Intellectual Stimulation (IS)- The Transformational Leader motivates the followers to think out of the box. He solicits ideas from them and involves them in decision making.

The concept of Transformational Leadership is not new. It always existed from time immemorial. James Mc Gregor Burns in his book 'Leadership' in 1978 formally introduced this concept. Later in 1985, Bernard M Bass elaborated this concept by mentioning various qualities of a Transformational Leader. According to him, a successful Transformational Leader should be able to motivate others, set clear goals and high standards of Performance. He must be fair, honest and appreciate his team, encourage people to look beyond their self interests.

The Great Transformational Leaders

The following are great transformational leaders of all times who did not bother only about their performance or deliverables but also consciously tried to guide their subordinates and used their experience and expertise for the growth and development of their team.

Mahatma Gandhi- The most popular example in the list of transformational Leaders not only in India but across the globe. He gave a sense of direction and purpose to the Indian freedom movement. He channelized the potential and efforts of the Indians in the right direction through his theory of Non Violence. He made the fight for freedom truly a mass movement and was successful in involving each and every citizen and made every single person's contribution count.

Barack Obama- An extremely popular and humane leader, he was the first black President in the history of United States. He was respected all over the world for his sense of Humanity and compassion by which he tried to maintain world peace. His sense of understanding towards his employees encouraged his staff to ideate without boundaries. By being open and approachable and with his great vision and sense of responsibility, he increased the efficiency of the entire administration.

Steve Jobs- The list remains incomplete without a special mention to the most iconic transformational leaders the world has ever seen. His passion for perfection, simplicity, dedication and sophistication drove the company and he made sure that these principles got engraved in every employee who worked at Apple. He motivated his employees to innovate and think beyond the existing horizons, to create products that the world did not even know it needed.

Top CEOs who follow Transformational Leadership

“Long term business performance comes from leadership culture and careful and continuous development of leadership at all levels.”

Within the technology industry, most leaders aim to be transformational. They lead through vision, they have an eye on the future and model their own behavior to align with the vision. Even the mission driven employees are attracted towards transformational leader who have a goal larger than simply building a new product or company.

The CEOs of top Tech based Companies who follow Transformational Leadership style:

- **Jeff Bezos** – CEO of Amazon
- **Sundar Pichai** – CEO of Google
- **Tim Cook** – CEO of Apple
- **Mark Zuckerberg** – CEO of Facebook
- **Satya Nadella** – CEO of Microsoft

Google & it's CEO Sundar Pichai's Leadership Strategies

He was appointed as the CEO of Google in August 2015. He is a graduate from IIT Kharagpur and completed his MBA from Wharton University. He played a key role in the launch and development of the Google Chrome Web Browser and was also headed projects related to Google Maps, Android and Google Drive previously.

To remain a market leader, Sundar knows that employee commitment is required. Google must continue to attract and retain the best creative talent and minds to the organisations. This is so ingrained in his leadership style that he continues to have active involvement in key hires. He wants to ensure the people that Google is the right place for them to achieve their career goals. Sundar's commitment to retaining the entrepreneurial nature of the business that rewards the thinkers and innovators who are open to challenges is a key attraction of working at Google.

Amazon & it's CEO Jeff Bezos's Leadership Strategies

“Entrepreneurs must be willing to be misunderstood for a long duration of time”

Jeff Bezos is the CEO of Amazon, the largest internet company in the world and the online retail giant. Jeff's leadership style reflects in his journey from a 22 year old running an online book store to one of the world's most powerful business people. He is a Transformational Leader who focusses on the following strategies.

1. Empower People

The employees should be involved in the decision making of the organization.

Jeff Bezos argues that there are two major types of decisions: Type 1 decisions and Type 2 decisions.

Type 1 decisions are irreversible turning points that top executives should be involved in. Type 2 decisions should be made quickly by small groups or individuals.

2. Obsess Over Customers, Not Competitors

According to Jeff, focusing on customers makes a company more resilient. At Amazon, employees always begin with their customers and work backwards to upgrade their services. In addition to this, employees are treated as Internal Customers and all provisions are made to keep them satisfied.

3. Remain Committed

Jeff in his first letter to shareholder stated that 'Amazon cares about the long term'. As a CEO, one should proactively delight customers to earn their trust and it requires commitment from its employees. It is only through commitment that a business can reach newer heights.

Apple & it's CEO Tim Cook's Leadership Strategies

Following in the footsteps of Steve Jobs, Tim Cook took over the role of Apple's CEO. There is not much difference in the Leadership strategies of the two. Tim Cook approaches Apple much more like his own business. Just like Steve Jobs, he is also a product visionary. He focused on the following strategies:

1. Diversity is Essential

Apple as a company has always been at the forefront of Innovation and that requires different minded and unique individuals who can think out of the box. For this, Tim Cook knows he requires thinkers who can provide a different insight. He says apple needs Diversity of thought, diversity of style and wants. A successful Leader is the one who can bring out the best in people and inspire them to use their skills to the maximum advantage.

2. Trust Others Around You

Tim Cook is best known to trust the voices and opinions of the team he surrounds himself with. He works closely with many top executives that help him share the workload of the business. He loves working with successful individuals with great ideas.

3. Be Humble

Humility is a key trait of Transformational Leadership. Tim Cook regularly communicates with his staff and customers to gain appreciation of what is happening at the ground level. He visits Apple stores and engages face to face with his customers.

Facebook & it's CEO Mark Zuckerberg's Leadership Strategies

Mark Zuckerberg is the Chairman, cofounder and CEO of Facebook, the most popular social networking site. Despite being a CEO from a very young age, he has matured as a leader and made successful acquisitions that strengthened its ongoing success.

The leadership strategies and style that define how Mark leads include:

1. The Right Partnership of Imagination and Execution is Essential

He believes that success is a team sport. No business can run a company all by themselves. Successful leaders identify their own strengths and weaknesses and bring out a successful partnership that drives success.

2. Stick to Your Vision

The Leadership Philosophy is evident in the approach Facebook has taken in fighting competition. They successfully acquired Whatsapp and Instagram before they became too big to acquire. Every innovation helps to further its goal of connecting people in the simplest way possible.

3. Do Not Accept Conventional Wisdom

Mark Zuckerberg provides autonomy and freedom to its team and listens to his staff especially those who say something cannot be done.

4. Be Accountable for Actions and Results

A successful leader is the one who accepts his mistakes and shoulders the responsibility of making amendments. Accountability eventually catches up to most leaders who underperform; however, the best leaders make clear what they have achieved and what they have not.

Microsoft & it's CEO Satya Nadella Leadership Strategies

Nadella's Leadership styles have enabled Microsoft to re-emerge as an innovative and a renowned Tech company. He adopted the following Leadership strategies:

1. Know Your Competitors, but Focus on Your Strength

“If you look at Google or Amazon, we have a very unique way of telling customers that it is not just about developing an app in the Azure platform, but also having a way of taking it out or extending it,” Says Nadella.

Therefore as a Leader one should remain focused on their strengths without ignoring the competitors.

2. Teamwork is Crucial for Success

To become a successful leader, commitment of the team members is necessary.

3. Continuously Re-invent Yourself

When Satya Nadella joined Microsoft in 1992, no one had ever thought about cloud computing. Nadella says that the business was all about process automation and communication driving productivity in the previous generations.

4. Keep Learning and Improving

According to Satya Nadella, there is no problem in claiming failure if the hypothesis does not work. He stresses on the importance of Positive Reinforcement to the mindset of Continual Learning and testing hypothesis to drive Innovation rather than instigating a culture of fear and failure. Nadella encourages his team to learn from their mistakes and keep improving.

5. Have a Mission to Empower Every Person

The core mission of Microsoft is to create a technology so that others can create more technology to develop new ideas and achieve more potential. Every person and team contributes to the mission and culture of the organization via their actions and communications with the company.

The effect of Transformational Leadership on Organizational Performance

The type of Leader and his style of Leadership are the strategic factors influencing Organizational Performance by influencing Innovation and Creativity. Transformational Leaders are characterized by their charisma and vision which enables them to encourage good communication networks and a spirit of trust, enabling transmission and sharing of knowledge. Transformational Leadership influences absorptive capacity of the organization in terms of knowledge. It enables improvement of organization's design to fit in the evolving characteristics. It allows firm to adapt to environmental changes and stimulate areas of knowledge that are intertwined. Transformational leaders also stimulate transfers of explicit and tacit knowledge, which influences strategic variables such as Organizational Learning. Transformational Leadership draws on its intellectual capital, know-how and learning by positively influencing organizational innovation and performance. Transformational leaders are strategic in creating a climate that stimulates the disciplines of organizational learning and their interaction. Through Intellectual stimulation and individualized consideration, Transformational Leaders develop different ways of thinking, seeking new opportunities and adopting generative, exploratory thought process. They serve as role models and guides articulating a shared vision of Innovation and Change.

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