



## EMERGING APPROACH IN LEADERSHIP STYLE: A CONCEPTUAL STUDY ON TRANSFORMATIONAL LEADERSHIP

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### ABSTRACT

#### KEYWORDS:

*leadership, transformational  
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charisma*

*Companies have realised that their competition can copy every advantage they have except one and that is their leadership and hence they focus on developing the leaders. Leaders are the one who create a meaning out of events and relationships Leaders and their leadership styles plays an important role in retaining the employees and motivating them to be committed to a common organisational goal. With various leadership styles from contingency to path goals, the paper here focuses on transformational leadership style. The aim is to give an insight about transformational leadership. The paper tries to describe the various aspects of transformational leadership, its relationship with other styles and its importance for an organisation and then finally provided certain successful examples of the transformational leaders.*

### INTRODUCTION

The way we define leadership changes with time. Earlier, it was defined as a process of influencing the others to direct them towards organisational goals by the person in positions of power and authority. Leadership is not considered as a position in a hierarchy anymore rather it is a process that occurs throughout the organisation. Leadership occurs where one or more members of a group or organisation stimulate others to more clearly recognise their needs, desires and potentialities and to work together toward their fulfillment (Nahavandi et al.,2015). It is related to human values that help people to grow and develop individually as well as collectively. The key assets to leaders are their influencing power and adaptive capacity. Adaptive leaders work more effectively in rapidly changing environments by helping to make sense of the challenges confronted by both leaders and followers and then appropriately responding to those challenges. (Bass et al.,2003)

Transformational leader can be labelled as type of adaptive leadership. Though from time to time, the leadership theories have evolved from traditional approach of trait theories (which focus on characteristics of a leader) and behaviour theories (which focus on leaders' behaviour) to contingency approach where the different situation influence the traits and behaviours shown by leaders, the transformational leadership is considered as most powerful formulations of leadership in today dynamic and changing environment.

### THEORETICAL BACKGROUND

In 1980's, USA companies acknowledged the need to make changes in ways things are done to survive in a growing competitive environment that draw the attention of researchers and management personnel in transformational leaders and revitalisation of organisation.

Bernard Bass got inspired by James McGregor Burn's book named "LEADERSHIP" (1978) which was on political leadership which stimulated him to work on transformational leadership. Bass then closely focussed on the relationship of leaders and its followers in a complex and dynamic organisation culture.

#### Transactional leadership and Transformational leadership

Burns identified two types of leadership. First, transactional leadership that involves an exchange between leaders and its followers. it involves management-by-exception, rewards for accomplishing the goals and punishment in case of errors. So, in case of transactional leadership, two parties come together in a relationship that advances the interest of both parties however, there is no deep or enduring link between the two (Nahavandi et al.,2015) and second is transformational leadership that can be defined as a process where leaders and followers raise one another to higher levels of motivation and morality (Parikh et al., 2012).

The perspective of Transformational leaders is to transform the followers' basic notions, values, beliefs and

attitudes so that they willing perform beyond the minimum levels specified by the organisation. (Podsakoff et al.,1990). They have the capacity to motivate, shape the organizational culture, and create a climate favourable for organizational change. Transformational leaders do all that by raising level of awareness and consciousness about the importance of designated outcomes. Motivating the followers to surpass their own self-interest for sake of team and organisation and expanding their portfolio of needs and wants.

So, we can say, transactional leadership focus on present situation and create an exchange relationship between the leaders and its subordinates which has no enduring effect in long -term whereas transformational leaders influence their followers to higher level of commitment and performance. They articulate a vision and inspire followers to reach their highest potential. (Pillai et al.,2004). They create a long-term relationship with their subordinates. Leaders exhibiting transformational leadership more often are likely to be more effective and satisfying than those who mainly exhibit transactional leadership. (Avolio,1995)

### Charismatic leadership and Transformational leadership

Charismatic and transformational leadership style are closely related. They both elevate their followers' need, raise the followers to higher level of morality and motivate the followers to transcend their self-interest for the team and organisational goals. (Parikh et al.,2012). However, they can't be confused with each other. The key difference between the two is the way they treat their followers. The transformational leaders empower and elevate the followers so that they can become leader in future. The essence of transformational leadership is lifting the people to extraordinary heights. (Podsakoff et al.,1990) which may not be the case in charismatic leaders who may try to keep the followers' weak and dependent on them and hence they just try to instill the loyalty toward the leaders (Luthans,2013).

However, a person can be charismatic without being transformational. E.g.: Celebrities but charisma is necessary for transformational leader. Charisma is an important element in transformational leader and is a part of two dimension i.e. idealised influence and inspirational motivation of transformational leader.

### Four components of transformational leadership (Bass & Avolio 1994)

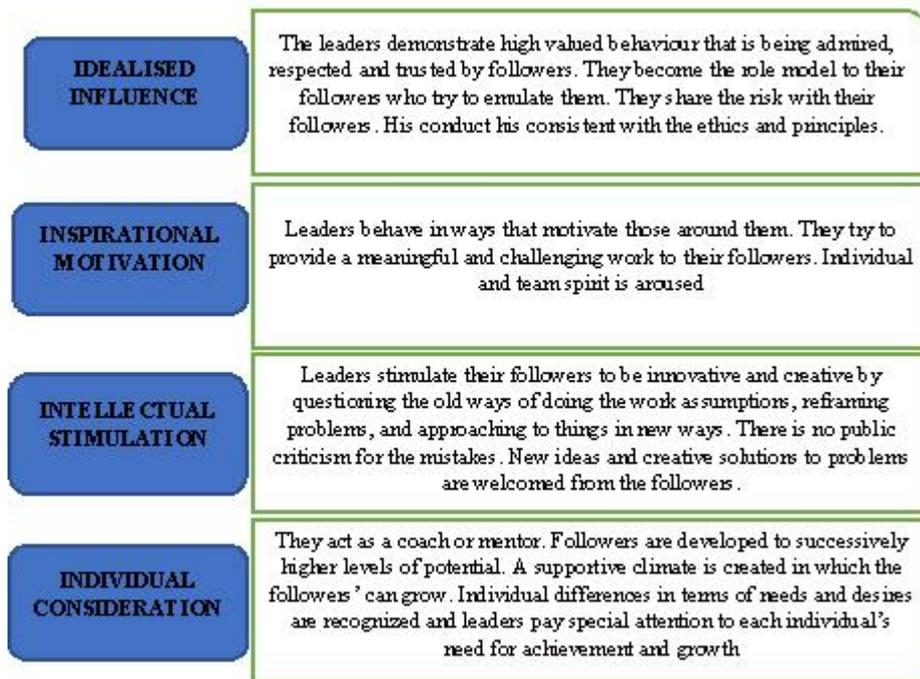


Fig: four I's of transformational leadership

### Importance of Transformational leadership

Variable	Explanation
Satisfaction	<ul style="list-style-type: none"> <li>Podsakoff (1990) in his study found out that Transformational leaders' behaviour influenced both employees trust&amp; satisfaction in a positive manner and this trust did positively influenced the Organisational Citizenship Behaviour (OCB).</li> <li>Rukmani (2010) studied the effect of leadership styles on Organisational effectiveness and concluded that transformational leadership did influence the organisational effectiveness. The result indicated that organisational effectiveness was influenced by transformational leadership behaviour about 70.6 percent.</li> <li>The similar positive relationship between transformational leadership style and organisational effectiveness was drawn by Avolio and Bass (1995)</li> </ul>
Organisational effectiveness	

Commitment	<ul style="list-style-type: none"> <li>Transformational leaders Influence followers to higher levels of commitment and performance by articulating a vision fostering the acceptance of group goals (Podsakoff et al.,1996).</li> <li>Pillai et al. (2004) derived that transformational leadership through self-efficacy and cohesiveness create commitment among the employees</li> </ul>
Innovation	<ul style="list-style-type: none"> <li>Bhattacharyya (2006) inferred that leadership style create the appropriate climate for entrepreneurship and innovation</li> </ul>
Performance	<ul style="list-style-type: none"> <li>Bass et al. (2003) concluded that transformational leadership is significantly and positively related to performance. They argued that transformational leader is positively related to cohesion which is also positively related to performance.</li> <li>Dvir et al. (2002) also argued that the transformational leaders have a positive impact on the performance of their followers.</li> </ul>

Table: Summary of importance of transformational leadership

## CASE STUDY

### I. AZIM PREMJI

Leaders should have insight of task and that was there in Azim Premji. In 1975 when IBM was kicked out of India, he then in 1981, introduced the first minicomputers to India as he had a clear vision that if he introduces computer technology in Indian market it would be successful and made Wipro become the market leaders.

Premji also strongly believes that ordinary people are capable of extraordinary things when organized into highly charged teams, and takes keen personal interest in developing leaders and teams.

With his transformational approach he motivated his employees to work for the benefit of the organisation. He followed open door policy wherein employees could interact freely with higher management and discuss future plans.

### II. RATAN TATA

He is not only a visionary but also a true entrepreneur. His style of leadership is inspirational and motivational for his manpower. He made automotive history with his Tata Nano in the year 2008. He has provided a practical, insightful and innovative solutions to problems and always showed complete trust and confidence in his team. He is one of the Three Indian entrepreneurial legends, who have been included in Forbes's special list of the worlds' '100 Greatest Living Business Minds' in 2017.

### III. SHIV NADAR

Shiv Nadar cofounded HCL in a garage in 1976 to make calculators and microprocessors and then transformed the IT hardware company into an IT Enterprise by constantly reinventing his company's focus. He is restless, passionate and a creative institution builder

Nadar's leadership and visions revolutionized Indian technology and product innovation with many world firsts to its credit – the first 8-bit microprocessor-based computer in 1978, the first Relational Database Management System in 1983 UNIX installation in 1989, among others.

Nadar has made daring forays based on his conviction of the future. HCL created several valuable Joint Ventures and alliances-Cisco, Deutsche Bank and Toshiba are few to name, to emerge as a global technology enterprise.

### IV. V. KRISHNAMURTHY

He is a leader with a midas touch also known as the 'great helmsman'. He became youngest CEO of BHEL in 1972, at the age of 46. When he took over BHEL, it was in deep red. Production was well below the capacity & operations was in bad shape. Within the organization, the limited career growth & a not-so-good company image had led to low morale among the manpower. Moreover, the coordination & communication between the various plants of BHEL was very little. So, to build credibility & sense of corporate belongingness among employees, he visited each plant for two or three days every quarter for almost two years so as to create a sense of common organizational goals. He builds R&D division to provide more coordinated customer service

An apex joint negotiating committee was instituted with represented of employees, management to ensure effective and continuous employees relation. Communication & exchange of ideas- both vertically & laterally was given due importance in his era.

By 1977, BHEL was being referred as progressive & dynamic company worthy of emulation. It gained international status.

### LIMITATION AND FUTURE STUDIES

The study is a sincere attempt to provide an insight about the transformational leadership but there are certain limitations to this study. Firstly, other than transformational leadership there are other contemporary and emerging approaches to leadership like Authentic leadership, Shared leadership etc which are not the part of the study and could be study in future. These styles can also help the organisation in building a constructive and conducive environment in which common goals can be promoted. Authentic leadership has emerged in the light of various scams and scandal. Authentic leaders are the one who remain true to their values, aspirations. Their act remains consistent with these values. Shared leadership is the group-centric approach where individual in groups lead and influence one another to achieve their group or organisational goals. Secondly, the relationship between charismatic and transformational leadership approach can be further explored empirically in terms of the which style is preferred in different situations.

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