Transformational Leadership: Inspirational, Intellectual and Motivational Stimulation in Business

Prof. Avinash Pawar
University of Pune

ABSTRACT

Leading in today's dynamic, global, and multi-generational world provides new challenges and requires innovative new approaches to leadership. At a time of increasing complexity, leaders across sectors and geographies recognize that the work of a leader involves far more than driving results and delivering numbers. People will follow a person who inspires them. A person with vision and passion can achieve great things. The way to get things done is by injecting enthusiasm and energy. Transformational leaders have higher levels of performance and satisfaction than groups led by other types of leaders. Style of leadership can have a positive effect on the group. Transformational Leader seeks overtly to transform the organization, there is also a tacit promise to followers that they also will be transformed in some way, perhaps to be more like this amazing leader. In some respects, then, the followers are the product of the transformation. Transformational Leadership is that passion and confidence can easily be mistaken for truth and reality. Whilst it is true that great things have been achieved through enthusiastic leadership, it is also true that many passionate people have led the charge right over the cliff and into a bottomless chasm. Just because someone believes they are right, it does not mean they are right. This paper will outline various dimensions and attributes of transformational leadership and its impact on business.

Keywords: Transformational Leadership, Inspiration and Motivation, Business Role Model, Organizational Success.

INTRODUCTION

"The single biggest way to impact an organization is to focus on transformational leadership. There is almost no limit to the potential of an organization that recruits good people, raises them up as leaders and continually develop them.”

John C Maxwell (2001): The 17th Irrefutable Laws of Teamwork

Transformational leadership is defined as a leadership approach that causes change in individuals and social systems. In its ideal form, it creates valuable and positive change in the followers with the end goal of developing followers into leaders. Enacted in its authentic form, transformational leadership enhances the motivation, morale and performance of followers through a variety of mechanisms. These include connecting the follower's sense of identity and self to the mission and the collective identity of the organization; being a role model for followers that inspires them; challenging followers to take greater ownership for their work, and understanding the strengths and weaknesses of followers, so the leader can align followers with tasks that optimize their performance.

James Macgregor Burns (1978) first introduced the concept of transforming leadership in his descriptive research on political leaders, but this term is now used in organizational psychology as well. According to Burns, transforming leadership is a process in which "leaders and followers help each other to advance to a higher level of morale and motivation”. Burns related to the difficulty in differentiation between management and leadership and claimed that the differences are in characteristics and behaviours. He established two concepts: "transforming leadership” and "transactional leadership”.

According to Burns, the transforming approach creates significant change in the life of people and organizations. It redesigns perceptions and values, and changes expectations and aspirations of employees. Unlike in the transactional approach, it is not based on a "give and take” relationship, but on the leader's personality, traits and ability to make a change through example, articulation of an energizing vision and challenging goals. Transforming leaders are idealized
in the sense that they are a moral exemplar of working towards the benefit of the team, organization and/or community. Burns theorized that transforming and transactional leadership were mutually exclusive styles. Transactional leaders usually do not strive for cultural change in the organization but they work in the existing culture while transformational leaders can try to change organizational culture.

### DEVELOPMENT OF CONCEPT

Another researcher, Bernard M. Bass (1985), extended the work of Burns (1978) by explaining the psychological mechanisms that underlie transforming and transactional leadership; Bass also used the term "transformational" instead of "transforming." Bass added to the initial concepts of Burns (1978) to help explain how transformational leadership could be measured, as well as how it impacts follower motivation and performance.

The extent, to which a leader is transformational, is measured first, in terms of his influence on the followers. The followers of such a leader feel trust, admiration, loyalty and respect for the leader and because of the qualities of the transformational leader are willing to work harder than originally expected. These outcomes occur because the transformational leader offers followers something more than just working for self-gain, they provide followers with an inspiring mission and vision and give them an identity.

The leader transforms and motivates followers through his or her idealized influence (earlier referred to as charisma), intellectual stimulation and individual consideration. In addition, this leader encourages followers to come up with new and unique ways to challenge the status quo and to alter the environment to support being successful. Finally, in contrast to Burns, Bass suggested that leadership can simultaneously display both transformational and transactional leadership.

Now 30 years of research and a number of meta-analyses have shown that transformational and transactional leadership positively predicts a wide variety of performance outcomes including individual, group and organizational level variables.

Transformational leaders have been written about for thousands of years—being both praised (Christ and Buddha) and cursed (Attila the Hun and Genghis Khan). And transformational leaders are increasingly in demand when you want to:

- Escape the trap of the status quo,
- Grow a small business into a larger one
- Create and Innovate, and
- Change Others & Change your Self.

The full range of leadership introduces four elements of transformational leadership:

1) **Individualized Consideration:** The degree to which the leader attends to each follower's needs, acts as a mentor or coach to the follower and listens to the follower's concerns and needs. The leader gives empathy and support, keeps communication open and places challenges before the followers. This also encompasses the need for respect and celebrates the individual contribution that each follower can make to the team. The followers have a will and aspirations for self-development and have intrinsic motivation for their tasks.

2) **Intellectual Stimulation:** The degree, to which the leader challenges assumptions, takes risks and solicits followers' ideas. Leaders with this style stimulate and encourage creativity in their followers. They nurture and develop people who think independently. For such a leader, learning is a value and unexpected situations are seen as opportunities to learn. The followers ask questions, think deeply about things and figure out better ways to execute their tasks.

3) **Inspirational Motivation:** the degree to which the leader articulates a vision that is appealing and inspiring to followers. Leaders with inspirational motivation challenge followers with high standards, communicate optimism about future goals, and provide meaning for the task at hand. Followers need to have a strong sense of purpose if they are to be motivated to act. Purpose and meaning provide the energy that drives a group forward. The visionary aspects of leadership are supported by communication skills that make the vision understandable, precise, powerful and engaging. The followers are willing to invest more effort in their tasks; they are encouraged and optimistic about the future and believe in their abilities.

4) **Idealized Influence:** Provides a role model for high ethical behaviour, instils pride, gains respect and trust. As a development tool, transformational leadership has spread already in all sectors of western societies, including governmental organizations. As an example, the Finnish Defence Forces is using widely Deep Lead Model as basic solution of its leadership training and development. The Deep Lead Model is based on the theory of transformational leadership.
Working for a Transformational Leader can be a wonderful and uplifting experience. They put passion and energy into everything. They care about you and want you to succeed.

**Developing the vision:** Transformational Leadership starts with the development of a vision, a view of the future that will excite and convert potential followers. This vision may be developed by the leader, by the senior team or may emerge from a broad series of discussions. The important factor is the leader buys into it, hook, line and sinker.

**Selling the vision:** The next step, which in fact never stops, is to constantly sell the vision. This takes energy and commitment, as few people will immediately buy into a radical vision, and some will join the show much more slowly than others. The Transformational Leader thus takes every opportunity and will use whatever works to convince others to climb on board the bandwagon. In order to create followers, the Transformational Leader has to be very careful in creating trust, and their personal integrity is a critical part of the package that they are selling. In effect, they are selling themselves as well as the vision.

**Finding the way forwards:** In parallel with the selling activity is seeking the way forward. Some Transformational Leaders know the way, and simply want others to follow them. Others do not have a ready strategy, but will happily lead the exploration of possible routes to the Promised Land. The route forwards may not be obvious and may not be plotted in details, but with a clear vision, the direction will always be known. Thus finding the way forward can be an on-going process of course correction and the Transformational Leader will accept that there will be failures and blind canyons along the way. As long as they feel progress is being made, they will be happy.

**Leading the charge:** The final stage is to remain up-front and central during the action. Transformational Leaders are always visible and will stand up to be counted rather than hide behind their troops. They show by their attitudes and actions how everyone else should behave. They also make continued efforts to motivate and rally their followers, constantly doing the rounds, listening, soothing and enthusing. It is their unswerving commitment as much as anything else that keeps people going, particularly through the darker times when some may question whether the vision can ever be achieved. If the people do not believe that they can succeed, then their efforts will flag. The Transformational Leader seeks to infect and reflect their followers with a high level of commitment to the vision.

One of the methods the Transformational Leader uses to sustain motivation is in the use of ceremonies, rituals and other cultural symbolism. Small changes get big hurrahs, pumping up their significance as indicators of real progress. Overall, they balance their attention between action that creates progress and the mental state of their followers. Perhaps more than other approaches, they are people-oriented and believe that success comes first and last through deep and sustained commitment.

Whilst the Transformational Leader seeks overtly to transform the organization, there is also a tacit promise to followers that they also will be transformed in some way, perhaps to be more like this amazing leader. In some respects, then, the followers are the product of the transformation. Transformational Leaders are often charismatic, but are not as narcissistic as pure Charismatic Leaders, who succeed through a belief in themselves rather than a belief in others.

One of the traps of Transformational Leadership is that passion and confidence can easily be mistaken for truth and reality. Whilst it is true that great things have been achieved through enthusiastic leadership, it is also true that many passionate people have led the charge right over the cliff and into a bottomless chasm. Just because someone believes they are right, it does not mean they are right. Paradoxically, the energy that gets people going can also cause them to give up. Transformational Leaders often have large amounts of enthusiasm which, if relentlessly applied, can wear out their followers. Transformational Leaders also tend to see the big picture, but not the details, where the devil often lurks. If they do not have people to take care of this level of information, then they are usually doomed to fail.

Finally, Transformational Leaders, by definition, seek to transform. When the organization does not need transforming and people are happy as they are, then such a leader will be frustrated. Like wartime leaders, however, given the right situation they come into their own and can be personally responsible for saving entire companies.

Researchers have found that this style of leadership can have a positive effect on the group. "Research evidence clearly shows that groups led by transformational leaders have higher levels of performance and satisfaction than groups led by other types of leaders". The transformational leaders believe that their followers can do their best, leading members of the group to feel inspired and empowered.

Much like a breath of fresh air, the transformational leader creates enthusiasm and revitalizes organizations. This enthusiasm is generated in several ways. First, transformational leaders use what's called idealized influence to demonstrate to followers that the leader can walk the walk and talk the talk. Essentially, the transformational leader serves as a role model to followers by living by the same principles that he or she expects of their followers. The transformational leader would never expect followers to do something that he or she would not do themselves.
Second, the transformational leader is also a charismatic leader, who has the ability to arouse a sense of excitement, motivation and assurance in followers. Keep in mind while transformational leaders are charismatic, they are not as narcissistic as pure charismatic leaders can be.

Third, transformational leaders show a genuine concern for the needs and feelings of their followers through something called individualized consideration. Examples of individualized consideration include things like mentoring employees one-on-one, delegating difficult tasks to deserving people and maintaining a high level of communication with followers. Each follower is treated as an individual. The transformational leader spends time recognizing the differences in followers.

Fourth, the transformational leader is intellectually stimulating by encouraging creativity and innovation when formulating potential solutions to organizational problems. By allowing the followers to participate in this unrestricted fashion, the transformational leader is able to stir the imagination of followers in a way that promotes the prompt identification of problems and high-quality solutions that are implemented with the full commitment of followers. Given that much of the transformational leader's time is spent trying to convince followers to transcend their personal interests for the sake of the larger organization, idealized influence, charisma, individualized consideration and intellectual stimulation are essential.

Transformational leadership is that which facilitates a redefinition of a people’s mission and vision, a renewal of their commitment and the restructuring of their systems for goal accomplishment. It is a relationship of mutual stimulation and elevation that converts followers into leaders and may convert leaders into moral agents. Hence, transformational leadership must be grounded in moral foundations.

While idealized influence, charisma, individualized consideration and intellectual stimulation certainly pave the way for the transformational leader to gain the support of followers, much like the Transformers, there is more than meets the eye when it comes to transformational leadership. What sets the transformational leader apart from many other leadership styles is the ability to influence others to follow them through vision, framing and impression management. Vision is central to any transformational leader's goal for the reason that before anyone can follow a leader they need to have an idea of where they are going and why. The transformational leader will paint the picture of the desirable future for followers, detailing out their individual role in the process and how they will be affected by the change in addition to binding the greater group together to work towards the shared goal.

Framing is used by the transformational leader to provide followers with a game plan in highly-measurable terms for how they will accomplish their tasks, which will aid in the achievement of some organizational goal. Impression management refers to the steps that a transformational leader will take to control how they are viewed by their followers. Clearly, a leader wants to be seen as competent, knowledgeable and deserving of their role in the organization; however, the transformational leader makes a conscious effort to be transparent and regarded as all of those things and more so that they can really continue to influence their followers.

In essence, the transformational leader wants to be the 'pick of the litter' by seeming more attractive and appealing to followers than alternate leaders - they really want to form a special bond with their followers built on things like trust, personal integrity and genuine concern for others. At the same time, followers should quickly be able to tell you what their transformational leader stands for. Likewise, the followers should know where their leader stands, which is always right next to them instead of behind them.

Once a leader is seen as charismatic, trustworthy, confident, committed and admirable to the organization, followers are more than willing to identify with the leader and their vision. The transformational leader will use contingent rewards, or rewards based on meeting some established goal, to acknowledge the efforts of followers when they are aligned with the vision. They also practice management by exception by providing autonomy to followers and intervening only when there is a problem. Followers are converted into leaders by the transformational leader, who empowers them to commit to actions that align with the vision.

**CHARACTERISTICS OF TRANSFORMATIONAL LEADERS**

Transformational leaders are people who can create significant change in both followers and the organization with which they are associated and they lead changes in mission, strategy, structure and culture, in part through a focus on intangible qualities like vision, shared values and ideas, and relationship building. They are able to give significance to diverse activities, illustrating, for example, the ways in which different people and groups might be working towards larger organizational objectives. Transformational leaders also find common ground that allows them to enlist followers in processes of change.

**Transformational leaders have following characteristics**
The current environment characterized by uncertainty, global turbulence, and organizational instability calls for transformational leadership to prevail at all levels of the organization. The followers of such leaders demonstrate high levels of job satisfaction and organizational commitment, and engage in organizational citizenship behaviours. With such a devoted workforce, it will definitely be useful to consider making efforts towards developing ways of transforming organization through leadership. The transformational leader articulates the vision in a clear and appealing manner, explains how to attain the vision, acts confidently and optimistically, expresses confidence in the followers, emphasizes values with symbolic actions, leads by example, and empowers followers to achieve the vision.

**TRANSFORMATIONAL LEADERSHIP & EMOTIONAL INTELLIGENCE**

There are a number of leader styles, some relatively easy to do. But still others require a great deal of practice along with determined effort to build the component skills. This is the case with transformational leadership.

All individuals who aspire to become great transformational leaders must master their own emotions. After all, would you want to follow someone who has anger management problems? Effective transformational leaders understand how another will respond to a persuasive or motivational attempt. And when they do not correctly anticipate, they have enough empathy to adjust.

One might say this this theory is a correction for the assumption made in business schools that humans are rationally. If fact, this is a key assumption underlying the dominant theories held by the field of economics.

Transformational leaders cannot assume logic and rationale in responding to change; one will have to deal with illogic and negative emotions. So, the importance of being high on emotional intelligence. “Only those who do not seek power are qualified to hold it.” — Plato

Technically, emotional intelligence is not about leadership. The Emotional Intelligence approach stresses five developmental areas:

- Self-regulation
- Social Skills
- Empathy
- Self-Awareness, and
- Achievement Motivation

Leader’s need to have a number of different types of skills. One of the practical skills transformational leaders need to develop this ability to read people’s emotions. It’s not as easy as it sounds, and different cultures have different facial expressions for different types of emotions.

**THEORY DISCUSSION**

James Macgregor Burns (2003). Transforming Leadership, New York: Atlantic Monthly Press. Twenty-five years after the publication of Leadership, Burns expands his theories on how leaders cultivate transformational leadership skills in themselves and in their successors. He starts with the explaining the two opposing styles: those who occupy the position (they arrange the deck chairs on the Titanic) and those who transform not only their own position, but those around it (they fix the ship). Burns draws on numerous examples from history, citing meaningful examples from the lives of great political transformational leaders. Unlike many writers, he possesses deep insight into recent psychological approaches and so has a more profound understanding of transformational leadership.
Burns, James Macgregor. (1982). Leadership, New York: Harper Perennial Modern Classics. Considered a classic by many, the book was the winner of both a Pulitzer Prize and a National Book Award after it was published in 1978. It focuses on the many different types of leadership. Burns argues that the type of leadership exercised by a general in the military is in many respects different from that used by an executive in a multinational corporation, a mayor of city or the head of a religious organization. Two chapters of the book cover power and purpose of leadership, three chapters on the origin of leadership, and four chapters are dedicated to understanding transformational leadership and five chapters cover transactional leadership. On the change side of things, he covers heroic, moral, revolutionary and reform styles of transformational leadership. He illustrates his points with vivid historical stories on Joan of Arc, Freud, Gandhi, Mao, the Roosevelt’s, Stalin and others. He also puts forth his belief that great leaders play to mutual need, empathy and growth; whether one lives within the status quo or tries to transform it.

Goleman, Daniel, et. al. (2002). Primal Leadership. Cambridge, MA: Harvard Business Press. In his recent book Primal Leadership, Goleman presents the theory on why emotional intelligence is an important foundation for leader effectiveness. It makes sense that leaders are not only be aware and in control of their own emotions, but also able to influence individuals at an emotional level. Can you take someone who is feeling “down” and leave them feeling “up?”


- Participative Leadership
- Leaders and Their Followers
- Power and Influence
- Traits and Skills
- Charismatic and Transformational Leadership
- Leading Change in Organizations
- Strategic
- Leading Change in Organizations
- Developing Leadership Skills

Kouzes, James and Posner, Barry (2007). The Leadership Challenge, 4th Edition, SanFrancisco, CA: Jossey-Bass. By James Kouzes and Barry Posner There is a story of a rather old professor who was adamant about not having his students read the first edition on any textbook. It was his belief that good theory only gets better with age and reprints. While not a textbook, The Leadership Challenge continues to get published and republished since it first came out in 1989. The book presents five leadership principles. These five are:

- Challenge the Process
- Inspire a Shared Vision
- Model the Way
- Enable Others to Act, and
- Encourage The Heart.

While not claiming to be a book on transformational leadership, these principles lend themselves to its implementation.

**CASES ON TRANSFORMATIONAL LEADERSHIP**

**Case 1: Queen Elizabeth I of England**

There are similarities between managing a corporation and running a country. The most obvious difference—countries are much harder to run. When Elizabeth began her reign, England was, to put it mildly, a mess. Ascending to the throne at a particularly chaotic time of British history, she was beset by enemies from without and within. A betting man would have put good odds on her getting through the first two-years alive. However, at the end of her 45 year reign, England had become the richest and most powerful nation in Europe and was well on its way to becoming one of the great powers of the modern age.

**Case 2: Alexander the Great: King of Macedonia**

How can one so young accomplish so much? By the time Alexander died in 323 BC, he had not yet reached his 33rd birthday. Yet, in that short time, he had created an empire that stretched from Greece to India. In an age where tyrants ruled by brute force and fear, he defied the conventional political wisdom of the time. Rather than cleaning out the treasury of a conquered nation and then taxing them to the max, he built new cities libraries; established mechanisms for communication and commerce; had engineers build new roads, and had scientists capture new knowledge.
as much for his sound strategy and tactical innovation in the military arena as his wise statesmanship in the political sphere, he was the student of Aristotle who went on to become even greater than his teacher.

Case 3: Bill Gates, Former CEO of Microsoft

There is a certain type of transformational leader that many try to be, but few succeed. This type of personal, the Great Founder, also requires a set of skills not taught in the university. In fact, one of the most successful entrepreneurs ever, Bill Gates, decided to drop out of Harvard and start a business called Microsoft. One can almost image how that conversation went. The future entrepreneur saying, “Mom, I want to drop out of school so that I can work on an entrepreneurial venture for 80 hours a week, for no now pay, that has a high probability of failure”. But unlike most entrepreneurs, he never failed and Microsoft was never unprofitable.

APPLYING TRANSFORMATIONAL LEADERSHIP

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 a transformational style. Understanding the basics of transformational leadership and the four I's can help a manager apply this approach. A transformational leader has the following qualities:

- Empowers followers to do what is best for the organization.
- 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.

Implications for Managers

The role every manager must fill in the workplace is leadership. Managers often make the mistake of assuming that because they are the managers, they are also the leaders and that their associates will automatically follow. In reality, position only denotes title, not leadership. To be an effective leader, the manager must influence his associates in a positive way to reach the goals of the organization. Furthermore, the transformational leadership approach can help managers become exceptional leaders. This paper will explain the transformational leadership approach by discussing its strengths, weaknesses, and steps for application.

1) Develop a challenging and attractive vision, together with the employees.
2) Tie the vision to a strategy for its achievement.
3) Develop the vision, specify and translate it to actions.
4) Express confidence, decisiveness and optimism about the vision and its implementation.
5) Realize the vision through small planned steps and small successes in the path for its full implementation.

CONCLUSION

The transformational leader spends much of their time trying to convince employees to transcend their personal interests for the sake of the larger organization. This is accomplished in several ways including: idealized influence, charisma, individualized consideration and intellectual stimulation. Idealized influence involves the transformational leader serving as a role model to followers by living by the same principles that he or she expects of their followers. Charisma shows the leader's ability to arouse a sense of excitement, motivation and assurance in followers. Individualized consideration is used by the transformational leader to show a genuine concern for the needs and feelings of followers. Finally, the transformational leader is intellectually stimulating by encouraging creativity and innovation when formulating potential solutions to organizational problems.

What sets transformational leaders apart from many other leadership styles is their ability to influence others to follow them through vision, framing and impression management. Vision is central to any transformational leader's goal for the reason that before anyone can follow a leader they need to have an idea of where they are going and why. Framing is used by the transformational leader to provide followers with a game plan in highly measureable terms for how they will accomplish their tasks which aid in the achievement of some organizational goal. Impression management refers to the steps a transformational leader will take to really try to control how they are viewed by their followers.

Transformational leadership is a vital role for effective managers because leader effectiveness determines the success level of the organization. Organizations that take the time to teach leadership are far ahead of the competition. By
becoming familiar with the transformational leadership approach, managers can become effective leaders in the business world. Transformational leaders are relevant in contemporary business due to their flexible, innovative, and inspirational personas. When it comes to creating and sustaining the competitive advantage, the transformational leadership style is most effective due to the ability to transcend the status quo and bring organizations into their desirable future.

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 to be more productive and successful.

REFERENCES