

# Transformational Leadership: A Compound of Competencies

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## INTRODUCTION

In recent times, organizations have undergone dramatic changes, including flatter and looser structures, downsizing/rightsizing, and horizontal approaches to information flow. Changes can be arising due to rapid technological developments, global competition, and the changing nature of the workforce. Organizations are also being held more accountable, under relentless performance pressure from all types of stakeholders including regulators, and the public at large. Besides, the present day reporting requirement has been increasingly becoming more complex and rigorous. Now, more than ever, leaders must play the key role in enabling organizations cope with the challenges, particularly in the context of knowledge management. Transformational leadership is widely accepted to be the appropriate leadership style in this dynamic and complex business environment.

**The premise of this article is that transformational leaders tend to focus more on *competencies or elements* that enable to influence followers achieve organizational objectives.** We would like to briefly share literature's view *what* we call *the compound of Transformational Leadership*. It is less a discussion of the what elements (competencies) do transformational leaders combine to lead and more a description of what competencies, in literature, makes a leader transformational? What qualities are required to be a transformational leader? Really, what is the magic behind transformational leadership? To answer these questions, the concept and components of transformational leadership, the effectiveness of transformational leadership and elements of transformational leadership drawn from the literature are briefly discussed below.

## THE CONCEPT OF TRANSFORMATIONAL LEADERSHIP

**The field of leadership is frequently portrayed as having passed through three distinct eras: Great man or Trait perspective, Behavior perspective, and Contingency perspective.** Transformational leadership considered as *paradigm shift* in the study of leadership behavior, is embedded in leadership research and literature, dating back to the 1950s and 1960s (Bass, 1990). **Burns** began to change attitudes toward leadership in 1978 and was followed in by **Bass, (1985)**. Since then, several authors have posited theories of transformational leadership including **Bass, Avolio, Bennis, Nanus, Kouzes, and Posner and others**. The *implications* of this style of organizational leadership are explored also by various writers, such as, **House & Aditya, (1997)**.

**Bass & Avolio, (1990b)** postulate that transformational leadership consists of those behaviors such as, having a *vision* of the future and causing subordinates to rethink the way in which they see the world. These behaviors are believed to result in heightened emotions, which in turn, inspire followers to exert extra effort toward goal accomplishment. **Howell and Avolio (1999)** assert that transformational leadership with its five key pillars - vision, inspiration, stimulation, coaching, and team building - will bring tremendous payoffs in business performance and innovation. Transformational leaders pay high attention on diversity, and intellectually stimulate subordinates to perform beyond what they think is possible to them. They increase their followers' ability to complete task (self-efficiency), develop their follower to the point where the followers are able to take on the leader's roll and perform beyond standard or goal (**Yukl, 1990**). Transformational leadership results in a high level of follower motivation and commitment and above-

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average organizational performance, especially under conditions of crisis or uncertainty (**House & Aditya, (1997)**). The significance of this theory has rested on its commitment to ethics and the elevation of leaders and followers to higher levels of needs, motivations and values (**Burns, 1978**).

The transformational leader establishes trust by consistency on issues and modeled *self-confidence* through taking risks, fosters change and takes a totally new approach. Thus, he becomes a change agent, accepting responsibility for his or her actions, and encouraging others to take risks (**Kouzes & Posner, 1989**).

As **Bass and Avolio (1994)** suggest that a *consequence* of transformational leadership behavior is that followers develop the capacity to solve future problems which might be unforeseen by the leader. According to **Howell & Avolio, (1993)**, the *outcome* of transformational leadership is rated as more effective leaders, subordinates more satisfied and motivated, higher affective and normative commitment organization, increased productivity or performance, "*champions*" of change are more transformational. They also state that leadership has a *positive correlation* with how effective the leader is perceived to be by subordinates, how much extra effort subordinates will expend for the leader, how satisfied the subordinates are with the leader, and how well subordinates have performed as viewed by the leader. Therefore, literature confirms that transformational leadership can influence followers and achieves organizational objectives.

## CONSTRUCTS OF TRANSFORMATIONAL LEADERSHIP

According to **Bass, (1985); Bennis and Nanus (1985)**, the constructs of a Transformational leadership are the 4 I's: ***Idealized Influence*** (leader becomes a role model), ***Inspirational Motivation*** (team spirit, motivation, and provide meaning and challenges), ***Intellectual Stimulation*** (creativity and innovation), ***Individual Consideration*** (mentoring).

## EMPIRICAL EVIDENCES

Various researchers such as **Reichers (1986); Byco, Hackett, and Allen (1995); Lee (2002); Brawn, B. (2003); Chu, Chien-Hong (2007); Turner, Vick, L. (2007)** found Transformational leadership behaviors directly and positively affect organizational commitment. **Yammarino, Spangler, and Bass (1997)** argued that as transformational leadership improves satisfaction with supervisors and trust. **Seltzer and Bass, (1990)** also identified a positive correlation between transformational leadership and Subordinate's perception of their leader's effectiveness, Subordinate's extra effort, and subordinate's satisfaction. Organizational identification of individuals under transformational leadership was found stronger (**Epitropaki, Olger & Martin, Robins, 2005**). Transformational leadership is strongly correlated with higher entrepreneur orientation (**Young, Chung-Wen, 2007**), promoting employee retention (**Mills, Grace E, 2008; Thite, 1999**), decreases rate of employee turnover (**Waugh, Kelly M. 2008**).

The transformational leadership characteristics were not unique to female leaders (**Davis, Rita F., 2007**). But **Bass and Avolio (1994)** studied leaders from the top 500 Fortune companies, and found that women leaders may display qualities more in line with transformational leadership, which in turn makes them more effective in the eyes of their followers. Other researchers such as **Waldman, Bass, and Einstein (1987), Seltzer and Bass (1990), Bass, (1999), Jung and Avolio (2000-2001), Mccan, Jack T. (2007)** proposed as transformational leadership (opposed to transactional leadership) has been found important for numerous outcomes, such as employee commitment, performance, extra effort and satisfaction. On the other hand, **Bass and Riggio (2006, p.48)** list out several empirical studies for supporting the effectiveness of transformational leadership in different organizations:

*"In the past 20 years, many studies have examined transformational leadership and performance in a wide variety of settings. For example, transformational leadership has been shown to relate positively to performance in U.S. and North American companies (e.g., LeBrasseur, Whissell, & Ojha, 2002; Seltzer & Bass, 1990), in Russian companies (Elenkov, 2002), and in companies in Korea (Jung & Sosik, 2002) and New Zealand (Singer, 1985). It is important in military (e.g., Bass, Avolio, Jung, & Berson, 2003; Masi & Cooke, 2000), private sector (e.g., Hater & Bass, 1988; Yammarino & Dubinsky, 1994), governmental (e.g. Wofford, Whittington, & Goodwin, 2001), educational (Harvey, Royal, & Stout, 2003; Tucker, Bass, & Daniel, 1990) and non-profit organizations (e.g. Egri & Herman, 2000; Riggio, Bass, & Orr, 2004). Transformational leadership is related to the effectiveness of groups of salespersons (e.g., Jolson,*

*Dubinsky, Yammarino, & Comer, 1993; ManKenzie, Podsakoff, & Rich, 2001), health care workers (Gellis, 2001; Bycio et al., 1995), high school principals (Hoover, Petrosko, & Schulz, 1991; Kirby, Paradise, & Kingm 1992), and even athletes (Charbonneau, Barling, & Kelloway, 2001) and prison workers (Walters, 1998). ”*

In general, in so many researches, transformational leadership has been found effective to improve employees' commitment, and heightened emotions, which in turn inspire followers to exert extra effort toward goal accomplishment.

## **ELEMENTS OF TRANSFORMATIONAL LEADERSHIP**

From aforementioned and many others findings, transformational leadership is effective in all types of organizations and any situations. But from what elements transformational leadership is made up of? What competencies constitute the compound of transformational leadership? What is the magic behind transformational leadership? To answer these questions, as briefly discussed above, the researchers have a short list of qualities, skills and values that they've seen in transformational leaders. From literature in the field, we also draw and short list basic elements that are behind transformational leadership. The chemistry of transformational leadership contains the following summarized basic elements of transformational leadership drawn from literature:

**a) Credibility: One of the fundamental elements of effective leadership compound (chemistry) is credibility (Norton A. Schwartz 2003). The basis of good leadership is honorable character and selfless service to his organization. In the employees' eyes, leadership is everything that affects the organization's objectives and their well-being.** Respected leaders concentrate on what they are, what they know, and what they do. The moment a leader steps into a new organization or a new position, it may certainly take time to earn the genuine respect, trust and confidence of their organization but their credibility is on line **(Norton A. Schwartz (2003))**. Leaders are in the spotlight from the day they arrive to the day they depart, their character forms the foundation of their credibility; their day-to-day professionalism and ability to do their job make up the rest. Without credibility, a leader is that in name only (Norton A. Schwartz (2003)). Therefore, having good credit and being trustworthy is an important element of the compound of transformational leadership.

**b) Visionary: Another element of the compound of transformational leadership is visionary. Vision is the ability to “construct the future first mentally and then behaviorally” (Sashkin, 2004).** The leader's vision acts a road map for resource mobilization. Establishing a vision, looking toward some desired, idealized future state, is the key element the transformational leader uses to focus, draw in and gain their followers' commitment. It acts not only as the catalyst for change, but also as the organization's bedrock, keeping it moving forward despite obstacles and challenges, transforming purpose into action (Sashkin, 2004). A successful vision must attract commitment and inspire enthusiasm, create meaning by clarifying purpose and direction, establish a standard of excellence and bridge the present and future. Simultaneously, a transformational leader's vision must consider his followers' needs, values and hopes **(Bass, B. M., 1985)**. The vision must also instill self-confidence that will translate into a state of empowerment. The transformational leader consistently gives attention to his vision, shows its legitimacy and personifies it by his actions. Transformational leaders know where they are going .They need a vision to correct their pathways **(Kouzes and Posner, 2003)**. Research on transformational leadership describes that most successful visions are clear, strategically planned, and feasible. An unambiguous vision stimulates a common purpose, raising self-esteem in followers, and providing followers more clear direction toward the organizational goals (Hackman, 1986). Therefore, “to be visionary” is one the elements that form the compound of transformational leadership.

**c) Empathy: Empathy is also another element of transformational leadership chemistry. Transformational leaders generate higher commitment to the organization from their employees by treating people as individuals, treating them fairly and consistently, and demonstrating that they value their views and opinions (Kouzes and Posner, 2003).** By stressing personal interrelationship and interconnectedness, empathy restates the value respect for people. Transformational leaders should put their feet under their followers' shoes. They feel the feeling of others.

**d) Commitment: Transformational leaders consider the moral and ethical consequences of decisions, build trust through being reliable and genuine and act with determination and integrity.** They aren't afraid to tackle poor performance, give bad news or to admit personal mistakes (Kouzes and Posner, 2003). Transformational leaders show

their own commitment, and compel followers to embrace the vision, through their own actions. One way that leaders can show commitment is by actively modeling the values that underlie the vision (Bennis & Nanus; 1985). Commitment can also be demonstrated by building support for the organizational vision from outside sources (Yukl, 2002). Commitment of leaders is another element of transformational leadership.

**e) Empowerment: Transformational leaders must have the ability to "share power and responsibility with their employees" (Hackman and Johnson, 1991).** According to Yukl (2002, p.286), an essential part of transformational leadership is to empower people to achieve the vision. Power translates into empowerment for the subordinate and empowerment, in turn, creates more power through confidence and motivation. Without leaders who promote responsibility, followers cannot fully achieve their potential. **Transformational leaders encourage people to lead and empower people to take the initiative within an agreed framework of delegated authority (Bass & Riggio, 2006).** The Transformational leader shares power (i.e., resources, information, feedback, authority), responsibility with their employees and conveys support to the follower. Empowerment is related to higher reciprocal trust and self-efficacy among followers (Bass & Riggio, 2006). Thus, empowerment has been identified as one of the elements of transformational leadership compound.

**f) Motivation: Transformational leaders have the ability to motivate people to feel part of something important that will make a difference to people's lives. They inspire followers to higher levels of performance for the sake of the organization (Burns, 1998; Yukl, 1998).** They communicate messages people can understand and help people identify with the organization's mission and values (Yukl, 1998). Therefore, ability to motivate and influence followers can be one of the competencies for a leader to become transformational.

**g) Communication: Transformational leaders are persuasive communicators. Transformational leaders convey an attention-grabbing vision of the future, use stories and symbols to communicate and explain the importance of having a strong sense of purpose and a collective mission (Hackman and Johnson, 1991).** Through effective communication, they help employees understand the company's overall business strategy and help employees understand how they contribute to achieving key business objectives. They lead through two-way communication. Their strength as an inspirational leader lies in their ability to communicate clearly with followers (Bass, 1985a). In good communication with followers, the leaders appeals to the emotion of followers to achieve set goals (Bass, 1985a; Bass & Avolio, 2000). The ability to communicate clearly and persuade followers is one of the important ingredients of transformational leadership.

**h) Interpersonal skills: Leadership is about people and moving them towards an objective. So the other element of transformational leadership chemistry is interpersonal skills.** Leadership isn't about moving paper. It isn't about hardware, law books or tool (Bass & Avolio, 1990). Transformational leaders know and care about the strengths, ambitions, capabilities, talents and shortcomings of their people. They know when to motivate, when to discipline and when to comfort. Transformational leaders are Interactive. They give better direction than non-interactive leaders (Bass & Avolio, 1990). That is why interpersonal skills are considered to be a very important element of transformational leadership.

**i) Situational Awareness:** A Transformational leader knows his people and the environment in which they interact, both within and outside the organization. Good leaders understand and remain aware of the "pulse" of their organizations; they know when things are going well and when they are faltering (Norton A. Schwartz, 2003). Transformational leaders choose where and when to apply their detailed attention to contribute most effectively. Good situational awareness enables a leader to give others the freedom to act, the basis for empowerment. All particular influencing styles, whether transformational or quiet and factual, are situational facilitators rather than essential definitional elements of leadership. (Mitch McCrimmon, 2005). Therefore, situational awareness is one of the important elements of the compound of transformational leadership.

**j) Courageous: Courageous implies being able to take a stand, being able to take risks and being able to stand against the status quo in the larger interest of the organization.** This is another important competency needed to be a leader (Norton A. Schwartz, 2003).

**k) Ethical: People want to be guided by those they respect, who have an ethical standard and a clear sense of**

**direction.** Transformational leaders maintain high ethical standards (**Hackman and Johnson 1991**). Being an ethical leader is one of the ingredients of transformational leadership.

**l) Feedback:** Transformational leaders are compassionate, appreciative and responsive to their people and recognize and celebrate individual and team achievement (**Bass, 1990**). Therefore, we take feedback as one of the elements of the chemistry of transformational leadership.

**m) Change Agent:** A Transformational leader is a catalyst of change. He manages change very well and thrives on it (**Hackman and Johnson, 1991**). It is also an element of transformational leadership.

**n) Character:** Leaders with character are resourceful - they are problem-solvers. They help followers find effective solutions to the inevitable challenges faced in achieving objectives. Leaders with character possess good judgment and moral courage. A leader must be ready, willing and able to make the call and stand by his or her decision (Norton A. Schwartz 2003). We take character also as one of the crucial aspects of the compound of transformational leadership.

## CONCLUSION

Leadership is considered as a crucial scarce resource. Transformational leadership is now found as effective leadership style in any situation and organization. Empirical research reveals that transformational leaders have different components. These components or constructs are made up of or composed of a numbers of competencies such as, credibility, visionary, character, situational awareness, motivation, communication, interpersonal skill, value and ethics, etc. If anyone these elements or competencies is missing, probably a leader may not be able to attract followers and he may not be truly transformational.

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