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TRANSFORMATIONAL LEADERSHIP - THE KEY TO SUCCESSFUL MANAGEMENT OF TRANSFORMATIONAL ORGANIZATIONAL CHANGES

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Abstract. *Transformational leadership represents the essential quality for successful management of transformational organizational changes. It is about the quality that, in fact, so-called transactional management has missed to bring to an end of the transformational cycles with efficiency. In that sense, the success in realizing transformational organizational changes means that the key people in an organization (managers) develop sets of appropriate skills and attributes that are characteristic to so-called transformational leaders.*

1. INTRODUCTION

When the organizations adjusted themselves to environmental changes by incremental, evolutionary changes, so-called transactional management was in favor of managing those changes. The conditions of modern organizations functioning require undertaking some radical, transformational changes. Management of such changes requires some new management qualities. One of these qualities is transformational leadership. This article points out the appearance of the transformational leadership concept, its nature and essential qualities (skills and attributes) these phenomenon consists of.

2. TRANSFORMATIONAL LEADERSHIP CONCEPT

As an idea, transformational leadership was first mentioned in 1973, in the sociological study conducted by the author Downton, J. V., "Rebel Leadership: Commitment and Charisma in the revolutionary process". After that, James McGregor

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used the term transformational leadership in his book "Leadership" (1978). In 1985, Barnard M. Bass presented a formal transformational leadership theory which, in addition to other things also includes the models and factors of behaviour (1, p. 2). One year later (1986) Noel M. Tichy and Marry Anne Devanna published a book under the title "The Transformational Leader" (2). Research projects, doctor disertations and books in the field of transformational leadership have been carried out and published in the initial phase of the transformational leadership concept development and, especially in recent years, have contributed to the development of the most actual leaders' concept.

The most intensive interest in the transformational leadership concept is the result of, at least, two tendencies. *First*, most large western companies, like AT&T, IBM, GM, etc., ventured into transformations, comprehensive have changed programs which had to be realized in relatively short time (3, p. 489). Namely, since World War II till the 70's, the business climate in most western countries, and especially in the USA, offered such degree of stability that most firms did not feel the need for a change, and for leadership as a force, which led the change. However, after 25 - 30 years of relatively slow growth, in the 70's, and especially in the 80's the business world became very much dynamic, more competitive and less stable. Fast technological changes, great international competition, commercial deregulation, too much capacity in capital intensive industries, unsteadiness of oil cartels, demographic labour changes etc., are some of the factors which brought to such a state. Until then, many successful organizations faced with a crisis and a need of radical change in their business way.

Second, leadership theoretic base which rested on the analyzing personal characteristics of leaders (theory of leader personal characteristics), behaviour of leaders (behaviouristic theory of leaders) and different situations (contingency theory of leadership), did not take in consideration some "untypical" qualities of leaders of those days. These "new" qualities required a new theory, or a new leadership concept. The transformational leadership concept is in question.

Transformational leadership rests on the bases of transactional leadership. However, as Jamer McGregor Burns states "... what today is needed is not the old style of transactional leadership, but the new style of transformational leadership" (2). Barnard M. Bass compares these two styles of leadership, giving their closer terms of reference. According to Bass, transactional leaders predetermine what their followers should do to realize their personal and organizational aims; they classify these aims and help their followers to become more self-confident in order to achieve their goals with the minimum effort. On the contrary, transformational leaders motivate their followers to do more than they really expect they can do, increasing the sense of importance and value of the tasks, stimulating them to surpass their own interests and direct themselves to the interests of the team, organization or larger community and raising the level of change to a higher level (3, p. 489]. Transactional leadership is a process in which the relationship leader - follower is reduced to simple exchange of a certain quantity of work for an adequate price. Contrary to this, transformational leadership is a far more complex process, the realization of which requires more visionary and more inspiring figures (5, p. 180).

Through research in the field of leadership, Noel Tichy and Mary Anne Devanna came to certain characteristics which, according to their estimation, differentiate transformational from transactional leaders. It is about (2):

- Qualities of the agents of change. Transformational leaders create adaptive, entrepreneurial, innovative and flexible organizations. Their personal and professional image makes it possible for them to successfully lead people in such an environment, i.e. to stimulate changes and to realize them successfully.
- Courage. Transformational leaders are ready and able to assume an appropriate attitude, to take a risk and face the status quo in the organization. Their intellectual abilities allow them to face the reality, even though it is not pleasant.
- Openness and faith in the followers. In the relationship with the others (followers), transformational leaders are open and sincere and ready to give confidence when required. So, although they possess great power, transformational leaders are sensitive as regards their followers and they do their best to empower them whenever it is possible.
- Led by values. Transformational leaders formulate a set of essential values, which are to be achieved, and show behaviour, which is in accordance with the values.
- Life-long learning. Transformational leaders try to draw a lesson from their own experience for some future situations. In that sense they are ready, when necessary, to perform radical changes in their own attitudes, approach, behaviour, etc.
- Ability to face the complex, ambiguous and uncertain situations. Transformational leaders are ready to face almost every situation they find themselves in. Considering the complexity level and the level of uncertainty of contemporary conditions and untypical situations in which contemporary organizations are almost daily, the ability of successful ingenuity in such conditions is of extreme importance.
- Visionary abilities. Transformational leaders are good visionaries. Their ability to create a future state, to articulate successfully that state and its successful communication with the followers, with a lot enthusiasm work on achieving such a state, is in question.

A. Elise Walton notes so called "Normal Leadership Role" and so called "Leadership Role in Major Change". According to Walton, "normal" roles of leaders include: explaining, confidence building in status quo and offering support to status quo, offering support to consistent executives and improving the existent informational systems and data bases. Walton reduces leadership roles in major change to: building tolerance for ambiguity, building confidence in the advantage of change, reexamination of historic performance values, reexamination or redesigning informational systems and data bases (6, p. 83). It is obvious that under so-called "Normal Leadership Role", he has in mind the transactional leadership roles, while by so-called "Leadership Role in Major Change" he designated, in fact, the roles of transformational leaders.

3. THE QUALITIES OF TRANSFORMATIONAL LEADERSHIP

The optimal profile is characterized by the presence of certain qualities of transformational leadership. They are the leaders' qualities contained in appropriate transformational abilities of leaders and in certain attributes which are assumptions for the use of leaders' skills and for successful performance of leader jobs. Although there are different classification given by Bass and Avolio is quoted here. Their classification of skills of transformational leaders is known as "Four I's" and includes the following

skills (1, p. 3):

- idealized influence,
- inspirational motivation,
- intellectual stimulation,
- individualized consideration.

Idealized influence represents the ability of building confidence in the leader and appreciating the leader by his followers, which forms the basis for accepting radical change in organization. Without such confidence in the leader, that is, in his motives and aims, an attempt to redirect the organization may cause great resistance. You can "lead" people if you make them ready to follow you. If you perform your job well, it is for certain that others (potential followers) will appreciate you and people will believe you. In other words, you will become a leader who possesses idealized influence and who represents "The Roles Model" to his followers. The followers, namely, try to imitate the leaders with idealized influence. Hence, the greatest success of leader who reached a high level of confidence and appreciation with his followers is that his followers begin to imitate him. Thus, his effort to conduct radical change the organization encounters confirm and support with the employees. The leaders with idealized influence are honored, appreciated, they are trusted, the followers admire them, and they identify with them and try to imitate them. Such leaders, which represent the model roles to their followers, do "the right things", demonstrating high moral and ethical behaviour. They do not use their position and leaders' abilities to achieve personal interests, but they direct them to use the potentials of their followers and to achieve the aims of organizations.

Inspirational motivation is the ability of transformational leadership, which qualifies a leader as a figure, which inspires and motivates the followers to appropriate behaviour. In the conditions when transformational change is being conducted in an organization, the leader has the task of clear and continuous stimulating others to follow a new idea. Transformational leaders should, therefore, behave in such a way, which motivates and inspires followers. Such behaviour includes implicitly showing enthusiasm and optimism of followers, stimulating team work, pointing out positive results, advantages, emphasizing aims, stimulating followers, etc.

Intellectual stimulation, as ability of transformational leaders, has an important role in the transformation process of organization. Transformational leaders stimulate the efforts of their followers as regards innovativeness and creativity, stimulate permanent reexamination of the existent assumptions, stimulate change in the way of thinking about problems, plead the use of analogy and metaphor, etc. Thus, it may appear the possibility to get new and creative ideas for solving problems from the followers. If the ideas and the solutions of problems suggested by followers differ from the ideas represented by leaders, the followers are not criticized, nor the leaders' ideas are imposed at any cost.

Individualized consideration, as a feature of a transformational leader, is reduced to the ability of individual analysis of followers. Namely, inclusion of followers into the transformation process of an organization implies the need to diagnose their wishes, needs, values and abilities in the right way. An activity like this tends to preserve, in the beginning acquired, the high level of interest of followers in action which a leader leads and the high level of their trust in the leader. So, besides a global picture, a transformational leader must know what motivates any of his followers individually. Human wishes and needs are different. Some want certainty, some want excitement and

change; some prefer money, and some free time. It's upon the leader to "eaves drop", observe, analyze and predict the needs and wishes of his followers. In this, it is important that followers don't feel they are an object of observation. The leader, who is aware of the difference in needs and wishes of people, has an opportunity to use all those different demands in the right way. By their behaviour, transformational leaders demonstrate acceptance of individual differences and assign the tasks in accordance with their personal affinities. Following the progress in performing the individual tasks, a leader gets a picture of regularity (or irregularity) of his own action of "individualized consideration".

Ken Parry adds one more ability to this list of abilities of transformational leaders. According to him it is the first and essential part of transformational leadership. It is *managerial ability*. So, while anybody can be a transactional leader, a transformational leader can be only the one who is, at the same time, a good manager too. In other words, in order to be a transformational leader, one at first must be a good manager (7, p. 8). In that sense, the skills of transformational leaders quoted by Bass and Avolio represent the qualities, which differentiate so-called transformational leaders from so-called transactional leaders.

Effective application of the list of skills of transformational leaders includes existence of certain attributes of transformational leadership. They are (8, p. 70):

- creativity,
- team orientation,
- appreciation of others,
- teaching,
- responsibility and
- recognition.

Applying these attributes in the process of organizational transformation, along with the skills, the transformational leaders are allowed to "embed" the awareness of necessity of the organizational transformation process, to successfully bring the process to an end, and, consequently, both the organization and the employees will profit from that action, with their followers.

Creativity, as an attribute of transformational leaders includes not only undertaking creative actions by transformational leaders, but, also, openness to creative enterprises of their followers. Some actions of transformational leaders demonstrate their creativity in the process of transformation. However, of the same importance for the success of transformational change is engaging transformational leaders in the domain of following consideration and adopting the creative ideas of their followers. By appreciating the creative efforts of the employed, a strong motivational basis from their active involvement in the process of change is insured.

Team orientation of transformational leaders reflects their awareness of the importance of teamwork and readiness to lean on the help of others. Complexity of the process of organizational transformation points out, in itself, that a transformational leader cannot independently bring the whole process of transformation to an end. Because of that, transformational leaders approach the creation of teams within which, together with the other members, make appropriate decisions and solve problems they come across. In that sense it is important to raise functioning of the team to a level which

insures complete equality, without being afraid that they will suffer "the revenge" because of their actions from their leaders.

Appreciation of others is the attribute of transformational leaders with which they demonstrate that they appreciate and evaluate the attitudes and opinions of their followers. These attributes of transformational leaders reflect the need for two-way communication during the process of organizational transformation. Namely, during the process of change a communicational plan is usually reduced to a one-way flow information, from leaders toward their followers. In order to achieve optimal effectiveness of the organizational transformation process, it is necessary that the communicational plan includes communicational channels for backward information from the followers toward their leaders. Such communication shows that leaders listen to their followers, that they are interested in their attitudes and ideas that they discuss them and give eventual suggestions. It is important that leaders, in situations when comments are not positive, find the ways not to communicate them in a too negative way.

Teaching represents an important attribute of transformational leaders, which reflects their ability to influence people in the process of change to teach, direct and correct them. Without teaching, fulfillment of transformational aims rests upon occasional chances only, and not on the design established in advance.

Responsibility reflects readiness of transformational leaders to take the risk upon them for the success of transformational change. When they face the change, managers can act in two ways. They can "keep themselves aside", to watch and, eventually, criticized the change. Passive managers which are indifferent as regards the change or oppose it vigorously, or think that the change is something that should concerns somebody else, have such an approach to the change. Such managers are called passive managers or "watchers". They do not feel any responsibility for the course and for the results of transformational change. On the other side, managers who accept the chant, who actively take part in it and support it with every action of them, feel the responsibility for the success of the change. The attribute of responsibility is one more in the row of the qualities, which allows such managers to evolve into transformational leaders.

Recognition, as an attribute of transformational leadership, allows leaders to identify situations in which followers should be praised, i.e. give them recognition. Giving recognition by simply saying thank you for a well done job, does not cost anything, and represents a strong stimulation for the followers to give further support in the efforts to perform the change. A successful change does not happen unintentionally. It includes implicitly certain efforts of both, leaders and followers. If the effort made by followers remains unobserved, it can happen that such effort will be missing. In that sense, transformational leaders praise every well-done action of their followers right away.

5. CONCLUSION

Transformational leaders are individuals who with their own knowledge, imaginations and ability to influence the behaviour of people, make conditions for transforming so called "soft" variables of transformational arrangement. Those are the variables which change is more complicated, compared to the change of so-called "hard"

variables, because it includes the "inner", qualitative or mental change of an organization. It is considered, namely, that no factor is so crucial in organizations, and so important for their successful functioning, for their success or unsuccess, for their survival or fail. Hence, the management of human resources during the period of organizational transformation, is the crucial content of the process of managing the transformation.

Successful management of this content also includes, together with usual (transactional) abilities of management, appropriate transformational abilities (idealized influence, inspirational motivation, intellectual stimulation, individualized consideration), and appropriate transformational attributes (creativity, team orientation, appreciation of others, teaching, responsibility, recognition). The listed abilities and skills represent the essence of so called transformational leadership. Therefore, the conclusion is that qualities of transformational leadership make the essence of transformational management and the key to successful management of transformational organizational changes.

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TRANSFORMACIONO LIDERSTVO - KLJUČ USPEŠNOG UPRAVLJANJA ORGANIZACIONIM PROMENAMA

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Transformaciono liderstvo predstavlja ključni kvalitet za uspešno upravljanje transformacionim organizacionim promenama. U pitanju je onaj kvalitet koji upravo nedostaje tzv. transakcionom menadžmentu da efikasno okonča transformacioni ciklus. U tom smislu, uspeh u realizaciji transformacione organizacione promene podrazumeva da ključni ljudi u organizaciji (menadžeri) razviju setove odgovarajućih veština i atributa svojstvenih tzv. transformacionim liderima.