Transformational Leadership: A Model for Organizational Effectiveness

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ABSTRACT: *Globalization in India has been accompanied by exponential growth, with corporate India achieving double-digit growth over the past few years. While this is a positive achievement, it has given rise to a unique set of human resource challenges and identifying individuals with the skills and vision to lead companies through uncharted waters has become a major concern. This is one of the core issues that have engaged companies in recent times. However, to succeed, innovation will need to be built into the corporate culture and will depend largely on management to encourage creativity, the expression of ideas across all levels of the organization, and the freedom to make mistakes and learn from them. Organizations nowadays are struggling and trying their best to find new strategies and set plans to develop their human assets (including managers and employees) in order to adapt themselves with the new challenges they face in the highly competitive market for gaining organizational effectiveness. Depending on such a notion, it is with a high necessity for organisations to update their strategies and to get a full understanding of what skills, abilities, and proper style should a leader show in managing and satisfying employees. A suitable approach to transformational leadership development implies moving away from the classical one-size-fits-all leader-ship model to a customized design approach tailored for specific individual needs. This transition in approach can be demonstrated with the help of some examples of different practices suited to current leadership development needs.*
KEYWORDS: *Transformational Leadership, Organizational Effectiveness, Abilities, Skills.*

I. INTRODUCTION

Effective leadership is a personal role that requires the blending of motivational, strategic and management skills to align focus, energy and drive whilst creating a culture which encourages individual thinking and attainment. Ultimately leadership is about pushing ideas and thoughts forward, shouldering responsibility and aspirations to bring out the confidence of others. Leaders are required to have greater project leadership and influencing skills than in the past. Summary of some key leadership skills:

- Managerial - keep track of progress against targets and take action on slippage.
- Trustworthy - speak honestly and openly and expect the same from others.
- Aware - understand each individual's abilities, limitations, motives and drivers.
- Influential - use vision, argument and important stakeholders to sway opinion.
- Visionary - know what needs to be achieved and how to go about achieving it.
- Inspirational - create and bring to life an image of how things can be.

The influence of leaders works in two ways, they influence their followers, but the followers also influence their leaders in some way (Yukl, 1989). To understand what it is that makes leaders effective, one has to understand how influencing others is possible. Because people determine their moods on connections with other people, the moods of leaders effect the emotions of the people around them, their followers in this case. In other words, the behaviour of the leader is crucial for the behaviour of their followers. This behaviour involves the influence tactics a leader uses and the perception of these behaviours by the followers to which they act upon. The different kinds of behaviours that followers can show towards leader behaviour are compliance, commitment and resistance (Yukl, 1989).Leadership has been well researched from different perspectives the last few decades. Four different perspectives can be distinguished: trait, style, contingent and transformational perspectives.

Today the business environment has become highly competitive and volatile. To grow/flourish in this competitive environment, one needs to take new initiatives and find innovative ways to solve a problem. These tasks are performed by a leader. In general, all human beings are meant to be leader—either for the society, group or organization, family or even for him. The way we lead is apparently different; each of us has our own style in practicing leadership.

Transactional Leadership and Transformational Leadership

The Transactional leadership theory was first proposed by Max Weber in 1947. According to Burns (1982), "Transactional leadership occurs when one person takes the initiative in making contact with others for the purpose of an exchange of valued thing" (p. 19). Bass (1994) proposes three styles of leadership that are transactional, transformational and laissez-faire. Bass (1990) describes transactional leadership is based on the assumptions that followers are motivated through rewards and punishments, and they obey their leaders' instructions.

Transaction leaders promise rewards for effort and good performance. The subordinates performed well with a clear command. **Downton (1973)** first proposes transformational leadership based on the hypotheses that people follow a person with enthusiasm, vision and energy who inspires them and achieve great goals. Transformational leadership provides a generalization of thinking about leadership that emphasizes ideals, inspiration, innovations and individual concerns. Transformational leaders emphasize the value of the organizations' membership whether they are voluntary or compulsory **(Hoffman, Bynum, Piccolo &Sutton, 2011; Hay, 2006).**

Conger & Kanungo (1998) describe five behavioural attributes of Charismatic Leaders that involve a more transformational viewpoint: Vision and articulation; sensitivity to the environment; sensitivity to member needs; personal risk taking; performing unconventional behaviour. Burn (1982) defines transformation leadership as a method that leaders use charismatic methods to attract followers to the values. According to Burns (1982), "transformational leadership occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality" (p. 20).

Many studies have examined the effects of transactional leadership and transformational leadership. Those studies found that transformational leadership promotes more effective outcomes than transactional leadership (Spreitzer, Perttula & Xin, 2005; Bass 1990). Hay (2006) finds transformational leadership to be effective to active as higher levels of creativity and performance in organizations. Bass (1987) investigates that subordinates who work for transformational leaders are satisfied with their current work than those who work for transactional leaders. Transactional leadership and transformational leadership have dominated the leadership theories since 1980. Burns first clearly defines transformational leadership in 1982. He stated leadership style either transactional or transformational. Transactional leadership found on bureaucratic authority and legitimacy. Bass (1990) define transactional leadership as including two dimensions: contingency rewards and management by expectation. In contrast, Bass and Avolio (2002) define transformational leadership as including four dimensions that are idealized influence, inspirational motivation, and intellectual stimulation and individualized consideration.

Transactional leadership emphasizes the exchange of rewards for effort or good performance; moreover, this leadership style focuses on managing subordinates by standardizing work, expectations and rules. Transformational leadership provides vision and mission, gains trust and respect. Transformational leaders are able to communicate high expectations, promote motivation, rationality and problem solving, and followers respect and trust the intelligent leaders. Transformational leaders consider each employee individually and give personal attention (Burns, 1982; Avolio & Bass, 1999).Transactional leaders tend to focus on establishing well-defined patterns of organization and managing an accomplishable tasks and efficient business whereas transformational leaders tend to focus on managing an inspirited motivation, and individualized consideration.

According to Bass &Avolio (1997) transformational is defined as a method in which leaders wish to increase followers' minds of what was correct and motivate followers to perform better. Transformational leadership display leaders' behaviours associate with four characteristics which are idealized influence, inspirational motivation, intellectual stimulation, individualized consideration. In contrast, transactional leadership was based on contingent reinforcement (Burns, 1982). Three elements of transactional leadership which are contingent reward, management-by-exception (Passive), and management-by-exception (Active).

Contingent reward represented leaders achieves an outcome from followers through negotiated exchange and positive reinforcement. Management -by-Exception referred leaders' uses negative feedback, corrective criticism and negative reinforcement to motivate followers to achieve outcomes. The last leadership behaviors is non-transactional leadership or Laissez-fire that mean leaders minimize exchange with followers and allows followers to do their thing with less intervention, or support (Schaeffer, 2003).

Leadership Competencies and Skills
Several researchers like Cooper (2000), Lucia and Lepsinger (1999), and Thorn (2002) define a leader's competency as the skill, knowledge, and characteristics needed to lead and encourage subordinates to perform their roles effectively and to help achieve organizational strategic objectives. Cooper (2002) particularly claims that competency models (descriptions of desired competencies) are essential to qualify and improve leadership effectiveness in terms of future challenges. On the other hand, Thorn (2002) focuses on a combination of transactional (contingent rewards) and transformational (inspirational and charismatic) characteristics of leadership in identifying the primary categories of competency including leadership, analytical

thinking, communication, decision making, building relationships, strategic planning, and emotional intelligence.

Depending on these competencies, several researchers have classified an effective leader's competencies into four main categories: knowledge management, leadership, social, and interpersonal competencies.

Leadership competencies include the leader's capability to support, direct, participate, facilitate, and empower people. They also include the competencies leaders need to manage diversity, support creativity, create community, and establishing a common purpose with followers (Ellinger&Bostrom, 1999; Hogan &Warrenfeltz, 2003; Stogdill, House, & Mitchell, 1974). Social competencies include the leader's ability to build strong relationships with his subordinates. In other words, it means the ability to understand subordinates' behaviours, communicate and interact effectively, motivate and handle conflicts, and influence individuals and groups to achieve the desired goals (Hogan &Warrenfeltz, 2003; Morse & Wagner, 1978; Stogdill, 1974).

Interpersonal competencies refer to the leader's personality. They include self-confidence, proactive and achievement orientations, skills of social judgment, conflict resolution, and mastering uncertainty. In sum, they are classified into three main components: core self-esteem, attitudes toward authority, and self-control (Cockerhill et al., 1995; Hogan &Warrenfeltz, 2003; Zaccaro et al., 2000).

II.   REVIEW OF LITERATURE

S. et.al. (2013). The study tried to fill the gap by analyzing the relations between transformational leadership, trust in supervisor and team, job satisfaction, and team performance via multilevel analysis. The results of the study were based on a sample of 360 employees from 39 academic teams. Transformational leadership was positively related to followers" job satisfaction at individual as well as team levels of analysis and to objective team performance. The relation between individual perceptions of supervisors" transformational leadership and job satisfaction was mediated by trust in the supervisor as well as trust in the team. Yet, trust in the team did not mediate the relationship between team perceptions of supervisors" transformational leadership and team performance.

Shibru, B., &Darshan, G. M. (2011) study was aimed to describe the concepts of transformational leadership and its effect on subordinate job satisfaction. To this effect, 145 valid participants from ten sampled leather companies responded to the survey questionnaire. The participants are direct subordinates of their leader and the study evaluated the behaviour of their immediate leader using the adapted Multifactor leadership questionnaire (MLQ). Pearson correlation analysis found that all components of transformational leadership are highly correlated with each other and strongly correlate with subordinate job satisfaction. Idealized influence and inspirational motivation have exceptionally showed very high correlation with each other. The regression analysis found that transformational leadership explained 40.6% of the variance in subordinate job satisfaction. The ANOVA table confirmed that the model is significant at p value less than .001. The coefficient part of the regression model found that only two factors of transformational leadership: idealized influence and individualized consideration are significantly determinant in predicting subordinate job satisfaction. It is apparent that as transformational leadership practice increase so does subordinate job satisfaction. The study confirmed that transformational leadership is an important leadership style to increase subordinate job satisfaction.

De Jong, (2007)has described three types of leadership behaviour that differentiate effective and ineffective managers; task-oriented, relation-oriented and participative leadership. Task-oriented behaviour involves leaders that spend their time on doing task-oriented functions and guide their followers to be initiative and set high goals. Leaders that show relationship-oriented behaviour consider, support and help their followers. They have a general supervision, but allow followers to have some autonomy in deciding how to work and how to pace themselves.

Murray Prideaux,A.B.M. RabiulAlam Beg(2007) explained Leadership is largely culturally orientated, embracing traditional beliefs, norms and values, and a preoccupation ,Thus, leadership style is significantly influenced by the leader's immediate and extended family, clan, and tribe. Different leadership styles have diverse effect on variables such as flexibility. Responsibility, standards, rewards, clarity and commitment and insome cases on organizational climate. (Goleman 2000).

Barchiesi Maria Assunta, La Bella Agostino (2007) Measure the Leadership Effectiveness and leadership role and its influence on performance, leadership behaviours , attitudes, they found that high leadership indexes are not related to past performance records, but associated both to higher potentiality of enhanced performance and to higher reputation of organizations, pointing in the direction of a meaningful influence of behavioural complexity and dynamics on the leadership perceived level. Chung-Hsiung Fang, Sue-Ting Chang,Guan-Li Chen (2009) leadership style can affect organizational commitment and work satisfaction positively and work satisfaction can affect organizational commitment and work performance positively.

Hartmann (2006) also described motivation as "the main force through which individuals allocate effort to generate andimplement innovative ideas". Transformational perspective besides the different situations, the commitment of employees for the organizations' mission or objectives is also important. This point of view is taken into account in the transformational and charismatic leadership (Burns, 1978: Yukl, 1989).

Leadership style is the way leaders, either consciously or subconsciously, influence their followers. The style of a leader depends on the circumstances in which he operates the type of followers and his own personality. "Leadership style is the combination of traits, skills, and behaviours leaders use as they interact with followers." (Lussier, 2004). Even though, leadership style is based on leadership skills and leadership traits, leadership behaviour is the important component. A consistent pattern of behaviour is what characterizes a leader. "In shifting the study of leadership to leaders style or behaviours, the style approach expanded the study of leadership to include the actions of the leader toward subordinates in various contexts." **(Northouse, 2004).**

Akerson and Mai (2003) narrated that Leader as Communicator examines the many communication-based roles one must master in order to maximize the effectiveness as a leader. These roles include: Trust Builder, Critic, Navigator, Provocateur, Learning Advocate and Renewal Champion. Hammonds(2004) while placing communication in leadership role mentioned that in counselling role, communication role is of greater importance. He writes that Hargie et al., (1994) identified effective communications as a significant factor in determining organizational success. In the leadership literature there is an increasing emphasis on the importance of interpersonal communication skills. Effective communication skills include not only the delivery of messages but also listening skills.

Bass and Avolio (2002) defined transformational leadership as including four dimensions that are idealized influence, inspirational motivation, and intellectual stimulation and individualized consideration. Transactional leadership emphasizes the exchange of rewards for effort or good performance; moreover, this leadership style focuses on managing subordinates by standardizing work, expectations and rules. Transformational leadership provides vision and mission, gains trust and respect. Transformational leaders are able to communicate high expectations, promote motivation, rationality and problem solving, and followers respect and trust the intelligent leaders. Transformational leaders consider each employee individually and give personal attention (Burns, 1982; Avolio& Bass, 1999).Transactional leaders tend to focus on establishing well-defined patterns of organization and managing an accomplishable tasks and efficient business whereas transformational leaders tend to focus on managing an inspirited motivation, and individualized consideration.

Ladwig and Rohs (2000) in their report described the results of a survey conducted by Southern Extension on more than 900 participants to identify the core competencies any effective leader should possess. The results showed that the participated leaders scored only average or slightly above average for the following competencies: setting goals and standards getting unbiased information, time management and prioritization, appraising people and performance, and counselling and discipline. They also scored below the average in the traits of thinking clearly and analytically, listening, and organizing. The researchers suggested that many of leaders' competencies should be improved and addressed with continued education and training.

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Qualities in a Leader with Special Reference to IT Sector

With the phenomenon of globalization empowering India as an IT capital in the international zone it is imperative to have the Indian IT industry reshaped in order to meet out upcoming challenges in the future. Information technology (IT)industry in India has played a key role in putting India on the global map. IT industry in India has been one of the most significant growth contributors for the Indian economy. The industry has played a significant role in transforming India's image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business services. It also helped India transform from a rural and agriculture-based economy to a knowledge based economy. There is strong evidence that India has a strong and sustainable comparative advantage in software development and IT-enabled services.

The role of IT in the future is an ongoing discussion in many businesses. IT in the past was simply used in the individual department of a firm, without any integration or a communication between functions. Since then, the world has transitioned into a global economy with increasing competition and demand. In order to keep up with this massive growth and change in demand, businesses have had to focus on their core strengths while using IT to facilitate this change. IT is no longer just a competitive advantage, but a strategy that is critical to the survival of the firm in today's global economy (Kassanjee, 2007).

In our knowledge driven world, the power to lead is shifting to the power to promote new ideas, a better way, based on innovation. The meaning of leadership now should be simply the successful promotion of new directions. An underlying theme of the discussion of leadership styles is that there is no one best or most effective leadership style. Leaders who get the best results do not rely on one style. Instead, they use several different styles, such a being developmental in one situation, and so on. Thirty five years ago pioneering researcher Ralph Stogdill made a statement about selecting a leadership style that still holds today, "The most effective leaders appear to exhibit a degree of versatility and flexibility that enable to the changing and contradictory demands made on them."

From Mahatma Gandhi to Winston Churchill to Martin Luther King to Rudolph Giuliani, there are as many leadership styles as there are leaders. Fortunately, business people and psychologists have developed useful and simple ways to describe the main styles of leadership, and these can help aspiring leaders understand which style they use.

With this in mind, there are many different frameworks that have shaped our current understanding of leadership, and many of these have their place , just as long as they are used appropriately.

Six leadership styles by Steve Nguyen
Leadership development styles stated by Allan Murray cite six styles of leadership from Daniel Goleman's 'Primal Leadership'. They are outlined below:

1. **Visionary**: This is best when an organization needs a new direction. The aim is to move people towards a new set of shared dreams. Leaders communicate where a group is going ,but not how it will get there. This way, people free to innovate, and experiment.
2. **Coaching**: This style focuses on developing others, showing them how to reach their goals and improve their level of performance. One warning is that too much hovering over an employee might, instead, be perceived as micromanagement.
3. **Affiliative**: Stresses importance of teamwork and connecting with others. This style is not good to use by itself because it tends to emphasize group praise allowing for poor performance to go uncorrected.
4. **Democratic**: This style works best when the organizational goal is unclear and the leader needs to tap into the feedback and wisdom of the group. This style is counterproductive in times of crisis, however, when quick, decisive decisions are needed from leaders.
5. **Pacesetting**: Leader sets a high expectation of performance. But it must be cautioned that using it too often can result in lower employee morale because employees may feel that their work is never good enough.
6. **Commanding**: While this military style is the most often used it's also the least effective. It leads to lower morale because there are more criticisms and less praise.

Without a strong vision of leadership, managers may display a leadership style that is too affiliative (e.g., unable or unwilling to address poor performance) too democratic (e.g., lacked ability to make decisive decisions), or too pacesetting(e.g., worked employees to death but never happy with their performance).

Objectives of the Study
Based on the above arguments on the need to study leadership, this study intends to achieve the specific research objectives:
1.Toanalyze leadership style in IT sector.
2.To examine the leadership competencies.
3.To study the impact of an appropriate style on organizational performance.

III.   RESEARCH METHODOLOGY
After comparing two research approaches in this study, both quantitative approach and qualitative approach has been chosen. In the pre-testing and pilot testing phase qualitative approach was adopted to find out what are the factors and customizing the existing factors on the attributes of leadership style while in empirical analysis (final analysis) stage quantitative approach was adopted. A theoretical analysis was done by reviewing the related literature and thereby building our research hypotheses. In fact, the study focused to measure attributes of leadership style among managers of IT sector.

Sampling
Collecting Primary Data
Primary data were collected through the responses of the managers through questionnaire which was specially prepared for this study. A sample size of 250 respondents is taken for detailed studybecause it is not possible to cover the whole universe consisting of all the employees.

Collecting Secondary Data
There was extensive use of secondary information in the form of books, articles published in magazines, journals, newspaper, reports, websites, circulars, pamphlets of the banks, clippings etc.
Sampling Method-Random sampling (judgemental)
Sampling Unit- Top level Managers & Middle level Managers.
Company's Name: Microsoft, IBM, Infosys and Satyam

Data Collection-For the proposed research a questionnaire was framed comprising two parts. Items of the questionnaire were extracted through extensive literature review. Five points Likert scale ranging from Strongly agree (5) to Strongly disagree(1) was used for gauging the perception of respondents.The structured questionnaire was distributed among 250 managers and the scope of the study was limited to companies in Indore city.

Reliability Analysis
A reliability 0.60 and 0.70 or above is considered to be the criteria for demonstrating internal consistency of new scales and established scales respectively (Nunnally, 1988 ; cited by Gounaris, 2005). In this study, the Cronbach's alpha is 0.742 which shows that the factor scales are internally consistent.

Statistical Techniques
The collected data were scrutinized and edited. The edited data were analyzedusing the software "Statistical Package for Social Sciences" (SPSS) and meaningful conclusion were arrived by applying Correlation and Multiple Regression.

Hypothesis of the Study
H_{01}: There is no interrelationship between leaders' competencies, Transformational Leadership Style, and Organizational Effectiveness.
H_{11}: There is an interrelationship between leaders' competencies, Transformational Leadership Style, and Organizational Effectiveness.

IV. RESULT ANALYSIS AND DISCUSSION

To carry out the multiple regression analysis, both the independent variables, i.e. transformational leadership style and leaders' competencies, were regressed on organizational effectivenessusing the Enter method. In the analysis, leaders' competencies were entered first since this variable was found to have a larger correlation coefficient (**refer to Table 1**) than transformational leadership style which were entered later. **Table 2** presents the result of the multiple regression analysis. As shown in **Table 2,** leadership style and leaders' competencies were able to explain significantly 39.1% of the variance in organizational performance (F = 81.069, p = .000). This finding appears to support the hypothesis that both of these variables are contributors to organizational effectiveness, albeit in a small way.

Table 1 :Results of Multiple Regression Analysis (n=250)

Model Summary

R	.629[a]
R Square	.395
Adjusted R Square	.391
Std. Error of the Estimate	.690

Table 2: ANOVA[b]

	Sum of Squares	Df	Mean Square	F.	Sig.
Regression	53.344	2	26.672	81.069	.000[a]
Residual	81.640	248	.329		
Total	134.984	250			

Table 3: Coefficients[a]

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std.Error			
(Constant)	1.056	0.219		4.882	.000
Leadership Style	0.121	0.070	0.115	1.718	.017
Leadership Competencies	0.553	0.097	0.551	8.246	.000

a. Predictor: (Constant) Transformational Leadership style, Leadership competencies
b. Dependent Variable: Organizational Effectiveness

Thus, it is recommended that leaders should be aware of the strong relationship between their competencies and their subordinates' attitudes towards jobs in general and supervision in particular. Such awareness implies that leaders should continue to improve and acquire leadership competencies that suit different characteristics of individuals and different situations. The findings of this study revealed that a competent leader is the one who is able to decide and choose the transformational leadership style under certain circumstances, and by applying the appropriate style or behaviour he/she is able to motivate and hence make his/her employees satisfied with the organizational culture.

On the basis of the results drawn from the questionnaire, it is concluded that transformational style of leadership is the most suitable among all the prevalent styles. This proves hypothesis of this study**(Refer Table No.1 &2).** The study has clearly demonstrated that transformational style is the most desirable and it is associated with creation of empowerment, growth, learning, morale and satisfaction on the part of the managers. In Goleman's term this style creates resonance while the critical climate creates dissonance. Benevolent or relationship dominant style has the potential of creating not only dependence but also resentment and avoidance of work.

V. CONCLUSION

The leaders practicing transformational style of leadership have a very high level of persistence and a very positive attitude. Their positive attitude and persistence is the prime reason for their success. For an organization to succeed in businesses, it must ensure that they have effective leaders in place. These leaders must possess the right skills and qualities to enable them to provide effective leadership to their employees and colleagues. To be a successful leader, an individual must continue to study, learn and experience new leadership skills and qualities so that they can provide effective leadership.

A transformational/democratic style is adopted by a leader who likes to allow their employees to participate in decision making, and supports participation in deciding work methods and goals. The managers always allowed staff to participate in decision making and were opened-minded, so as to create good decisions and protect against mistakes that could happen. In contrast, only Laissez-Faire Leadership had a High Power Distance and also used an Authoritarian style. From the researcher's experience, India is a democratic country in which the people have the freedom to participate in decision making. Therefore, the dominant leadership style of IT industry, top managers and middle managers encourage their staff to determine goals, procedures and decision. Efficiency of the organization relies on the leadership style in the organization through communicating policies and plans, rules and regulations, offering incentives, instructions, co-operation and build efficient work environment which facilitates the employees in a positive way.

Suggestions of the Study
- In discussing the link between leaders' competencies and leadership behaviours, many researchers focused only at emotional intelligence as an important leadership competency an effective leader needs to possess. However, it has been proposed that a good and effective leader needs to possess a set of leadership competencies and skills to help him/her with the job of leading and motivating others. For example, Gravan and McGuire (2001), Lucia and Lepsinger (1999), and Viitala (2005) argued that the more competent the leader is in terms of knowledge, skills, and abilities, the more likely he/she will be able to exhibit proper behaviours when he/she leads and influences the others. It is argued that a leader who listens, processes information, motivates successfully, delegates responsibilities, communicates effectively, and builds personal relationships with his/her subordinates is considered as a people-oriented leader. On the other hand it is seen that the task-oriented leader is the one who focuses on working efficiently, takes action, achieves results, motivates successfully by rewards, solves problems when necessary, displays commitment, and seeks development in leading his/her subordinates.
- Depending on the definition of the effective leader, the researcher hypothesizes that an effective and competent leader is that the one who knows how to choose the proper style (consists of a variety of competencies) in order to motivate and make his/her employees satisfied with their jobs. For example,

Madlock (2008) found a positive relationship between the relational leadership style, communication competency, and employees' job satisfaction.

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