

# Influence of Transformational Leadership: Driving Individual and Organisational Effectiveness

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## Abstract:

Leadership and motivation are like two sides of a coin. The study made to comprehend the importance of transformational leadership and will try to lead in a path of understanding the most famous transformational leadership style. Later this paper discuss about the comparison of transformational leadership with its counterpart. James McGregor Burns (1978) conceptualized leadership as either transactional or transformational. As the author highlighted, politicians as example, direct by “exchanging one thing for another: jobs for votes, or subsidies for campaign contributions” (p.4). Transformational leaders seek overtly to transform the organisation by volunteering the organisation itself to initiate the change. The wonder of transformational leadership is making the followers its “Product”. As solitary of the traps of transformational leadership is that fervour and self-belief without doubt it could be mistaken for genuineness and veracity. Just because someone think that they are right, that doesn’t means they are. Transformation can be achieved only through consistent motivation to the target group, in which the leader is expecting a change. If the change expected in any organisation is to ameliorate the effectiveness, then transformational leadership is a perfect strategy to be incorporated.

**Keywords:** Leader, Leadership, Transformational Leadership, motivation, Empowerment, Organisational efficacy.

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## INTRODUCTION

### Background of the Study: Transformational Leadership

The sociology study performed by Downton, J.V., in the year 1973, the term “Transformational Leadership” had been coined. He had expressed "Rebel Leadership: Commitment and Charisma in the revolutionary process". Later McGregor apply the phrase transformational leadership which he authored a book "Leadership" in the year 1978. Barnard M. Bass (1985) offered formal transformational leadership theory. One year later during 1986, Noel M. Tichy and Marry Anne

Devanna, authored a manuscript titled "The Transformational Leader", expressed their view as transformation, or change of the organisation, is the core of transformational leadership. They clearly argued that transformational leadership not just about transformation or change in the organisation, but the whole organisation itself. The authors had noted that organizations were requested to make fundamental changes in the organizational culture and leadership. During 1978, Burns -defined transformational leadership concept as a process of which "leaders and followers raise one another to higher levels of morality and motivation". According

to the author, he focused on needs which insist the leaders were held responsible to their subordinates. Traditionally leadership had been visualized that one person is firmly “in charge” whereas others were simply the group of subordinates—Hence it is termed as “Vertical Leadership”. Nevertheless topical research indicates that leadership could be shared among the efficient members of the team who possess the domain expertise, skills, and capability for solving and taking a right decision for the specific issues facing by the group. Gallos, Kotter (1999) examine related observation about leadership. They position the dynamic and competitive situation for 21<sup>st</sup> century ultimately leadership skills from other persons could be the success for organization growth and development. The authors determine that lack of leadership skill were the cause of organizational stagnation hence faces the failure in any business process. Arnold and Fielder (2007) elucidate with the aim of transformational leaders openly motivate and bestow confidence to their followers and challenge the conventional methods and answer their own questions when doing the work. Transformational leadership theory was sustained almost 30 years of research correlating transformational leadership to optimistic job performance outcomes consist of variables like individual, team members, and organization. The theories were also solidified the need to study about the performance of the subordinates and significant of transformational leadership was the first developed and validated theory to emphasize morals and values in leadership.

### Problem Statement

Competence of any private organization leaders to carry out the transformation are gradually more questioned, private organizations has been undergoing a pressure to motivate their team members. Many researches are essential in recognizing the way in which a leader encourages novelty, resourcefulness and motivate

team members and that gives the positive effect among the performance of private organizations. Invariable development in organizations and leaders persuade to innovate, motivate and evaluate risks as opportunities, and handle the position. In Public sector organizations where managers had less control over rewards were compared to private sector organizations in which managers had more control over rewards. Transformational leadership and motivation stimulate individual and organizational effectiveness hence this study explains on the positive effect on Transformational Leadership. It is assumed that transformational leadership is the appropriate way to private organizations in which the leader and follower relations goes meaningful to fulfil the organizational goals. However, there has been no much effort taken to identify the driving factor and considering the concept of motivation as significant variable between transformational leadership and organizational effectiveness. This gap is in the study has evolved as a problem statement.

### Objectives

The study concentrates on developing a model on the positive effect of transformational leadership on Organizational efficacy and exploring the sequence of the relationships with a structural model.

### Literature Review

#### Motivation influences employee job performance

Bass 1990 expressed motivating the team through challenge and engaging the teams with shared goals. The author extended the portrayal of motivation where, leaders' skill need to exchange the ideas in a method which inspires the team members immediately they involve themselves in to an action plan in an effort to fulfill the goals. Weber, 1947 highlighted the notion of transactional leadership was first to point out in socio-economic considerations of organization. His book publishing a reprint after twenty-seven years after his demise, scholastic and proficient group of people acknowledge his description of leadership. The author highlighted the

basic details of transactional leadership style were acknowledged by Bernard Bass in 1981. The author defined and he identified three kinds of leadership styles they were, typical traditional, bureaucratic and charismatic style of leadership. Transactional leadership is stand on traditional philosophy on replacing the team members who were also involved in communications, hence they were rewarded for meeting pre-determined set of performance.

### Transformational leadership effects on employee performance

Robbins 2001 determines that team member's performance is basically the interface among the capability and motivation. In the field of Management, employee's performance plays vital role and it requires vigilant reflection, hence an employee's individual performance contributes the major component in overall organization's performance and growth. The victory or else disappointment of employees' performance has been gained by an organization would affect by individual or group. Koech, Namusonge 2012 explored the most important result in leadership styles on employee performance in public sector Corporation at Kenya. The author's investigation exclusively towards the influence by Free-rein, transactional and transformational leadership styles on employee performance in the Corporation. The research result shows that there is a correlation between the transformational-leadership factors and employee performance score was elevated while correlation among the transactional-leadership behaviors and employee performance is moderately less.

### Positive effect of transformational leadership stimulates the Organizational efficacy

Northouse 2001, Leadership encourage followers to be creative, motivate, as well as dare themselves by self- belief and ethics. Hence this kind of leadership motivates the followers when they try new methodology and build up novel approach of dealing

the organizational issues. Probably this kind helps the followers to think and approach in a positive spirit moreover engaging them for careful problem solving.

Avolio *et al.*, 1999 portray rational motivation supports the followers to attempt the question and factual methods of resolve issues through cheering the employees for the better progress. Rational inspirations engross employee's cognitive ability; hence they may be capable in developing the self-determining thought process in completing the routine tasks.

### Model of Transformational Leadership:

Researches indicate that poor-performing teams lean towards the domination of team leader, while productive teams exhibit disseminated headship prototype, i.e., shared leadership. This is not an argument statement with the intention of all autocratic leaders lead their team to a disaster. Transformational leadership style might be set up at various levels like sector, departmentalization, and organization as a whole. Hence those leaders were, intellectual, enterprising, risk-taking ability, empowering others and conscientious thinkers and mostly they possess a charismatic appeal. However charisma alone is not adequate for changing the way in which organization currently operates. Charisma clubbed with proper people management skills and motivation would fetch better results. To bring major changes, transformational leaders must demonstrate the following five aspects.



Fig 1. Transformational Leadership Model

### Corporate example for Transformational Leader

The responsibility in today's corporate to have transformational leaders who create expertisenoveltyto facilitateand make the first movetowards social change, and couldultimatelytake part in a decisive role in restructuring the markets. One such leader Mr. Ratan Tata wasconferredwith a title "Transformational Leader of the Decade' at 4th Annual India Leadership Conclave & Business Leadership Awards 2013 in Mumbai. (Source: 4th Annual India Leadership Conclave & Business Leadership Awards[www.businesswireindia.com](http://www.businesswireindia.com))

### Transformational leadership: Driving individual for organisational efficacy

Transformational leadership influences the basic mind-set and supposition of employees, creating a general state of mind to attain the organisational goals. These leadership styles habitually produceelevated performance than transactional leadership. Transformational leaders have intellectual capacity, enterprising nature, empowering others, ability to take risky decisions and a conscientious thinker in any type of a situation. Transformational leaders facilitate the explore for innovative prospect, creation of a general vision, motivate the employees and empower the employees. The transformational leader could also create a shared vision through which the employees of the organization learn, utilising both explicit and tacit knowledge. The transformational leader plays a

significant role to create innovation and establishingan organizationalenvironmentpromotes the abilities and practices to uphold.A transformational style promotes a general view of the organization's goals, allow leaders to guide and motivate employees and look for new chance and challenges. It generate perfect situation for novelty by developing team of innovative members and broadcasting stronger motivation to innovate.

### Research Methodology

This study was conducted among the IT workers in Chennai with the aim of measuring theopinion on transformational leadership and organisational efficacy. The survey was conducted among 432employees whose opinion have been assessed through scale(Patrick Hyland Mercer|Sirota, 2018). The conceptual model have been analysed using SEM by AMOSS software. A simple random sampling were used to identify the managerial cater IT employees among the IT employees in Chennai. The scale has been tested for reliability and validity for ensuring the standard measurement of employees' opinion. The data assumptions are checked before proceeding for structural model process. Cronbach alpha value and Inter-Correlation matrix are used. The Cronbach alpha value for the constructs are .85 and .88 for Transformational leadership and Organisational efficacy respectively. That shows that the reliability of the constructs are good.

### Analysis and Discussion

**Table 2. The descriptive statistics of variables**

Items	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
<b>Transformational Leadership</b>							
Enterprising	432	3.3866	1.05580	-.311	.117	-.659	.234
Intellectual	432	3.4097	1.03363	-.251	.117	-.672	.234
Risk Taking	432	3.2731	1.04401	-.479	.117	-.350	.234
Empowerment	432	3.2616	.95786	-.592	.117	-.198	.234
Conscientious Thinker	432	3.3912	1.03409	-.408	.117	-.575	.234
<b>Organisational Efficacy</b>							
Confident in Future	432	3.2778	1.03609	-.350	.117	-.651	.234

Effectiveness	432	3.2894	.98578	-.372	.117	-.363	.234
Well Run Organisation	432	3.4699	.94342	-.646	.117	.231	.234
Feedback Utilisation	432	3.5023	.93402	-.625	.117	.030	.234
Right Product & Services	432	3.4861	.91889	-.013	.117	-.664	.234

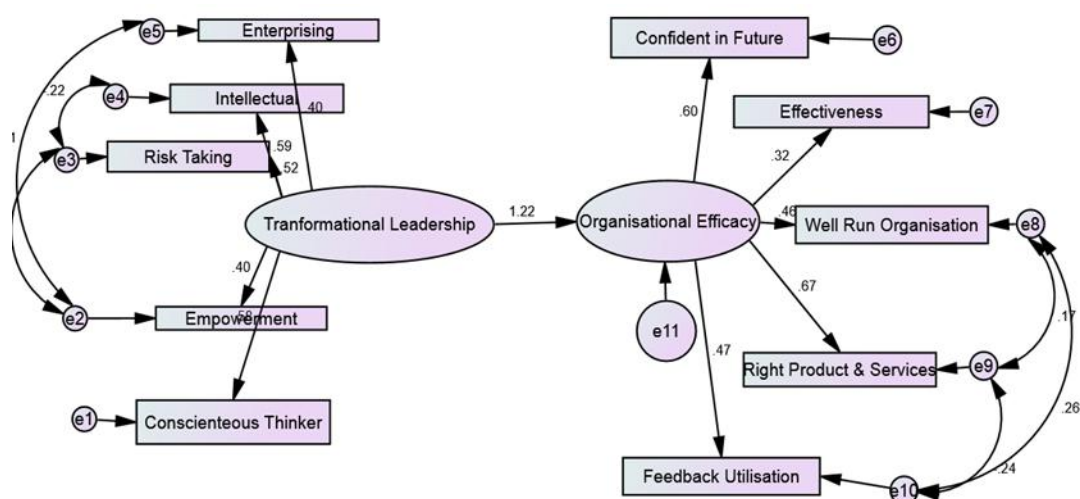
From the table 1, It is understood that all the items are above mean value of 3 which denotes that the employees opinion are more positive with a standard deviation of .9 and 1. The skewness and Kurtosis values show normality since the data distribution are between -3 to +3. That shows the data normally distributed and are eligible for analysis.

**Table 1: Inter-Item Correlation Matrix**

	Enterprisi ng	Intellectu al	Risk Taking	Empower ment	Conscientio us Thinker	Confide nt in Future	Effectivene ss	Well Run Organisati on	Feedbac k Utilisati on	Right Produc t & Servic es
Enterprising	1.000									
Intellectual	.288	1.000								
Risk Taking	.216	.152	1.000							
Empowerment	.327	.243	-.041	1.000						
Conscientious Thinker	.244	.273	.369	.180	1.000					
Confident in Future	.226	.351	.436	.111	.624	1.000				
Effectiveness	-.126	.216	.196	.234	.298	.251	1.000			
Well Run Organisation	.148	.440	.308	.146	.258	.246	.280	1.000		
Feedback Utilisation	.228	.402	.344	.231	.171	.304	.048	.424	1.000	
Right Product & Services	.454	.486	.357	.427	.432	.379	.262	.426	.161	1.000

Inter-item correlations are the way to measure the individual items for the construct reliability. The each items correlation score needs to be within the range of 0.15 and .5. All the items are satisfying the threshold value so that it has been ensured that the questions are measuring the same idea with difference to each items.





**Figure 2. The model of transformational leadership and organisational efficacy**

**Table.3: The model fit Index**

Model	Normed Chi-square ( $\chi^2/df$ )	P-Value	GFI	AGFI	CFI	NFI	RMSEA
Study model	183.33	0.0	0.91	0.84	.89	.96	0.04

The normed chi-square is 183.33, GFI is 0.91, AGFI is 0.84, NFI is .96, RMSEA is 0.04 and CFI is 0.89. The overall fitness is acceptable and constructs are rightly fit with the items of the respective constructs. There are two constructs and the overall loadings are satisfactory in this model. The structural model shows that there is a positive impact of transformational leadership and organisational efficacy.

### Conclusion

Bass and Riggio (2005) highlighted “Transformational Leaders are those who stimulate and inspire followers to both achieve extraordinary outcomes and, in the process, develop their own leadership capacity. Transformational leaders’ help followers grow and develop their own leadership capacity. Transformational leaders help followers grow and develop into leaders by responding to

individual followers need by empowering them and by aligning the objectives and goals of the individual followers, the leader, the group, and the larger organization”. Transformational leadership can have an optimistic outcome in the team. As per the comparative analysis is done, Transformational leadership style is effective to attain organizational success and satisfaction among the team members. Transformational leaders have an optimistic approach towards the team that they could do their finest performance, guiding team members to with right motivation and empowering employees.

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