Transformational Leadership

Transformational leadership is a process of transforming the organizational behavior, the culture and the individuals; simultaneously transforming the leader himself. Transformational leaders constantly articulate new visions to motivate the organization, they exhibit high passion and confidence in their beliefs, they give importance to ethics and values while setting accountable standards in the organization. Transformational leaders are often charismatic who are able to have an exceptional influence on their followers, compelling them to share the leader’s vision and to take actions beyond their specified responsibilities. Transformational leader’s exhibit good organizational abilities, they are able to align the individual aspirations and motivations to that of organization’s vision.

Two major components of transformational leadership are (1) Charismatic leadership (2) Stewardship and servant leadership

Charismatic Leaders

Traditionally, charisma is defined as “perception of divine, exceptionally gifted qualities” of a leader. It is this perception of extraordinary that compels the followers to believe in their leader’s radical vision rather than any rational judgment. Charismatic leaders have exceptional abilities to influence their followers, they are strong role models and the followers want to emulate their behavior. They are very well respected and deeply trusted by their subordinates. Charismatic leaders by nature have high capacity to transform the organization and its environment, though some contend that it's not essential component of transformational leadership. It’s true that transformations can also be accomplished by following a more ethical code, more consideration of subordinate interests and development, however without charisma, it would be a mere inanimate process without any human touch. Some of the key characteristics of Charismatic leadership are

- **Vision**: Charismatic leaders have a natural inclination to be dissatisfied with status-quo and always search for a radically different vision. Learn more about vision in – leadership purpose.
- **Strong leadership traits**: Charismatic leader develop all the necessary traits of leadership, ability to inspire, establish credibility and are very strong in their communication skills.
- **Strong Self-Belief**: Charismatic leader have strong inner conviction about their vision and strategies. They have gone through the phases of inner turmoil and have successfully overcome their inner conflicts to realize their full potential. The completion of self discovery results in exceptional confidence, an attribute that only makes them more compelling and dominant.
- **Activist Mindset**: Their inner conviction and desperation for change makes them self-promoting for their cause and belief. They are willing to pursue risky endeavors, their courage is a great influence on the followers, and people expect and admire leaders who are courageous.
- **Exemplary**: Charismatic leaders practice high moral values, they are very ethical in their actions and follow a code of conduct at the expense of self.

Servant Leadership

Servant leadership is employee-oriented process that aims to empower subordinates with greater ownership and responsibilities while the leader acts as self-sacrificing facilitator. However this doesn’t imply that leader is less concerned with the business or other objectives of the organization, but rather formulates a collective vision that serves both employees and
the organization’s stakeholders. Some of the key characteristics of servant leadership are:-

- **Create atmosphere of partnership**: Servant leaders consciously desist from using their positional power unless really required. They try to lead at the ground level, considerably eliminating the perception of organizational hierarchy.
- **Active Listener**: Servant leaders are more like negotiators rather than commanders; they listen carefully to the problems of others and then engage in range of satisfying solutions.
- **Subordinate development**: Servant leaders view continual development of subordinates as vital to health of the organization. This implies establishing a fair process of performance evaluation and making sure it is effective and well received by the subordinates.

While discussing transformational leadership, it’s important to mention a rather complementary paradigm known as Transactional leadership.

### Transactional Leadership

Transactional leadership emphasizes on series of transactions in form of contractual agreement between the leader and members as a way to motivate members to outperform their job responsibilities. A promise of promotion or cash rewards in exchange for specific task outcome is a transaction aimed at leadership effectiveness. In general, the model of compensation and performance evaluation is a form of transactional leadership model.

Transactional leadership aims at maintaining the status-quo of the organization; its primary goal is to keep the operational effectiveness at high rate of return.

Transactional leadership utilizes carrot-stick paradigm or reward-punishment model as mentioned below:

- **Contingent Rewards**: The leader tries to obtain agreement from members on the expected goals and the payoffs for task accomplishments. Both leader and member are motivated by self interest, their growth in the organization by proving their value. Once a particular transaction is completed, the relationship between the leader and member might terminate or redefined.
- **Management-by-Exception**: It involves negative reinforcement methods of getting things done. In a healthy way, it can be in the form of constructive criticism; the leader actively follows the progress of the member and proactively suggests corrective action prior to any mistake, in some way coaching the member for better performance. On the other hand, the leader might only intervene when the member has failed to meet the expectations, this definitely will have negative effect on the leader-member relationships. A common example is the once a year performance evaluation process, the leader highlights the inabilities of the member, his failures in the past year while being a passive observer for the entire year.

### Transformational Vs Transactional Leadership

- **Value based Vs Opportunist**: Transformational leadership has a long-term impact on the organization; it is based on certain values that do not keep changing. Transactional leadership is an opportunistic model that is effective in short-term goals. The effectiveness of transactional leader depends upon ability to continually engage in new contracts with the employees, but once the process pauses, the leaders influence quickly declines.
- **Change Vs Stability**: Transformational leadership is based on underline concept of bringing about change for betterment; it is an effective way to ‘lead’ to the future.
While transactional leadership is effective in ‘managing’ an existing organization, its objectives are not to bring about any form of transformation or change.

In a nutshell, transactional leadership is more management than leadership; unfortunately it’s also the most widespread form of leadership in the organizations today. This is because charismatic leaders are rare while managers are a plenty.

Strengths of Transformational Leadership

- **Well Researched**: Transformational leadership is most researched leadership model and there is substantial evidence of its effectiveness.
- **Most Popular**: Transformational leadership is most intuitive and easily recognized by people; it fits the popular notion of a leader. Mahatma Gandhi, Martin Luther King, Adolf Hitler, Obama are all examples of transformational leaders.

Criticism of Transformational Leadership

- **Potential to be abused**: Transformational leadership’s high effectiveness in leader’s vision makes it undemocratic; the leader’s purpose is largely unchallenged, thus liable to be misused by the leader. There is plenty of historical evidence supporting its misuse, Adolf Hitler being one of the most prominent one.
- **Too Complicated**: Transformational leadership is an amalgamation of various leadership theories, making it unreasonable to be trained or taught.