



INTERPRETING TRANSFORMATIONAL LEADERSHIP AND ITS IMPACT ON ORGANIZATIONAL PERFORMANCE

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Abstract

Leadership has evolved into a vital component of an organization's success. Transformational leaders encourage employees to be more involved in their job, which results in increased efficiency and satisfaction, which leads to better management and organizational performance. In theory, transformational leadership is linked to a number of different organizational outcomes. The purpose of this study is to examine the notion of transformational leadership as well as existing methodologies and research in the field. The primary goal of this research is to demonstrate the evolution of transformational leadership by looking at other aspects that influence this leadership style.

Keywords: *transformational leadership, organizational performance, organizational outcome*

Introduction

Due to a high level of interest in the leadership phenomenon among scholars and practitioners, the literature on the topic of leadership is wide and growing quickly. Despite the fact that many leadership theories have been developed and studied extensively, transformational leadership has become the most widely researched over the last two decades due to its impact on increasing positive attitudes and subordinate performance. [1], [9].

Important characteristics emphasized by transformational leaders include inspiring subordinates to set ambitious objectives and providing them with the confidence they need to exceed their expectations and reach their full potential [8].

Transformational leadership has been defined as “the behavior of a leader that transforms and inspires subordinates to act and exceed their expectations when they go above and beyond self-interest for the good of the organization.” [1].

Theory

The specialised literature dealing with transformational leadership was initially reviewed in order to construct the conceptual model. Empirical study on this leadership style has linked it to organisational innovation, intrinsic motivation, creativity, learning orientation, group identity, and, last but not least, organisational performance. In 2009, Gumusluoglu and Ilsev conducted a study that looked at the relationship between transformational leadership, individual creativity, intrinsic motivation, psychological empowerment, and organisational innovation. 163 employees and leaders from 43 Turkish software development companies participated in the study. According to the findings, transformational leadership has significant influence on both



individuals and organisations, thus managers should empower their people to motivate them. Employees' creative performance is considerably improved by this method. The findings should also motivate managers to participate in transformational leadership practices in order to improve employee performance and assist the firm innovate. [6]

Herman and Chiu used a sample of 280 employees and 40 managers working in 40 banking branches in a Chinese metropolis to assess transformational leadership and other characteristics such as individual distinctiveness, group affiliation, creativity, and organisational behaviour. [7]

According to the findings, firms should focus on teaching managers to recognise and foster both individuality and variety within a group. They should employ idealised influence and inspire motivating behaviours to guide subordinates when and where group cohesiveness and civic conduct are necessary. Transformational leadership has been proven to have a considerable impact on organisational innovation, as well as learning and market orientation.

Transformational leadership is an important component in businesses that is often measured with the Multifactor Leadership Questionnaire. According to research conducted over the last decade, transformational leadership is best suited to tasks that demand regular engagement among people, unstructured problems that require creative solutions, and the creation of a shared vision.

Transformational leadership, as can be seen, has piqued the curiosity of organisational scholars. Personality qualities have been linked to transformative leadership in other studies [5]. Transformational leadership must be handled in more complicated and closely associated variables encouraging the establishment of this type of leadership, since challenges in the present economic climate are unforeseen and unexpected information.

Leadership's influence on business performance continues to gain traction in the media as well as other fields of study like psychology and sociology. Because academics think that leadership style efficiency has a direct link with company performance, one of the most important areas of leadership study is evaluating successful corporate leaders to see what sets them apart from their counterparts [3],[4]. Several specialists have studied the relationship between transformational leadership style and desire to work over time. For example, Barbuto found that transformational leadership has a positive and significant impact on intrinsic motivation, but individualised consideration has a negative impact. [2]

Transformational leadership has been found to be a highly essential feature that is strongly connected with management and organisational success over time. The capacity of a leader to challenge subordinates to achieve a common objective is measured by his or her effectiveness as a leader. The principle of transformational leadership is crucial, and several studies have found a link between it and other dependent variables including employee happiness, commitment, motivation, and performance [10].

Conclusion

Establishing a vision and action plan to guarantee that firms are customer-centered, as well as creating a favorable atmosphere for employees to maximize productivity and creativity, are all part of dynamic and efficient leadership. At all levels of businesses, transformational leadership is becoming more crucial and visible. As a result, executives should understand how to empower subordinates in order to build talented teams that will boost the organization's production.



Transformational leaders inspire others by satisfying and amplifying the needs of each of their subordinates via personalized appreciation, intellectual stimulation, and the hunt for new sources of information. As a result, determining the appropriateness and congruence of individual and organizational demands is critical to the transformational leader's success. Transformative leadership entails having an influence on the transformation and development of individuals, groups, and organizations, resulting in improved quality of life, efficiency, and performance in a variety of settings. As a result, at all three levels of organizational behavior: organizational, group, and individual, leadership is critical.

To conclude, as a result of the foregoing, transformational leaders engender increased participation in their subordinates. Higher efficiency and satisfaction arise from this participation, which leads to improved management and organizational performance. In theory, transformational leadership is linked to a number of different organizational outcomes. From a theoretical standpoint, the literature provides empirical data that supports the idea that transformational leadership leads to favorable organizational outcomes.

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