

Transformational Leaderships and Organizational Performance: Critical Analysis

Author Details: ⁽¹⁾Dr.Sirajul Haq ⁽²⁾Dr.Javed Ahmed Chandio

^{(1) (2)} University Of Sindh-Jamshoro, Sindh, Pakistan

Abstract

The leadership is considered one of the driving forces for achieving the performance of an organization. With the aim of investigating the significance of organizational leadership on the performance of the organization, this research has done a critical analysis of Transformational leadership on the performance of the organization. This research has adopted a qualitative approach to analyse the effects of transformational leadership on organizational performance. The critical analysis has been done on the basis of a secondary source of information referred from various sources to complete the study.

The critical analysis has established that Transformational Leadership focuses on the motivation of employees for increasing the performance of the organization. They emphasize cooperation and collective action for the successful completion of the task. This leadership style uses cooperation and collective actions to increase the performance of the organization. Transformational leadership is proactive and influence his followers by appealing their ideal and moral values to empower the employees in decision making. The research has concluded that each leadership style possesses different leadership characteristics and focused on different areas of the organization but their main focus is to increase the organizational performance.

Keywords: Leadership Theory, Transformational Leadership, Organizational performance

1. LEADERSHIP IN THE ORGANIZATION

In the organization, leadership directs employees of the organization for obtaining the objectives of the organization in a certain situation. The good leaders always assigned the specific task to the team leaders after assessing the capability of employees to perform them Leadership must assess the ability level of the followers before assigning any task to perform them. The performance of the employees is recognized by the required skills to obtain organizational goals. The good performance of the employees leads to better organizational performance. (Bass, 2008).

The previous research studies done by scholars have indicated that leadership style has a significant relationship with the performance of the organization. The research has found that an effective leadership style plays a major role in the development of the management and performance of the organization. The Sun Scholars has conducted a research study on the “Leadership styles and Organizational Performance” found positive co-relation of leadership style with organizational performance. It was also found that the success of the management of the organization relies on the efficiency of leadership. It is also found that care and respect of the employees by the leadership bring the commitment and motivation of the employees for better performance. The better performance of the employees enhances the performance of the whole organization (McGrath & Mac Millan, 2000).

The performance of the organization is the competency of the organization to achieve organizational goals by utilizing available resources within the organization. Traditionally, organizational performance is measured in terms of revenue, profit, growth and development of the organization. The performance of the business organization is measured by analyzing three primary results i.e, financial performance, market performance and production performance, while the performance of public organizations can be measured by analyzing the efficiency in rendering their services to the public at large. The performance of employees is measured by the degree to which employees accomplish their job functions in a given duration of time. The performance of employees reflects the efficiency of the organization (Mili corrich & Bondream, 1997).

The recognition of the leadership role in the performance of the organization has made it pertinent that there is a need for understanding the role of the leadership styles on organizational performance. It is essential for the leadership to understand the culture and environment of the organization and manage the organization to cope with the challenges faced by the organization. Keeping in view that purpose, this research paper has focussed its study to investigate the possible effects of transformational leadership style on the performance of the organization.

The leadership in the organization plays a very important role in directing the employees according to the vision of the organizations. The thorough study of the literature review regarding the role of leadership in the organization has identified some good characteristics of leadership which are known as core characteristics of good leadership. Good leadership is consisting of the following core characteristics.

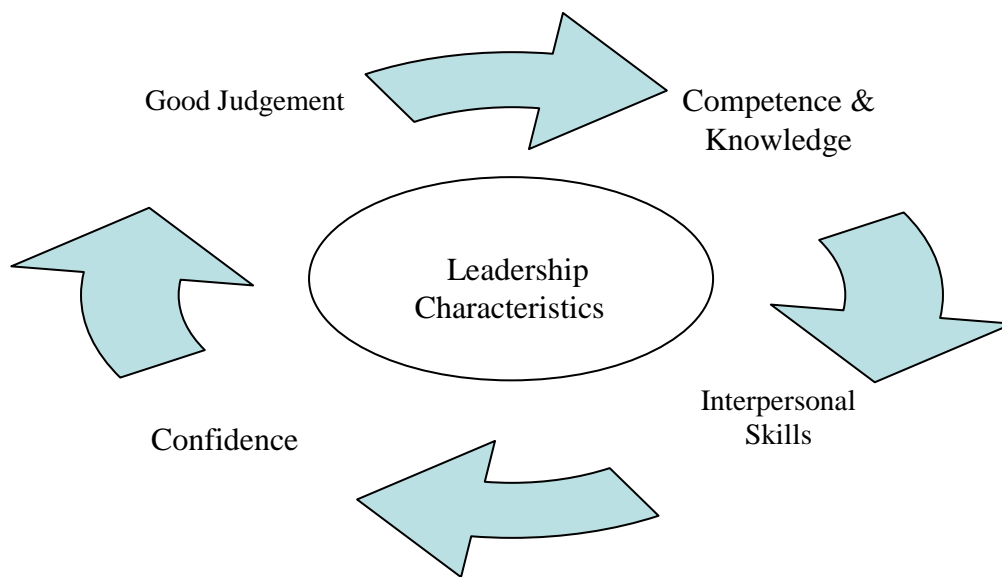


Figure-1 Core Characteristics of Good Leadership in the Organization

The above framework mentioned the core characteristics of good leadership in the organization. The framework explained that good leadership in the organization must possess good judgment, competence and knowledge, interpersonal skills and confidence in making the decision at the organization level. Organizational success is dependent upon the ability of Leadership as to how to achieve organizational goals.

3. Transformational leadership and organizational performance

In 1978, James McGregor introduced the Transformational Leadership theory in his book titled "Leadership". According to his school of thought, Transformational leadership focuses on the motivation of the employees by providing training and authority over the specific jobs to make the decision required in the situation. Transformational Leadership provides a bridge between leaders and followers to develop a clear understanding of employees and their value interests. The number of empirical studies conducted on transformational Leadership has mentioned that this leadership style has a positive impact on employee and organizational performance. This style of leadership focusses on special attention to the individual development of the employees and providing necessary resources to realize their dreams. The empowerment amplifies the leadership capacity of the manager and fosters the spirit of commitment and motivation in their performance. The organization always relies on the skills and capabilities of the employees that contribute to the performance of the organization and leadership provides the direction to the employees for achieving the objectives of the organization.

The employees must be empowered to enact leadership vision and the role of leadership is to utilize the skills and capabilities of the employees to enhance the performance of the organization (Warrilow, 2012). The following framework is developed through the critical study on transformational leadership and identified the following main characteristics of Transformational Leadership.

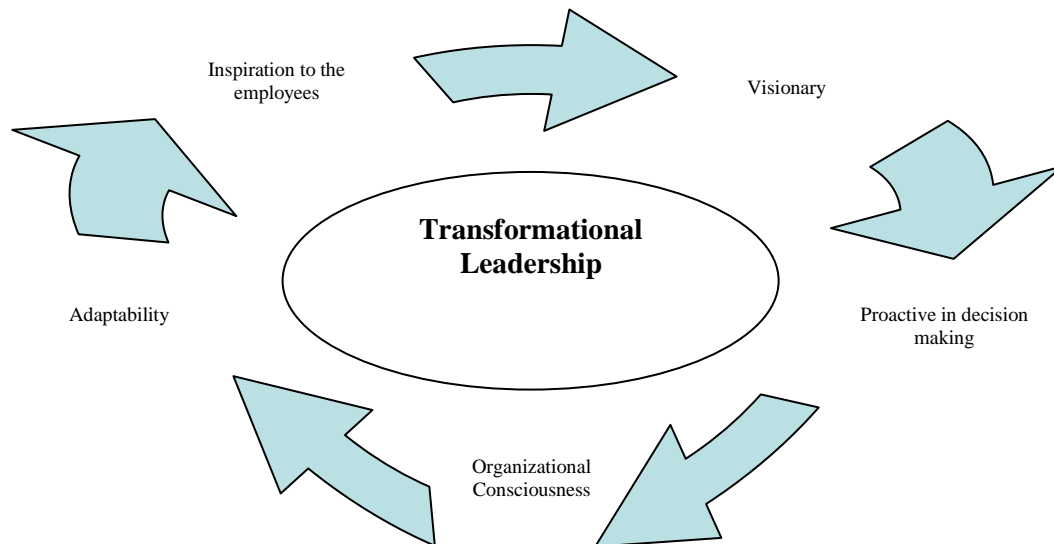


Figure-1: Transformational Leadership Characteristics

According to the above framework of Transformational leadership, Transformational Leadership has the ability to set the vision and mission and communicate it effectively to each employee with clear emphasis that every employee gets clear direction towards the organizational goals and objectives. This style is proactive in decision making and adapts a new innovative approach for organizational growth. They make decisions backed by research and multiple insights. Leadership possesses the inspirational ability to inspire followers to achieve remarkable results. Transformational Leadership believes that people are motivated by the task to be performed. They emphasize cooperation and collective action for the successful completion of the task.

4. CONCLUSION

The leadership existed at the different levels of the organization and its common goal is to obtain the desired goals of the organization. It has been concluded from the critical study that Transformational leadership is proactive and influence his followers by appealing their ideal and moral values and empower their employees to achieve objectives of the organization. The leadership always work for promoting and changing the present situation of the organization. This leadership possesses single-mindedness to work on the system which is no longer productive in the organization. The leadership is team-oriented and organized their followers into teams or groups to achieve the organizational objectives in an effective manner.

This leadership style is best suited to the organization in a turbulent environment. The prominent example of Transformation Leadership is a Peter Ducker, who introduced the concept of entrepreneurship as a vehicle of change and knowledge worker for becoming an economic world power. The entrepreneurs have adopted his concepts and become successful entrepreneurs in the world.

The Charismatic leadership is an example of Transformational leadership. The Charismatic leaders possess vision and personality that motivates followers to pursue their vision. It provides fertile ground to the followers for creativity and innovation and eliminates other competing strong personalities. Charismatic leaders are from all walks of life and this leadership style can be found in religious institutions and political and social movements. But, this type of leadership is also found in the business organizations

Democratic leadership is another example of the Transformational Leadership model. It is also known as participative leadership, where every employee is invited to play their due role in the decision-making process. The employees are encouraged to share ideas and opinions in the final say in the decision making process. This type of leadership believed in mutual respect and required collaboration between the leaders

and employees. It places significant responsibility on leaders and their employees. The Democratic leaders are multitasker and problem solver.

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