Transformational leadership: Fostering growth through people

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"A substantive and irreversible shift in an organization's identity, value system, and capabilities requires three difficult acts: Developing a deeper sense of purpose that guides strategic decisions and shapes the workplace culture, repositioning the core business, and creating new sources of growth," *Harvard Business Review* (HBR) wrote in an article.

Furthermore, HBR pointed to the requirement of upgrading infrastructure, workflows, and tools to allow for digital changes such as online commerce and remote work. "The growth and diversification of digital platforms like Amazon, Alibaba, and Stripe raises important strategic questions about where and how to compete. Difficult economic conditions (low consumer demand in particular) challenge the viability of some business models," the Harvard publication added.

Successfully guiding a company through such fundamental changes demands more from its leaders than simply fulfilling a company's immediate interests. Transformational leadership, a concept that gained popularity in the 1970s and 1980s, is more about creating a vision to guide the change through influence, inspiration, and executing that vision alongside a team in shared purpose.

Michigan State University (MSU) cited James MacGregor Burns, a political science and leadership researcher, who in the 1970s defined the actions of transformational leadership as "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".

"Equal parts visionary, mentor and source of inspiration, these leaders create a culture of innovation and positive change that leads to successful business outcomes. Transformational leaders do this by creating a distinctive culture within the organizations and teams that they lead," MSU wrote in an article.

While the term can bring to mind conventional image of a strong, energetic, charismatic and passionate leaders, MSU clarified that transformational leadership goes beyond personality to drive a cultural and visionary change within an organization.

"While these may be the types of leaders who automatically come to mind, the characteristics of a transformational leader go much deeper and shouldn't be thought of as innate personality traits or types. Becoming a transformational leader is about developing behaviors, strategies and actions, all grounded in leadership theory," MSU wrote.

WHAT DEFINES A TRANSFORMATIONAL LEADER?

The list of demands facing businesses today from all stakeholders grows longer each year. As current events unfold and consumers, employees, and investors alike begin to grow more conscientious of social, economic, and environmental issues, they are starting to expect more organizations to do their part to address those concerns.

Leaders whose organizations are undergoing transformation today, HBR noted, need to be in tune with such demands in order to give them a more complex context in which to execute major structural change (such as acquisitions, disposals, partnerships, and organizational redesign), widespread deployment of new technologies, considerable effort, and cultural change.

"Employees, customers, and investors also expect organizations to play a more prominent role in tackling other systemic issues, such as climate change and social inequality — while also making a profit. Employees, many of whom will have experienced trauma, loneliness, and burnout, expect to use smarter, more flexible working practices and to work for leaders who are effective, authentic, and compassionate," HBR wrote.

"Transformations are often, but not always, initiated and led by the 'center': the board and the CEO and their direct reports and supporting functions. At first, they reach out to customers, partners, and employees on the front line to understand their needs, frustrations, and problems in order to work out what needs to be addressed," HBR pointed out.

Once they complete their diagnosis, these leaders often retreat to the center, staying there until they are called to action once more. This should not be the case under a transformational leader, as they should keep their fingers on the pulse of their organization at all times.

The transformational leader thinks beyond the status quo and challenges conventional approaches to the issues most relevant to the organization, and inspires others to do the same. MSU stated that one of the key transformational leadership traits is the ability to transmit a sense of the larger culture to the individual, giving employees a feeling of ownership in company goals and independence in the workplace.

"Transformational leaders do not dictate ideas from a bubble and then leave it to employees to carry them out. They are concerned with the professional development of employees and foster positive relationships with them. This involves keeping lines of communication open, attending to the individual needs of employees, mentoring them and recognizing each person's unique contributions," MSU wrote.

"You can often identify a transformational leader by the trust, respect and admiration others feel for them. Transformational leaders do not micromanage. They lead by communicating a clear vision and creating a workplace where seasoned employees are trusted to make decisions in their assigned areas. All employees are encouraged to think creatively to find new solutions to longstanding challenges."

Transformational leaders in this sense should serve as the organization's role models as a kind of 'idealized influence' that inspires ethical and socially desirable behavior, maintaining a dedication to work goals and exhibiting enthusiasm about company strategy. Most importantly, the followers of a transformational leader do this not merely because it is good for the company, but because they trust that it is good for their team and for them as individuals.

This is also the main difference between transformational leadership and visionary leadership. Many would conflate the two as both kinds of leaders look for new possibilities for the future of an organization, team or product and help others to conceptualize and inspire others to find their own solutions. However, MSU noted that the difference between these leadership styles "lies in a true transformational leader's ability to inspire the development of new ideas".

"Even if the vision is not their own, transformational leaders can nurture it toward reality," MSU added. — **Bjorn Biel M. Beltran**

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