Reviewing Transformational Leadership and Change Management in United States of America

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Abstract

The globalization has converted the world into a small global village; a village in which there is an ever high stream of contentions and competitions between organizations. The leader as a person in charge or as a change agent can manage an organization or the process of organizational change more effectively and successfully they are capable and competent. Transformational leadership is a leadership style in which leaders encourage, inspire, and motivate employees to innovate and create change that will help grow and shape the future success of the organization. Through the strength of their vision and personality, transformational leaders are able to inspire followers to change expectations, perceptions, and motivations to work towards common goals. Organizational change is a demand of the day, and needed for organizations to survive. On the other hand, organizational change is a demand of the day, and needed for organizations to survive. Therefore transformative leaders are key in transforming the digital transformation in the organizations. Transformational leaders have ability to lead change in an organization's vision, strategy& culture as well as promote innovation in products and technologies. The digital agenda is fundamentally about people. The execution of a successful digital agenda starts with a mind-set shift that places a heightened emphasis on people and social systems to effect positive and sustainable change. Thus in summary, digital transformation needs transformational leaders.

Keywords: *Transformational Leadership & Change Management.*

1.0 Introduction

The globalization has converted the world into a small global village; a village in which there is an ever high stream of contentions and competitions between organizations. The leader as a person in charge or as a change agent can manage an organization or the process of organizational change more effectively and successfully they are capable and competent. Transformational leadership is a leadership style in which leaders encourage, inspire, and motivate employees to innovate and create change that will help grow and shape the future success of the organization. Through the strength of their vision and personality, transformational leaders are able to inspire followers to change expectations, perceptions, and motivations to work towards common goals. Organizational change is a demand of the day, and needed for organizations to survive. On the other hand, organizational change is a demand of the day, and needed for organizations to survive. Therefore transformative leaders are key in transforming the digital transformation in the organizations. Transformational leaders have ability to lead change in an organization's vision, strategy& culture as well as promote innovation in products and technologies.

1.1 Concept of Transformational Leadership

The concept of transformational leadership started with James Downton in 1973 and was expanded by James Burns in 1978. In 1985, researcher Bass further expanded the concept to include ways for measuring the success of transformational leadership. This model encourages leaders to demonstrate authentic, strong leadership with the idea that employees will be inspired to follow suit. According to Burns, transformational leadership can be seen when leaders and followers make each other to advance to a higher level of moral and motivation (Alos-Simo, Verdu-Jover & Gomez-Gras, 2017).

Through the strength of their vision and personality, transformational leaders are able to inspire followers to change expectations, perceptions, and motivations to work towards common goals. Transformational leadership is a leadership style in which leaders encourage, inspire, and motivate employees to innovate and create change that will help grow and shape the future success of the organization (Imran, Ilyas & Aslam, 2016). This is accomplished by setting an example at the executive level through a strong sense of corporate culture, employee ownership and independence in the workplace.

It's also a management style that's designed to give employees more room to be creative, look to the future and find new solutions to old problems (Bonsu & Twum-Danso, (2018). Employees on the leadership track will also be prepared to become transformational leaders themselves through mentorship and training. A shift in the business culture of an organization resulting from a change in the underlying strategy and processes that the organization has used in the past (Draft, 2011). A transformational change is designed to be organization-wide and is enacted over a period of time (Robbins & Davidhizar, 2020).

Organizations' successful adaption to their new environment requires more individuals leading the change as transformational leaders. Transformational leaders are able to successfully change an organization's culture and develop the system-wide alignment of its strategies to meet the demands of its environment (Lussier & Achua, 2013). One key transformational leader is Richard Branson who is the Founder of Virgin Atlantic Group. The Virgin Group is one of the world's most recognized and respected brands, with over 400 companies. Branson's adaptability to easily change in organizational cultures and make major changes in times of distress, while maintaining

social values, contribute to the style that works best for him, which is the transformational leadership style (Joseph, 2015).

1.2 Characteristics of Transformational Leadership

According to Bass (1985) there are four different characteristics of transformational leadership and called these the Four Is. They include individualized consideration, inspirational motivation, idealized influence, and intellectual stimulation. Individualized consideration is whereby transformational leadership involves itself in offering support and encouragement to individual followers. Intellectual stimulation whereby transformational leaders not only challenge the status quo but they also encourage creativity among followers. In inspirational motivation, the leader encourages followers to explore new ways of doing things and new opportunities to learn. Intellectual stimulation involves innovation in organizational set up. According to Bass, these are the hallmarks of a transformational leader that sets them apart from other leadership styles. They components are illustrated in Figure 1.
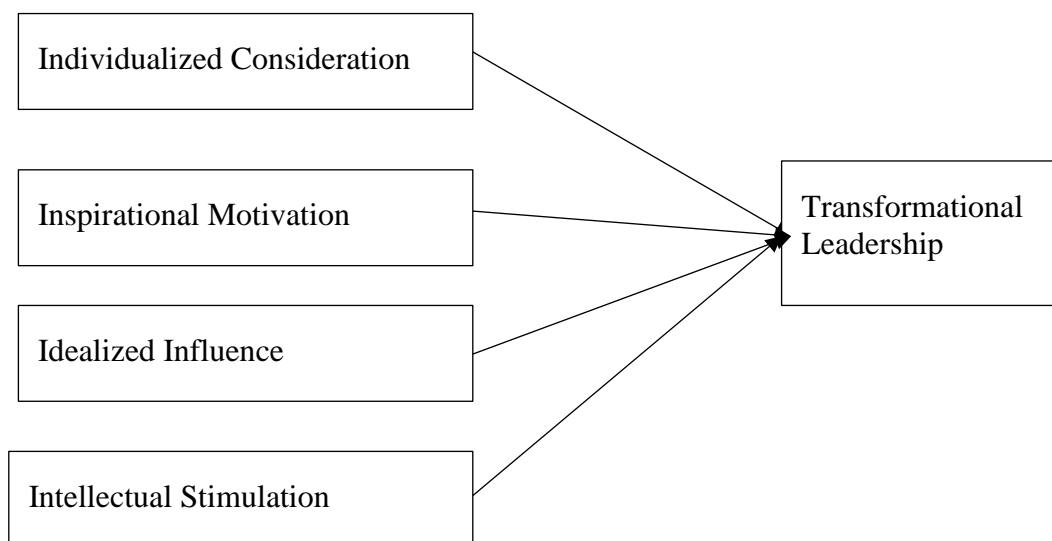

Figure 1: Components of Transformational Leadership

Source: Transformational Leadership Theory; (Bass, 1985)

1.2.1 Individualized Consideration

Individualized Consideration is the extent to which a leader attends to each follower's needs and is a mentor, coach, or guide to the follower. This leader listens to the concerns and needs of each follower and provides support and is empathic of each person' situation and background. When a leader shows individualized consideration, they are also aware of the unique talents that each follower brings to the workplace and support them in developing and demonstrating these key skills and behaviors. This leads the follower to aspire to develop further and they show intrinsic motivation when performing their work (Bass, 1985).

1.2.2 Inspirational Motivation

Inspirational Motivation is the degree to which a leader articulates an appealing vision that inspires and motivates others to perform beyond expectations. Leaders who use inspirational motivation have high standards and expectation for their followers. They are optimistic about follower ability to meet goals and they always provide meaning to their followers through showing the importance of all duties and responsibilities. In fact, they are able to motivate their followers to have a strong sense of purpose, so they provide purpose and meaning to drive their group forward. This encourages followers to invest more effort in their tasks and to be optimistic about the future and to invest in their own abilities (Bass, 1985).

1.2.3 Idealized Influence

Transformational leaders who show Idealized Influence are role models for their followers because they engage in high standards of ethical behavior. Followers identify with these leaders, and want to emulate them. These leaders usually have very high standards of moral and ethical conduct and can be considered to doing the right thing. They are deeply respected by followers, who usually place a great deal of trust in them. They provide followers with a sense of vision and mission (Bass, 1985).

1.2.4 Intellectual Stimulation

Intellectual Stimulation is the extent to which transformational leaders challenge assumptions, take risks and solicit followers' ideas. They recognize followers through stimulation, creativity and innovation. The leader support and collaborates with the followers as they try new approaches and develop innovative ways of dealing with organizational issues (Bass, 1985). The leader encourages followers to think things out on their own and encourages followers to think independently so that followers become autonomous. Although the concept of transformational leadership can apply to every industry including healthcare, education and government agencies it's increasingly important in IT as companies embrace digital transformation. Adapting to rapidly changing technology requires innovation and strong leadership to stay ahead of the curve and to remain competitive.

1.3 Concept of Change Management

Change management is the process, tools and techniques to manage the people side of change to achieve the required business outcome (Cameron & Green, 2019). Change management incorporates the organizational tools that can be utilized to help individuals make successful personal transitions resulting in the adoption and realization of change. Change management means defining and adopting corporate strategies, structures, procedures, and technologies to deal with change stemming from internal and external conditions (Rosenbaum, More & Steane, 2018).

The drivers of change can be both external forces and internal forces. External forces can be very challenging. These are changes that we usually don't choose. These include driving forces that shape change like technology, customer preferences, regulations, competitor moves, or supplier and sourcing instability. Disruptions are constantly challenging us to innovate and adapt. While internal forces can still be challenging, there is more control over these changes. Nonetheless, any type of change can be hard, and these forces of change will pushes organizations to get out their comfort zone and approach work differently (Northhouse, 2013).

Changes in its external and internal environment constantly affect every business's activities. These changes can happen either at individual levels or at the organizational level (Doppelt, 2017).

Furthermore, it affects employees as well as managers. It is also basic human nature to resist changes, especially the drastic ones. In a dynamic world and market, it is assumed that any company or business must be constantly changing to adapt to the specific needs that customers can present at any given time (Jayatilleke & Lai, 2018).

The most effective change management strategies are those that focus on the human behavior element. Some of the main change management strategies include proposing incentives, redefining cultural values, exercising authority, shifting the burden of change and recruiting champions of change (Lussier & Achua, 2013). Traditionally, change management has been understood as the transition from an original state, in which the company is before the change, to a definitive state, in which the company finds itself after the change (Lewis, Passmore & Cantore, 2016). The aim of change management is to make the change with agility, adapting to the needs of the market, and at the same time in the most gentle and simple way for the workers, to avoid altering their attitude towards their work and optimizing their adaptation (Lozano, Nummert & Ceulemans, 2016).

Transformational Change Leadership as a process through which an individual, organization, or collective guides large, fundamental, radical transitions from one existing state to a more positive, desired state (Ross & Palmer, 2019). Transformational Change Leadership as a process through which an individual, organization, or collective guides large, fundamental, radical transitions from one existing state to a more positive, desired state (Northhouse, 2013). This kind of leadership takes a systems approach, using holistic, collaborative, and multi-disciplinary methods to make demonstrable positive change that scales to large groups of people (Taborga, 2018). Those who practice transformational change leadership embody it fully in the way they live their lives, carry out their work, and communicate their philosophies. This constant change is what makes it necessary to have an active policy of change management within the company (Seijts & Gandz, 2018).

At present, there is a new, more dynamic concept of change management, which involves a gradual, transitional change from one working system to another on an ongoing basis (Outram & Parkin, 2020). It is expected that there will never be a perfect match between work methodologies and market needs, so it becomes necessary to be in permanent change. Since an organization's success depends on how well it adapts to change, management of these situations is crucial and this is where change management comes into play.

1.4 Transformations in the Contemporary Business Organizations

Today's global business environments involve a high level of uncertainty, and organizations increasingly need more and better leaders to help them. To respond to the changing landscape, leaders have to respond by thinking very carefully and differently about how they operate. To understand and tackle the market disruption leaders are increasingly taking a whole-system view of their organization, both internally and externally. Transformational leaders may be more innovative and creative, but some type of additional leadership capability is necessary to lead a global organization. Since there are a plethora of leadership models and theories, my emphasis is on becoming better at spearheading organizations through practicing transformational leadership (Villi & Picard, 2019).

A significant part of the digital transformation design process involves envisioning what the organization will look and feel like in the future, including how technology will transform the workplace. As technology advances, with the tidal wave of new technology available, people not technology will become the focus of the workplace. Employers will want creative people who can

apply the technology in new innovative ways. The current ways-of-working will be transformed with different skills required alongside a premium placed on complex problem solving, creativity and innovation.

Transformational leaders develop relationships and interactions within companies, set desired expectations, and inspire followers to identify further opportunities in their business environment. The idealized influence aspect of transformational leadership can be considered an important facilitator of technological communication, which enhances interactions among organizational members and departments and improves the extent to which knowledge is shared and is accessible for all employees (Chanias, Myer & Hess, 2019). Therefore, transformational leaders enhance effectiveness when they blend technological communication to enhance their leadership role.

The strategic role of transformational leaders is enhanced when information technology implementation occurs at the right time and place. Transformational leaders raise awareness on the importance of technology and empower people to improve IT implementation within organizations (Chowdhry, Verma & Mathur, 2020). This managerial implementation improves both competitive advantage and enhances the time and efficiency of task significance, leading to satisfied teams who take better care of stakeholders. Thus, transformational leadership builds a foundational platform for effectively leading information technology within organizations.

1.5 Transformational Leadership and Digital Transformation

Digital transformation is defined as the integration of digital technology into all areas of a business resulting in fundamental changes to how the business operates and how it delivers value to customers, partners and employees (Sander, 2020). Being digital means being closely attuned to how customer decision journeys are evolving in the broadest sense and this involves the simplification of channels and portfolio by understanding customer needs and behaviors and keeping this insight at the center of everything the business does. Digital transformation requires a cultural change that involves a shift in leadership thinking to continually challenging the status quo, encouraging innovation, and the introduction of new business models (Mathews & Chheda, 2020).

The unprecedented worldwide crisis spawned by the novel coronavirus disease (COVID-19) makes leading in business organizations more challenging than ever. Business leaders are facing the stress and consequences of a pandemic. The concepts and tools of leadership help those leaders reframe adversity with an opportunity for building enduring transformational change. Transformation in leadership has made it possible to adapt to the changes with the use of virtual digital platforms such as zoom and google meets and people can be able to conduct business normally. This is because digital transformation practices acknowledge that flexibility and customer responsiveness are critical to accommodate customer needs and improve an organization.

When an organization seeks to transform from a manual process to a comprehensive digital platform, this requires a successful leadership strategy which can be influential and impactful in advancing this type of change over the long term (Chanias, Myer & Hess, 2019). Digital transformation practices require an organization to prepare for significant disruptions to their routine activities and processes, typically for a period of months to years, and these practices involve large-scale migration to data-driven technology-based systems, the acquisition of value for key stakeholders and customers, and a design which can effectively streamline processes, improve efficiency, and support sustainable activities to achieve growth and stability (Rosenbaum, More & Steane, 2018).

Digital transformation requires identification of the future direction of the business; identification of leaders to direct the transformation; convincing key stakeholders that the transformation is a good idea; determining how the organization can be in a competitive position within the digital era; determining how decisions should be made during the transformation; obtaining funding to accomplish the goals of the transformation; and identifying areas where the organization can succeed with this effort and accomplish its goals effectively (Taborga, 2018). A digital transformation requires significant human, financial, and technological capital, all of which must be aligned to facilitate successful results and must employ leaders who are capable of directing this change and allow their knowledge and experience to influence the process (Peter, Kraft & Lindeque, 2020).

In conclusion, the digital agenda is fundamentally about people. The execution of a successful digital agenda starts with a mind-set shift that places a heightened emphasis on people and social systems to effect positive and sustainable change. Thus simply put, digital transformation needs transformational leaders.

1.6 Transformational Leadership Vs Other Leadership Styles

Transactional leadership is the exact opposite of transformational leadership and it relies on motivating employees through rewards and punishments. It requires supervision, oversight, organization and performance-monitoring. This leadership model does not try to innovate. Instead, it's rooted in keeping things consistent and predictable over time (Klein, 2020). Errors and faults are closely investigated, and the overall goal is to create efficient, routine procedures. This style is best suited to departments or organizations that require routine and structure areas where businesses want to reduce chaos or inefficiency. But it doesn't allow for innovation or future planning the same way transformational leadership will. Transformational leadership, on the other hand, supports agile environments, especially where failure carries less risk. You want the development and maintenance of a current product to remain consistent and error free, but you don't want that to hinder the progress and growth of future updates and improvements.

Transactional leaders mainly focus on present excel at keeping org running smoothly & efficiently. They are good at traditional management functions. Since transactional leadership involves a commitment to follow the rules, transactional leaders maintain stability within org rather than promoting change. Transactional leadership takes care of creating a consistent development process, while transformational leadership leaves people free to come up with new ideas and look at the future of products, services and ideas. The active transactional leader, through an exchange with subordinates, emphasizes the giving of rewards if subordinates meet agree upon performance standards. The less active transactional leader practices avoidance of corrective action as long as standards are being met (Weritz, Braojos & Matute, 2020).

Transformational leadership and charismatic leadership styles can be similar, however, they have fundamental differences. The charismatic leader uses charm and attraction to create inspiration and loyalty from their followers. General characteristics of charismatic leaders are: they have a vision, they are willing to take personal risk, they are sensitive to followers' needs, they exhibit extraordinary behaviors. These descriptions imply that charismatic leadership is based on a person's behavior, when observed by others, is defined as charismatic leadership. Transformational leadership, on the other hand, is a concept that can be taught to people to make them more effective leaders using concepts that have been found to contribute to leadership relationships. Charismatic leaders may not want to change anything in the organization were for

the good or bad. Charismatic leaders their own personal vision and mandate, where the expectation is for everyone else to follow suit while being sensitive to follower's needs.

Charismatic leadership theory believes that leaders are born they cannot be made, whether the leader has an all necessary quality which makes him a perfect leader, furthermore it believes that charismatic leaders are the most successful and these leaders have more followers than any other leader who adopts a different leadership style. Charismatic leaders have a phenomenal and a natural charm which can attract the people; furthermore, this leadership style has a concern about the people and needs of people. The Charismatic leadership creates a positive and democratic working culture where every follower can raise his voice to address his grievances. The central idea of the charismatic theory is that it put the people first; therefore, the charismatic leader has more followers than any other leaders.

An ethical leader is a moral role model who cares about people and the public (Brown & Treviño, 2016). Ethical leaders demonstrate honesty, fairness, integrity and respect and they influence people to act through principles and values that embrace ethical behavior. Bedi, Alpaslan and Green (2016) found that transformational leaders can either behave ethically or unethically and for that reason, Yasir and Mohamad (2016) contended that transformational leadership requires the principles of ethical leadership. Ethical behaviour is at the base of transformational leadership. Northouse (2018) argued that for transformational leaders to be able to make changes in people successfully, the process should involve treating people with dignity and respect.

In summary, transformation requires must employ leaders who are capable of directing this change and allow their knowledge and experience to influence the process. Transformational leaders have ability to lead change in an organization's vision, strategy and culture as well as promote innovation in products and technologies.

1.7 Conclusions

Cultivating effective information technology assists in developing transformational leadership within organizations. In light of the increased pressures of the global workplace, leaders have been inspired to drive effective change at the organizational level. And transformational leadership is vitally important in effectively implementing IT to encourage adaptability to changes in the contemporary business. Therefore transformative leaders are key in transforming the digital transformation in the organizations. Transformational leaders have ability to lead change in an organization's vision, strategy& culture as well as promote innovation in products and technologies. The digital agenda is fundamentally about people. The execution of a successful digital agenda starts with a mind-set shift that places a heightened emphasis on people and social systems to effect positive and sustainable change. Thus in summary, digital transformation needs transformational leaders.

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