

Transformational Leadership towards Breakthrough Organizational Performance: In Sri Lankan Firms

T. Mahendran

PhD Candidate, Faculty of Graduate Studies, University of Colombo

Introduction

The key to competitive advantage in the 1990 has and beyond will be the capacity of leadership to create a social architecture capable of generating intellectual capital. The key words in the dense sentence are last two. Intellectual capital means ideas, knowhow, innovation, knowledge, and expertise. That is what is going to make the difference (Bennis, Townsend 2005:3). Transformational leadership theory has received increasing attention from researchers and practitioners interested in understanding and responding to the leadership challenge of the 21st century, with the development of the Multifactor Leadership questionnaire (MLQ) to measure transformational and transactional leadership behavior (Bass 1985). In creating a breakthrough performance of an organization by aligning the intangible assets, the lead leadership through a strategy has to make tangible outcome. This could be gets done through two basic approaches of revenue growth and productivity growth. The leader is one who commits people to action, who converts followers in to leaders, and who may convert leaders into agents of change. It is the transformational leadership. Theory about transformational leadership is rooted in Weber's (1952; 1978) theory about charisma, and his application of the theory to several historical examples, most importantly his interpretation of the respective roles of the ancient Jewish prophets and priests (Bryman, 1992; Zeitlin, 1984). According to Collins (2001), the breakthrough performance (being a great company) that organization has to make a leap from good results to great results and sustained those results for at least fifteen years.

Research Problem

The research problem focused here is that "whether the transformational leadership would lead to achieve the breakthrough Organizational performance in Sri Lanka?, and also how these organizations' CEOs planning, organizing, executing and monitoring the strategy management process helps to achieving the organizational performance

Objectives of the Research

- a. To identify the association of transformational leadership style with breakthrough performance.
- b. To evaluate how transformational leadership style contribute to achieve Breakthrough Organizational Performance.

Literature Review

A review of the leadership literature reveals an evolving series of 'schools of thought' from "Great Man" and "Trait" theories to "Transformational" leadership. Whilst early theories tend to focus upon the characteristics and behaviours of successful leaders, later theories begin to consider the role of followers and the contextual nature of leadership. Bennis and Nanus re-define the leadership, as Leader is one who commits people to action, who convert followers into agent of change. Bass (1985; 1990) and Bass and Avolio (1994) develop the concept of transformational leadership to include charisma, inspiration, individualized consideration and intellectual stimulation. Sashkin (1988) emphasizes the importance of vision in transformational leadership. "James MacGregor Burns's Pulitzer prize winning *Leadership* (1978) transformed our thinking about leading" (Pielstick, 1998). Bass and Avolio (1994) describe the four "I's" of idealized influence, inspirational motivation, intellectual stimulation and individualized consideration as methods of moving from the more narrow transactional to the more expansive transformational leadership philosophy.

Black and Porter (2000, p. 432) define transformational leadership as: "leadership that motivates followers to ignore self-interests and work for the larger good of the organization to achieve significant accomplishments; emphasis is on articulating a vision that will convince subordinates to make major changes." These leaders have a profound effect on their followers' beliefs regarding what the organization should become and also on their subordinates' values. They also provide their followers with guidance so that they are able to achieve their goals. Bass (1998) has found evidence that transformational leadership was particularly powerful and had the foundation to move followers beyond what was expected. He believes that transformational leaders did more than set up exchanges and agreements. Bass believes that leaders behave in certain ways in order to raise the level of commitment from followers. Transformational leadership is classified as the Full Range of Leadership (FRL) and this permits further exploration into the effects of its application to specific conditions (Bass, 1998).

Burns (2003) offers an expansion of his earlier work. While illuminating the work of world leaders, he suggests ways that transactional leaders can learn to become transformational. Burns examines people whom he considers to be breakthroughs in leadership, for example: Gandhi, Gorbachev, Eleanor Roosevelt, Washington, and Jefferson. Similar to Burns' (2003), investigation into world-renowned leaders, Collins (2001a), a well-known author and management researcher, shared a similar orientation when he attempted to uncover what transformed a company from good to great.

Why does transformational leadership work? Insight into this question may be gained by examining the components of transformational leadership. Pielstick (1998) provides a conceptual framework for transformational leadership resulting from a meta-ethnographic analysis of the literature. He identifies seven major themes that define a profile of transformational leadership namely Creating a Shared Vision, Communicating the Vision, Building Relationships, Developing a Supporting Organizational Culture, Guiding Implementation, Exhibiting Character, and Achieving Results. Some examples of individuals who are considered transformational leaders include Bill Gates of Microsoft, Steve Jobs of Apple, Michael Dell of Dell Computer Corporation, Jeff Bezos of Amazon.com, Lou Gerstner of IBM, and Jack Welch of GE.

Research Design & Methodology

The research carried out based on deductive approach. The empirical research model used was , commence by asking the research question, drive the hypothesis, study design by way of questionnaire and face to face interview/administration of questionnaires , collect information on variables, analyze the data, identify the causal relationship between dependent and independent variables and concluded the results as an outcome of the research. Some of the key concepts and variables used in the research are further operationalized into measurable quantitative term to identify the causal relationship among the independent and dependent variables.

Having the concept in mind that is to keep organization competitive; leaders must be instrumental in creating a social architecture capable of generating intellectual capital. Almost any architecture will work if the people want to work. So that leadership has to create /build culture and trust environment to be a great organization as proposed by Jim Collin. Based on research problem and through the literature review, the following research question is formulated: **“What is the relationship between Transformational Leadership Style and Breakthrough Organizational performance and how Transformational Leadership style contribute to achieve breakthrough performance in Sri Lankan Firms”**

The research conducted among sample of private sector organizations which includes public quoted, listed in the Colombo Stock Exchange (CSE) and they are also LMD 50, National Excellence Award, SLIM brand award, CSR awards of Ceylon Chamber commerce and National HRM awards companies. These have been accorded priority on basis of their performance have recognized by few national bodies. The sample companies selected are included from the category used by Colombo Stock Exchange (CSE) namely Diversified

Holdings, Banking & Finance, Food & Beverages, Telecommunication and Manufacturing. The questionnaires were distributed among 385 participants from ten companies. Responds received from 260 participants with 500 responds by responding at least for two questionnaires. Due to the pre-selection of organizations in order to have access to information and personal, the selection process would be an unbiased random sample technique. The information may also has been with held by the organizations due to sensitivity to competition

Findings and Conclusion

This research examined whether Transformational leadership would lead a firms performance towards breakthrough performance in Sri Lanka. The discussion with leaders/ by administering questionnaires (Chairman/MD's/ CEO's) revealed that there was approach in setting long term direction, but they failed to deploy and achieved desired /breakthrough performance and observed short term results orientation. Further, found that three out 10 CEO's are seems to be behaving in the early stage transformational leadership and the outcome the performance of the organizations are not up to expectation, unable to sustained the results or continue the growth in revenue as well as productivity of the said organization. One thing is clear that there few organizations' CEO's are in the early stage of Transformational leadership style and they can be groomed to be a fully fledged transformational leader by proper training and education as suggested by Bass. What required is a holistic view of their organization and alignment of strategy towards achieving the breakthrough performance. The lead leadership has to create the climate for change, the vision for what the change can accomplish, and the governance process that promotes communication, interactive discussions and learning about strategy.

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