Transformational Leadership

Background Literature Review

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TRANSFORMATIONAL LEADERSHIP

I. Overview

Firms must thrive in an environment characterized by uncertainty and unpredictability as a result of constant technological, social, political and economic changes. Organizations thus find themselves in dynamic contexts which demand constant adaptation. In such environment, firms necessitate an effective leadership to guide them through changes that are likely to become difficult for the organization. Firms must transform their practices in order to sustain their successes, if not survive; they need more than mere incremental modifications to their strategy. Firms need a vital transformation in order to reinvent themselves. In this sense, organizations require revamping their organizational cultures in order to affect the necessary changes. Transformational leadership is about renovating an organization; it is about transmuting the firm following a new vision which will lead to the evolution of the organization's culture (see Tichy and Ulrich, 1984).

Simola et al. (2012) define transformational leadership as a type of leadership in which interactions among interested parties are organized "around a collective purpose" in such a way that "transform, motivate, and enhance the actions and ethical aspirations of followers." Transformational leadership is a leadership style that seeks positive transformations "in those who follow" and that achieves desired changes through the "strategy and structure" of the organization (Geib and Swenson, 2013).

According to Bass (1990), transformational leadership is characterized by several patterns of behavior. First, transformational leadership employs the *charisma* of leaders in order to gain the respect and trust of stakeholders and to instill pride in the latter. In addition, charisma underlines the provision of a common vision and sense of mission necessary for the transformation. The second characteristic is *inspiration* through which leaders employ symbols to redirect followers' efforts; they express in a simplistic manner the fundamental purpose of the transformation process, and clearly communicate the accompanying higher expectations. The third characteristic is *intellectual stimulation*. Leaders intellectually stimulate employees by emphasizing rationality and creativity in problem-solving situations. Finally, transformational leadership offers *individualized consideration*: leaders treat employees individually offering them personal attention and, whenever necessary, they provide coaching and advise to those employees.

Transformational leadership can be contrasted with transactional leadership. The latter implies leadership based on an exchange process wherein autonomous agents may benefit, which in turn implies reciprocity (Simola et al., 2012). Bass (1990) indicates that transactional leadership can be characterized by several elements not necessarily mutually excluding. The first dimension is that of *contingent rewards* or the recognition of achievement by rewarding efforts and good performance. The second is *active management by exception* which is directed at managing the process. Leaders monitor the lack of compliance with established rules and standards, and when required undertake corrective measures. Transactional leadership can also focus on *passive management by exception*. In the latter, leaders are meant to intervene only in cases in which set objectives are not achieved. The last characteristic of transactional leadership is *laissez-faire* in which leaders avoid making decision and those involved in the process relinquish all responsibilities.

Wang and Howell (2010) argue that transformational leadership can be focused on the individual and group levels. In the first instance, the aim is to empower individuals in order to "develop their full potential, enhance their abilities and skills, and improve their self-efficacy and self-esteem." The influence of the leaders is

strengthened by their interest in the followers as individuals. Transformational leaders strive to understand employees' abilities, skills, and needs, and offer them coaching and mentoring to overcome any weaknesses. At the group level, transformational leadership develops common values and beliefs, and inspires unity in order to reach group goals. In this situation, leaders behave equally toward all members of the organization, and the latter have a common perception about the leader's behavior.

Scholars make further distinctions in leadership styles by elaborating on some of the components of Bass' taxonomy. Chu et al. (2009), for example, elaborate the concept of *charismatic leadership*. This is a value-based style that leads to emotional bonds between leaders and followers. The latter transcend their self-interests because of their belief in a collective purpose. Such transcendence results from the followers' identification and internalization of the vision and values of the leader. A charismatic relationship thus implies trust, respect, admiration and commitment to the leader. Charismatic leadership is an empowering style with a view to the future of the organization (Conger and Kanungo, 1998; cited in Eagly et al., 2003). According to Murphy and Ensher (2008) charismatic leaders achieve targeted transformation because of the following characteristics: "strategic visioning and communication behavior, sensitivity to the environment, unconventional behavior, personal risk, sensitivity to organizational members' needs, and deviation from the status quo." Similarly, Eagly et al. (2003) further distinguish *laissez-faire* leadership and indicate that this type of leadership is characterized by the avoidance of any involvement in critical situations and the "general failure to take responsibility for managing."

For Bass (1990), self-determination and self-confidence characterize transformational leaders. Leaders are successful at influencing followers because followers have "trust, admiration, loyalty and respect" for the transformational leader; and because of the qualities of the latter, followers are willing to work harder for the achievement of objectives (Geib and Swenson, 2013). Transformational leaders motivate the members of the organization to transcend their self-interests in order to achieve collective objectives. The leader thus can be said to be "a model of integrity and fairness, setting clear goals, having high expectations, encouraging people and providing support and recognition, stirring the emotions and passions of people, and getting people to look beyond their own self-interests and reach for higher goals" (Warrick, 2011).

Transformational leaders are able to articulate the organization's common purpose in a way that emphasizes the social dimension of the process: the impact of one individual's actions on the greater group beyond the firm. The vision thus clearly accentuates the meaningfulness of the consequences of each action for the organization and its stakeholders (Grant, 2010). In so doing, the transformational leader encourages others to adopt the transformation process as their-own and thus allows for the attainment of the targeted transformation. To put it sharply, the success of the transformational leaders is defined by their ability to offer others something that goes beyond self-interest: they provide other with "an inspiring mission and vision and give them an identity" (Geib and Swenson, 2013).

Employees' job satisfaction impacts the performance of the organization. In this context, transformational leaders play a fundamental role. Job satisfaction arises as leaders enable their employees to fulfill some basic needs; for example, the need to contribute to greater causes and the need for meaning in their activities. In doing so, leaders positively affect their staff's performance by way of increased creativity and engagement (see Stevens, 2010). In short, transformational leadership imbues organizational tasks and jobs with meaning ultimately increasing the staff's satisfaction which, in turn, can have a determinant effect in the successful performance of the organization.

Transformational leadership is substantially interactive. Leaders and followers reach a high degree of interconnectedness from which they are able to achieve the desired changes (see Burns, 1978). Transformational leaders strive to nurture the best in their employee and work-teams by showing authentic concern and respect

for individuals. Leaders build an organizational culture of collaboration based on values such as integrity and fairness. Transformational leaders continuously invest in the development of themselves and others; they instill in their employees the need for achievement and encourage them to reach self-actualization.

II. Reflection

Question 1: Can we have transformational leadership without clear vision/ strategy for the organization?

- "However, leaders need to ensure that the whole group is working together toward the same goal … Specifically, leaders can foster collaboration by assigning team goals, rewarding team achievements, and facilitating social interactions among team members" (Wang and Howell, 2010).
- "… communicating a group vision is defined as articulating an idealized and attractive picture of the future of the group or unit. This behavior is aligned with … inspirational motivation, which refers to behaviors that inspire and motivate followers to achieve the shared vision and that enhance confidence among followers that the collective goals will be reached" (Wang and Howell, 2010).
- "Transformational leaders articulate a vision that emphasizes the way in which collective goals are consonant with follower values, causing followers to regard organizational goals as their own and submit extra effort toward goals and accomplishments" (Hoffman et al., 2011).
- "The effects of charismatic leadership on follower outcomes can be actualized through (a) a follower's personal identification with the leader, based on a leader's referent power and role-modeling behaviors, evoking follower's being proud to be associated with the leader, respect for the leader, and desire to idolize and imitate leader's behaviors and characteristics; and (b) a follower's internalization of a leader's values and beliefs, thereby leading a follower to be deeply espoused with the leader's vision and actions" (Chun et al., 2009).
- "Transformational leadership is a form of leadership in which relationships are organized around a collective purpose in ways that transform, motivate, and enhance the actions and ethical aspirations of followers" (Burns , 1978, cited in Simola et al., 2012).
- "…''inspirational motivation,'' through which a collective vision rouses followers toward the attainment of group goals…" (Simola et al., 2012).
- "Further, transformational leaders display considerate behavior toward multiple followers when interpersonal conflicts among team members arise, and seek to promote cooperation (Braun et al., 2013).
- "Leading teams yields several challenges, like aligning individual goals with a shared mission, managing resources, establishing a positive climate of trust and support, and coordinating information transfer and task completion" (Braun 2013).
- "Exemplary transformational leadership behavior directed toward the team, like providing the team with a vision and solving interpersonal conflict, will increase the likelihood that individual followers are satisfied with their jobs" (Braun et al., 2013).
- "…in addition to effects at the individual level, transformational leadership is posited to also have an impact at the team level of analysis. This assertion is based on a direct consensus model, which employs consensus among lower level units to specify another form of a construct at a higher level… This model is assumed because transformational leadership (a) comprises individual-focused as well as team-focused behaviors… and (b) as a participative leadership style, it contributes to mental model convergence in teams" (Braun et al., 2013).

- "According to theories of transformational and charismatic leadership, leaders achieve this task by engaging in inspirational behaviors such as articulating a compelling vision, emphasizing collective identities, expressing confidence and optimism, and referencing core values and ideals" (Grant, 2012).
- "...transformational leaders articulate meaningful visions, they face challenges in making these visions a tangible reality" (Grant, 2012).

Question 2: Is firm performance substantially linked to transformational leadership?

- "We go beyond earlier research to suggest that team perceptions of supervisors' transformational leadership exert a cross-level main effect on individual followers' job satisfaction. That is, individual followers' job satisfaction will not only be enhanced by transformational leadership experienced in direct interactions with the supervisor, but also by leadership behavior directed toward other team members and the team as a whole" (Braun et al., 2013).
- "I expect that job design is likely to play an important role in moderating the performance effects of transformational leadership ... I focus on the social characteristics of jobs—the interpersonal interactions and relationships in which work is embedded ... Recently, scholars studying relational job design have proposed that leaders can enhance perceptions of prosocial impact not only by engaging in transformational behaviors, but also by modifying the connections between employees and the beneficiaries of their work
- ... Evidence from field and laboratory studies demonstrates that even when employees are responsible for a meaningful job or task, they gain a stronger awareness of its prosocial impact when they have contact with the beneficiary; this beneficiary contact enables them to see the tangible, meaningful consequences of their actions for a living, breathing person" (Grant, 2012).
- "By articulating a compelling vision that emphasizes shared values, a transformational leader instills in followers a sense of the collective and pride associated with being members of their organizations ... Followers with high levels of person-organization congruence perceive that they are a part of something bigger than themselves and are more likely to engage in behaviors that facilitate group productivity (Hoffman et al., 2011).
- "This study directly compared the explanatory roles of person-organization and person-supervisor value congruence in the relationship between transformational leadership and work unit effectiveness. Our results demonstrate that the effect of transformational leadership on group-level effectiveness is mediated by group-level person-organization value congruence..." (Hoffman et al., 2011).
- "The study explored the relationships among transformational leadership (idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration), organizational innovation capability and firm performance with market culture as a moderator in the context of cosmetic industries in Thailand ... The results revealed that of the four dimensions of transformational leadership, there was only one, the idealized influence, that had an effect on organizational innovation capability. However, when all four dimensions were integrated as transformational leadership, it had a positive influence on organizational innovation capability. Secondly, organizational innovation capability had a positive effect on firm performance (Sookaneknun and Ussahawanitchakit, 2012).
- "The study also showed that transformational leadership dimensions, which include Idealized Influences; Inspirational Motivation; Individualized Consideration; and Intellectual Stimulation are found to significantly relate to higher level of marketing effectiveness as indicated by the positive and significant coefficients 0.074 ($p < 0.05$), 0.503 ($p < 0.01$), 0.311 ($p < 0.01$), and 0.092 ($p < 0.05$) respectively" (Al-Tarawneh et al., 2012).

- "Transformational leadership has impacted the remarkable Chinese transition since the initiation of reforms in 1978. The reforms not only affected economic structure but changed core values. Transformational leadership has been a central part of this story. The Chinese economy has become a substantially open economy. Moreover, China has become an increasingly innovative engine of change despite the continued dominance of the state-owned enterprises" (Geib and Swenson, 2013).
- "Our results suggest that the two processes can generate divergent team-level outcomes. Specifically, when leader behaviors are directed toward the team as a whole, there is a beneficial impact on team effectiveness. By contrast, when leaders pay special attention to a few individual members, it may have the unintended consequence of lowering team potency and team effectiveness. Consequently, team leaders can maximize team performance by assembling the "parts" into the "whole" and engaging in team-focused behaviors rather than differentiated behaviors" (Zhang et al., 2013).

Question 3: How much does effective transformational leadership depend on the governance effectiveness of the organization?

- "If there is a need to transform radically the way the board operates, then the transformational leadership perspective can be relevant to the board Chair for the limited period of achieving the transformation; and the leadership style approach is of relevance to the chairman's role, in terms of his leadership of the board" (Heracleous, 1999).
- "Good change governance, set up from the beginning, remedies all this and enables speed and efficiency in designing and executing change. Conscious change governance requires clear definition of change leadership roles: sponsor, change process leader, change leadership team, initiative leads, project teams, and change consultants. Change leadership roles must have clear responsibilities and ways of relating to the other roles. Each needs to be structured in ways that expedites their ability to act and lead in a coordinated fashion. They all need to agree on decision levels and authority, and the decision style and process that best supports the change" (Ackerman Anderson and Anderson, 2010).
- "Transformational Boards offer an engagement framework for board leadership designed to help boards lead their organizations through times of change. Using this proven, highly effective model, boards and CEOs work closely together to set responsibilities, outcomes, and strategic direction for the organization" (Tweeten, 2002).
- "The audit committee has the specific function of actively uncovering and resolving irregularities and exceptions to accepted auditing and accounting practices. Observers may view as transformational a chairperson whose behaviour is consistent with their training and experience and with the mission of the audit committee. Therefore the factor structure of transformational and transactional leadership characteristics, and the impact of specific leadership characteristics on individual and organizational performance, may depend in part on the specific characteristics of leaders, subordinates, and situations under investigation" (Spangler and Braiotta, 1990).
- "If we consider the above perspectives on leadership, we can see that they can all illuminate various aspects of the board such as its functioning, group dynamics, or power relations. Such conceptual links between views of leadership and the board should come as no surprise, given the fundamental role of the board in the organisation" (Heracleous, 1999).
- "Transformational leadership has been used to enhance the development of firms' strategies by focusing on the common interests of the community. This book analyzes the impact of transformational leadership and ethical integrity in firms' strategic orientation related to corporate social responsibility. A survey of the largest Portuguese firms was conducted during the second quarter of 2009; data from 50 participating firms were gathered through a self-reporting questionnaire. The results indicated that transformational leadership is positively related to a firm's strategic orientation in regard to corporate social responsibility" (Correia de Lacerda, 2010).

Appendix 1: Selected abstracts

Source	Psychology Press (September 3, 1997)
Article	Transformational Leadership: Industrial, Military, and Educational Impact
Authors	Bass, B. M.
Abstract	The culmination of a long-standing research effort by the author, this book provides the reader with a portion of the research and development that has been completed about transformational leadership. In less than 20 years, the subject has caught the attention of scholars, students, and practicing leaders. Although the book draws heavily from military research, findings in business organizations, educational institutions, government agencies, and hospitals are not ignored because the principles of transformational leadership have considerable generality. Situational differences are discussed and a general model of transformational and transactional leadership describing the consequences is presented. In a nutshell, the author shows that transformational leadership is more effective and satisfying than constructive transactions, and constructive transactions are more effective and satisfying than corrective ones. Passive leadership is least effective and satisfying. Leaders use all these approaches but some do more than others in how they lead. Better leaders are transformational more frequently; less adequate leaders concentrate on correction and passivity.

Source	LAP LAMBERT Academic Publishing (June 29, 2010)
Article	Transformational Leadership: Toward a Strategy of Corporate Social Responsibility
Authors	Correia de Lacerda, T.
Abstract	Transformational leadership has been used to enhance the development of firms' strategies by focusing on the common interests of the community. This book analyzes the impact of transformational leadership and ethical integrity in firms' strategic orientation related to corporate social responsibility. A survey of the largest Portuguese firms was conducted during the second quarter of 2009; data from 50 participating firms were gathered through a self-reporting questionnaire. The results indicated that transformational leadership is positively related to a firm's strategic orientation in regard to corporate social responsibility. However, leaders' ethical integrity was not significantly linked to the adoption of corporate social responsibility practices. These findings suggest that further research is needed in regard to leaders' ethical integrity and firms' social responsibility orientation. Practitioners may also benefit from these findings by using them to transform themselves into truly transformational leaders who incorporate corporate social responsibility as a core strategic value within their firms.

Source	Harvard Business Review, November 2011, http://hbr.org/2011/11/fire-snowball-mask-movie-how-leaders-spark-and-sustain-change
Article	Fire, Snowball, Mask, Movie: How Leaders Spark and Sustain Change
Authors	Fuda, P. & Badham, R.
Abstract	This article is based on an in-depth study of seven CEOs whose success in transforming themselves, their leadership teams, and their organizations was well documented. They had all seen radical improvement in 360-degree feedback on their personal effectiveness, along with significant gains for their units or organizations in financial performance, customer approval, and employee engagement. The authors discovered that one of the best ways to elicit deep and broad discussion of those key themes—and to describe the CEOs' mastery of what they had learned—was through metaphor. They share seven interdependent metaphors, four of which are outlined in this article: fire (representing ambition), snowball (accountability), mask (authenticity), and movie (self-reflection) which contain useful insights about how leaders can become more effective. The article shows real-life examples of these metaphors and how they were used and also offers a few prompts to help you kick off your own leadership transformation.

Source	Ivey Business Journal, February 2012 http://www.iveybusinessjournal.com/topics/leadership/transformational-performance-based-leadership-addressing-non-routine-adaptive-challenges#.UcGmPlIkR8E
Article	Transformational Performance-Based Leadership: Addressing Non-Routine Adaptive Challenges
Authors	Granger, K & Hanover, D
Abstract	The article explores how to apply four transformational leadership principles to manage non-routine challenges: a) Identify how the challenge occurs for you and the people you lead b) Identify the default context that is shaping how the challenge occurs and create new contexts to expand possible solutions c) Create contexts that allow for new perspective of the challenges which therefore create new actions that lead to new levels of performance. d) Distinguish the opportunity of a non-routine challenge and address the challenge through a model that allows for transformation (re-contextualization). A leader's job is to create contexts that will allow followers to adopt new perspectives on the challenges they face, and therefore, new actions that lead to higher levels of performance.

Source	http://areyouevolutionary.com/, 2011
Article	Evolutionaries: Transformational Leadership: The Missing Link in Your Organizational Chart
Authors	Harrinton, R., & Voillqué, C.
Abstract	Evolutionaries are people who lead companies, systems, industries, communities and even nations through transformative change. You can find Evolutionaries hidden inside organizations - often their role is on the periphery. They are the people in the Research and Development Department, the innovation labs, the skunk works, but there are other times when they are more central. We believe that time is now. As we emerge from the Great Recession, the economic landscape has changed. The game is different now, and it will never go back to the way it was. Whether we like it or not, the new economy demands leaders that are agile, adaptable, innovative and visionary. Today's organizations need Evolutionaries more than ever before. Evolutionaries are not new. They have always been around. But what is different now is that they are the ones that are transforming the economy for a successful future. So whether you are an Evolutionary, you know an Evolutionary, or you are looking for one, this book is for you. If you can harness the capabilities of the Evolutionary leader and align them to your organization's strategic vision, you are golden. If not, you will only fall further behind the curve. Being a transformational leader gives you the power to influence people, teams and even an entire organization to pursue the change it will take to achieve aspirational goals for the future.

Source	Corporate Governance: An International Review, 1999, 7(3), 256-265.
Article	The Board of Directors as Leaders of the Organisation
Authors	Heracleous, T. Th.
Abstract	The primary aim of this paper is to explore the relevance and applicability of leadership research in enhancing our understanding of boards of directors' functioning and effectiveness. Secondly, to discuss methodological issues with respect to board research and indicate potentially fruitful methodological approaches. The author purports that « the streams of leadership style, situation, and transformational and charismatic leadership are relevant to the executive directors as leaders who interact with other members of the organisation, but are of limited applicability to the board as a working group. If there is a need for transformational leadership in the organisation, then this is relevant to the executive directors including the CEO as executives of the organisation, but not as members of the board. If there is a need to transform radically the way the board operates, then the transformational leadership perspective can be relevant to the board Chair for the limited period of achieving the transformation; and the leadership style approach is of relevance to the chairman's role, in terms of his leadership of the board. The basic issue with directors as members of a group is that they have to develop a sustainable productive style of interaction, and relevant competencies, no matter what the contingencies faced by the organisation.

Source	Academy of Management Journal, 2011, Vol. 54, No. 4, 779–796
Article	Person-organization value congruence: How transformational leaders influence work group effectiveness
Authors	Hoffman, B. J., Bynum, B. H., Piccolo, R. F., & Sutton, A. W.
Abstract	This article examines the extent to which the influence of transformational leadership on work group effectiveness flows through follower perceptions whether they share the same value with the organization and whether they share the same values as their supervisor. Results indicate that transformational leadership's effect on work group effectiveness is influenced by the impact of transformational leadership on these follower perceptions. These results are discussed in the context of leadership as a "sense-making" process and the practical barriers faced by transformational leaders in modern organizations.

Source	Academy of Management Journal, June 1, 2008 vol. 51 no. 3 557-576
Article	Transformational Leadership's Role in Promoting Corporate Entrepreneurship: Examining the CEO-TMT Interface
Authors	Ling, Y. A. N., Simsek, Z., Lubatkin, M. H., & Veiga, J. F.
Abstract	Research about transformational CEOs' impact on firm-level outcomes, particularly corporate entrepreneurship, has been equivocal, partially because the underlying mechanisms remain largely unexplored. Given that the individuals most closely influenced by a firm's CEO are its top management team (TMT) members, we focus on the CEO-TMT interface as a salient intervening mechanism. We posit that transformational CEOs influence TMTs' behavioral integration, risk propensity, decentralization of responsibilities, and long-term compensation and that these TMT characteristics impact corporate entrepreneurship. Data from 152 firms supported most of our hypothesized links, underscoring how the CEO-TMT interface helps explain transformational CEOs' role in promoting corporate entrepreneurship.

Source	Academy of Management Journal, April 1, 2006 vol. 49 no. 2 327-340
Article	Transformational Leadership and Job Behaviors: The Mediating Role of Core Job Characteristics
Authors	Piccolo, R. F., & Colquitt, J. A.
Abstract	This article explores the mechanisms that explain the effects of transformational leadership on task performance and organizational citizenship behaviour (OCB) in employees. The authors propose that transformational leadership is associated with the way followers view their jobs and results from the study show that indirect effects supplement the direct effects of transformational leadership on task performance and OCB through the mechanisms of job characteristics, intrinsic motivation, and goal commitment. Results also showed that transformational leadership relationships were significantly stronger for followers had greater perceptions of the quality of their exchange with the leader.

Source	Jossey-Bass; 1 edition, 2003, December 2
Article	Improving Leadership in Nonprofit Organizations
Authors	Riggio, R. E., & Orr, S. S.
Abstract	Well-grounded in theory, research, and practice, Improving Leadership in Nonprofit Organizations is a comprehensive resource that goes beyond traditional nonprofit management theory to offer the latest in cutting-edge thought on leadership for nonprofit organizations. The book offers a wealth of new directions and ideas for leadership and features chapters written by such well-known experts as Frances Hesselbein, Stephen Dobbs, Florence Green, and Jay Conger. Improving Leadership in Nonprofit Organizations discusses the most compelling leadership challenges and issues for nonprofit organizations and: • Shows that transformational leaders of nonprofits lead more effective organizations • Includes a comparison of highly functioning for-profit boards with boards of nonprofit organizations • Provides an analysis of dysfunctional boards • Discusses for-profit "organizations of hope" that provide important leadership for social change and responsibility • Suggests strategies for managing and motivating a volunteer workforce • Presents a model for leading nonprofit projects • Offers a valuable model for program evaluation in nonprofit organizations • Considers the ongoing development of nonprofit leaders • Includes strategies to develop leadership capacity

Source	Harvard Business Review, April 2005 , http://hbr.org/2005/04/seven-transformations-of-leadership/
Article	Seven transformations of leadership
Authors	Rooke, D., & Torbert, W. R.
Abstract	The authors defines seven action logics; Opportunist, Diplomat, Expert, Achiever, Individualist, Strategist, or Alchemist which currently funcions as a leader's dominant way of thinking. They explore how each action logic functions and describe how Strategists and Alchemists are the two that are closest to transformational leadership

Source	Journal of Applied Psychology, 2007, Vol. 92, No. 4, 1020–1030
Article	Embracing Transformational Leadership: Team Values and the Impact of Leader Behavior on Team Performance
Authors	Schaubroeck, J., Lam, S. S., & Cha, S. E.
Abstract	This article investigates the relationship between transformational leadership behavior and group performance in 218 financial services teams that were branches of a bank in Hong Kong and the United States. Transformational leadership influenced team performance through team potency. Team potency was influenced by team power distance and team collectivism, such that higher power distance teams and more collectivistic teams showed stronger positive effects of transformational leadership on team potency. Results are supported by data in both Hong Kong and the United States, which suggests a convergence in how teams function in the East and West and highlights the importance of team values.

Source	International Journal of Quality & Reliability Management, Vol. 24 No. 7, 2007, pp. 753-770
Article	Corporate governance as a critical element for driving excellence in corporate social responsibility
Authors	Shahin, A., & Zairi, M.
Abstract	This paper enhances the understanding of corporate governance (CG) in delivering excellence in corporate social responsibility (CSR). The paper develops a comprehensive questionnaire that enables organizations to audit their commitment to environment and social responsibility. The paper reflects that CG encompasses different internal and external factors, by which management of organizations are influenced. The leadership style is also found to play an important role in socially responsible organizations. In this respect, transformational leader seems to be more effective, compared with manager and transactional leader.

Source	Group Organization Management June 1990 vol. 15 no. 2 134-157
Article	Leadership and Corporate Audit Committee Effectiveness
Authors	Spangler, W. D., & Braiotta, L.
Abstract	This article explores the effect of audit committee chairpersons' transformational leadership and the effects on the performance of their audit committees. Audit committees are standing committees of corporate boards of directors with responsibility for overseeing the company's annual audit and coordinating the efforts of external auditors, senior management, and internal auditors. Despite the growing importance of audit committees in corporate governance and despite the increasing attention given to corporate financial fraud by the media and by the U.S. Congress, little research has inquired into the determinants of audit committee effectiveness. The purpose of this study was to examine audit committee effectiveness in terms of the leadership styles of audit committee chairpersons. Results of a survey mailed to audit committee members, external auditors, and senior management suggest that transformational leadership and active management by exception, as defined by Bass (1985), have a substantial impact on the performance of audit committees.

Source	Harvard Business Review Blog Network, May 6, 2010, http://blogs.hbr.org/cs/2010/05/four_things_employees_need.html
Article	Four Things Employees Need From Leaders
Authors	Stevens, C.
Abstract	This article explores how transformational leaders motivate their employees and lists four basic human needs that transformational leaders recognize and fulfil in their employees. The transformational leader understands that satisfying all four of these needs may not be easy, but when they are being met in the day-to-day affairs of his or her people, something magnificent begins to emerge: people instinctively play a bigger game, and show up in a more passionate, creative, engaged and effective way. The consequences are difficult to argue with — hard, measurable, and in many instances, astonishing results. These needs are include the need to love and be loved; the need to grow; the need to contribute; and the need for meaning. The author goes on to describe what these needs mean.

Source	The Leadership Quarterly, Volume 23, Issue 3, June 2012, Pages 309–323
Article	Civic capacity: Building on transformational leadership to explain successful integrative public leadership
Authors	Sun, P. Y., & Anderson, M. H.
Abstract	In this paper, the authors advance the study of integrative public leadership by arguing that transformational leadership theory does apply to multi-sector collaborations, but needs to be augmented with an additional construct called "civic capacity." Civic capacity consists of three components: civic drive, civic connections, and civic pragmatism. How relevant is civic capacity for today's leaders? It is necessary for leaders within public-sector organizations and it is also increasingly becoming important for many business leaders. Business organizations today are facing institutional pressures from both industry and society. Societal norms are changing, and businesses are expected to function as responsible citizens within their communities. The recent natural disasters that happened in New Zealand and Japan, with enormous loss of life and property, have highlighted the need for multi-sector collaborations in order to recover from such tragedies. Not-for-profit organizations, businesses, and governmental agencies are jointly responsible for the welfare of their communities. The recent financial crisis and the BP oil disaster have put corporate executives in the spotlight, and with many observers attributing these crises to the moral failure of corporate leaders to care for their communities. These new societal pressures require leadership styles that are motivational rather than autocratic, and value-based than purely transactional. Transformational leadership has been suggested as the most appropriate style to address such challenges (Angus-Leppan, Metcalf, & Benn, 2010), but we argue that it must be augmented with civic capacity.

Source	MIT Sloan Management Review, October 15, 1984, http://sloanreview.mit.edu/article/the-leadership-challenge-a-call-for-the-transformational-leader/
Article	The Leadership Challenge — A Call for the Transformational Leader
Authors	Tichy, N. M., & Ulrich, D. O.
Abstract	This article emphasizes the importance of a new brand leadership – transformational leadership. The authors purport that a new brand of leadership — transformational leadership — is the key to revitalizing large U.S. corporations such as General Motors, AT&T, General Electric, just to mention a few. Based on the premise that the pressure for basic organizational change will intensify, not diminish, over the years, they argue that transformational leaders must develop a new vision for the organization, mobilize employees to accept and work toward achieving the new vision, and institutionalize the needed changes. Unless the creation of this breed of leaders becomes a national agenda, the authors are not very optimistic about the revitalization of the U.S. economy. « We call these new leaders transformational leaders, for they must create something new out of something old: out of an old vision, they must develop and communicate a new vision and get others not only to see the vision but also to commit themselves to it. Where transactional managers make only minor adjustments in the organization's mission, structure, and human resource management, transformational leaders not only make major changes in these three areas but they also evoke fundamental changes in the basic political and cultural systems of the organization. The revamping of the political and cultural systems is what most distinguishes the transformational leader from the transactional one. »

Source	Wiley, 2002
Article	Transformational Boards: A Practical Guide to Engaging Your Board and Embracing Change
Authors	Tweeten, B.
Abstract	Organized as a quick and user-friendly roadmap for board members and chief executive officers as they reflect on their roles and duties together, Transformational Boards offers an engagement framework for board leadership designed to help boards lead their organizations through times of change. Using this proven, highly effective model, boards and CEOs work closely together to set responsibilities, outcomes, and strategic direction for the organization. Byron Tweeten identifies key issues with supporting research, presents practical how-to examples and advice, and includes questions that will stimulate further thinking and discussion.

Source	Journal of Management Studies, 2006, Volume 43, Issue 8, pages 1703–1725
Article	Components of CEO Transformational Leadership and Corporate Social Responsibility
Authors	Waldman, D. A., Siegel, D. S., & Javidan, M.
Abstract	This article uses transformational leadership theory to explore the role of CEOs in determining the extent to which their firms engage in corporate social responsibility (CSR). The authors test this theory using data from 56 US and Canadian firms. CEO intellectual stimulation is found to be significantly associated with the propensity of the firm to engage in 'strategic' CSR, or those CSR activities that are most likely to be related to the firm's corporate and business-level strategies. Thus, studies that ignore the role of leadership in CSR may yield imprecise conclusions regarding the antecedents and consequences of these activities. We also critique transformational leadership theory, in terms of its overemphasis on charismatic forms of leadership. This leads to a reconceptualization of transformational leadership, which emphasizes the intellectual stimulation component in the context of CSR.

Source	Journal of Management, Published online before print January 18, 2013, doi: 10.1177/0149206312471387
Article	Getting Everyone on Board: The Effect of Differentiated Transformational Leadership by CEOs on Top Management Team Effectiveness and Leader-Rated Firm Performance
Authors	Zhang, X. A., Li, N., Ullrich, J., & van Dick, R.
Abstract	This article studies 101 subsidiary top management teams (TMTs) and shows that subsidiary CEO transformational leadership that was focused evenly on every TMT member increased team effectiveness and firm performance. In contrast, leadership that differentiated among individual members decreased both team effectiveness and firm performance. By differentiating the amount of individual consideration and intellectual stimulation across TMT members, CEOs unintentionally disrupted the team's dynamics (team potency), ultimately reducing team effectiveness and subsidiary firm performance ratings.

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