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Leadership of Change: Examination Of Transactional, Transformational And Charismatic Leadership, And Evaluation Of The Concept Of Charismatic Leadership In The Current Information-Driven Business Environment

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ABSTRACT

Effective / efficient leadership has always been one of the most important ingredients every organization looks for. Preferably, a leadership of change that would enable the organization to carry out its operations effectively and engender good results to meet the organization's goals. Every organization looks forward to employ the right leadership to goad the organization splendidly, and furthermore, attain competitive advantage. Competition amongst organizations to meet consumers' needs is very keen, and it behooves on management to exhibit the best leadership style to achieve targets. Transformation and charismatic leadership styles have the upper hand in leadership of change to suit the current technological business environment. In view of this, directors of organizations are always putting in every effort and stretching every sinew to go above its limit to make sure the organization is sustained and satisfy shareholders' interest. As one of their responsibilities, they need to appoint management with the requisite talents and skills to achieve expected results, and accomplish organizational goals.

Keywords: Leadership of Change, Organization, Transactional, Transformational and Charismatic Leadership.

INTRODUCTION

De Wit and Meyer (2004), alert that leadership is the ability to be guided by the right, knowledgeable and humane people who are attracted to the needs of the organization, and are influenced by the achievement of organizational goals. Again, Hornby (2001) defines leadership as the act of steering a group of people or an organization to achieve organizational goals. Furthermore, Thompson and Strickland (2001) describes leadership as the capability of someone to monitor progress, promote culture, prompt for change for opportunities and ethically direct the organization to achieve organizational goals. It is clear from the foregoing definitions that leadership is about persons with acumen to achieve organizational goals.

Potts (2009) states that the word 'charisma' (from charismatic) was from Greek roots, and was modelled in ancient cultures for the inkling of spiritual gifts. This was originally used in a theological context, as developed by Paul of Tarsus, author of many Books in the New Testament Bible (Parents Resource Bible, 1995), in the first century, until the concept re-surfaced in a broader sociological orientation.

Hornby (2001) also defines charisma as the compelling attractiveness or charm that inspires devotion in others or powerful personal quality that some people have to attract and impress other people. Additionally, Daft (2003:532) describes Charisma as "a fire that ignites" the energy of followers and gives the commitment which produces results above and beyond what is expected to be done. Charisma has also been endorsed as a divinely conferred power or talent from God. Charismatic is therefore, the exercising of charisma by an individual.

Charismatic leadership, as stated by Daft (2003) is the ability of the leader to articulate a vision and motivate followers to make it a reality. Daft (2003) adds that, the leader has the ability to inspire and motivate people to do more than they would normally do; and even during obstacles the motivated people would personally sacrifice to achieve results. Furthermore, Daft (2003) extols that, the impact of charismatic leadership is normally from:

- stating a lofty vision of an imagined future which the followers normally identify with,
- shaping a corporate value system for which they stand for, and
- trusting subordinates, and in return earning their complete trust.

Some charismatic leaders who impacted greatly on their subordinates were: Mother Theresa, Martin Luther King Jnr, Adolf Hitler and Osama bin Laden (Daft, 2003). From the above list of charismatic leaders, it could be seen that Charisma could be used for positive outcomes that benefit the group and society, whilst it could also be used for self-service and aggrandize purposes that lead to deception, manipulation and exploitation of others (Daft, 2003).

LEADERSHIP AND CHANGE

Daft (2003) eulogizes leadership as something particularly important in situations where there are needs to meet the encounters of a changing environment. Leadership in organizations have had to re-think almost every aspect of how they do business to meet the needs of increasingly demanding consumers / customers; keeping employees organized, motivating satisfaction, adapting to situations; meeting shareholders' desires of better dividends; and remaining competitive in the current global and information-driven business environment.

As Daft (2003) puts it, there are two (2) types of leadership that could have a substantial impact on the current information-driven business environment, and these are:

- transformational and
- charismatic.

However, **transactional** leadership helps the above two (2) leadership types to be well understood in what they offer. These three (3) leadership types are therefore, described below:

Transactional Leadership

This type of leadership clarifies the role and task requirements of subordinates. It initiates structures, provides appropriate rewards and tries to be considerate to and meet the social needs of subordinates. Transactional leadership excels at management functions; it involves hardworking, tolerant and fair mindedness. It is a type of leadership that stresses good performance of plans, schedules and budgets, smooth and efficient running of activities / programmes, **but is not good at leading change** (Daft, 2003).

Charismatic Leadership

Charismatic leadership performs beyond transactional leadership techniques. The charismatic leader has the ability to inspire and motivate people to do more than they would normally do, even when there are obstacles (Daft, 2003).

Followers of charismatic leaders transcend their own self-interests for the sake of the organization. They are known to create an atmosphere of change, and may be infatuated with visionary ideas that energize and stimulate the followers to work harder.

The leaders are normally skilled in visionary leadership, and they could speak to the hearts of employees to let them be part of something bigger than themselves. The leaders also have a strong vision and emotional impact on followers, as they strongly believe in the vision and communicate to others in a way that makes the vision real, meaningful and achievable (Daft, 2003).

Transformational Leadership

This leadership style is similar to charismatic, but has the special ability to bring about innovation and change by recognizing subordinates needs and concerns, helping them to look at old problems in new ways, and encouraging them to question the status quo (Daft (2003).

These leaders are able to create significant change in both followers and the organization, by leading changes in the mission, strategy, structure, systems, skills, style and culture of the organization (Jurevicius, 2013), as well as promoting innovation in products and technologies (Daft, 2003).

Therefore, they focus on both tangible (example, innovations in products release) and intangible qualities (example, vision, mission, shared value and ideas) to build relationship to find common ground to enlist followers in the change process (Jurevicius, 2013). It should be noted that employees in transformational leadership are normally rewarded for putting their hearts and mind into their work (Daft, 2003).

THE TRAITS THEORY OF LEADERSHIP

The traits theory distinguishes personal characteristics of charismatic leadership, which include, amongst others, intelligence, values, ideas and appearance. The traits approach regards the charismatic leader as exceptional and having qualities inherently associated with him / her, and once ascribed, the desired outcome would be achieved (Daft, 2003).

Both the leader-centred and follower-centred perspectives are generative of the traits theory – the belief that leaders are born and not made, and have above average intelligence among other qualities (Daft, 2003).

THE BEHAVIOURAL APPROACH OF LEADERSHIP

The behavioural approach of leadership believes anybody who demonstrates the appropriate learned behaviours can be an effective leader. The behavioural approach however, considers that leaders can be made by learning the correct behaviour with appropriate training (Daft, 2003).
It is important to know that the focus of leadership research has shifted from personality traits theory towards the behaviours of successful leadership display (Daft, 2003).

Ohio State University Research

Researchers at Ohio State University, USA, conducted research on hundreds of dimensions of leadership behavior, and identified two (2) major behaviours. These are:

- consideration orientation – the extent to which the leadership is mindful of subordinates, respect their ideas and feelings, and create mutual trust. Considerate leaders are normally friendly, provide open communication, develop teamwork, and are tilted toward subordinate welfare, and
- Initiating structure – the extent to which the leadership is task oriented and guides subordinate work performances toward goal attainment. This type of leadership give instructions, spend time planning, emphasizes deadlines, and give precise schedules of work programmes (Daft, 2003; Kotler, 2003).

Michigan University Studies

Similarly, the University of Michigan, USA, did a study using a different approach by comparing the behaviour of effective and ineffective supervisors.

- The effective supervisors focused on the subordinates human needs in order to develop effective work groups with high performance goals, which the University called employee-centred leadership.
- The less effective leaders were called job-centred leadership, as they tended to be less concerned with goal achievement and human needs in favour of meeting schedules, keeping costs low, and achieving production effeiciency (Daft, 2003; Kotler, 2003).

AUTOCRATIC VERSUS DEMOCRATIC LEADERSHIP

The behavioural approach of leadership gives direction on governance characteristics. This could be examined from;

- autocratic - centralised authority, and
- democratic – delegating and encouraging participation (Daft, 2003).

Autocratic Leadership

An autocratic leadership tends to centralize authority, and rely on legitimate, reward, and coercive power (Daft, 2003). Daft highlights that organizations with autocratic leadership style perform well so long as the leadership was present to supervise the employees. However, employees normally abhor this style of leadership with resentment and hostilities (Daft, 2003).

Democratic Leadership

A democratic leadership entrusts authority to others, inspires participation, and relies on expert and referent power to inspire subordinates (Daft, 2003). Furthermore, this style of leadership perform well, even without the leadership presence. In addition, the democratic leadership is participative and majority rule decision making is normally applied. The above characteristics make the democratic leadership popular in many organizations currently, and amply demonstrate why empowerment of lower employees is a very popular trend in this day and modern technological age (Daft, 2003: Kotler, 2003)

EVALUATION OF CHARISMATIC LEADERSHIP

The evaluation would be carried out from the areas listed below:

- perspectives of charismatic leadership, leading to the traits, behavioural and other leadership approaches, and
- importance of charismatic leadership.

Perspectives of Charismatic Leadership

According to Daft (2003), three (3) distinct phenomena emerge from charismatic leadership. These are:

- possession of charismatic traits by the leader (supernatural / superhuman / exceptional powers),
- referential acknowledgement of those traits by the followers, and
- skilled in the art of visionary leadership.

These phenomena lead to three (3) perspectives / approaches of the charismatic leadership. These are:

- leader-centred,
- follower-centred, and
- interdependency models (Daft, 2003).

Leader-centred Perspective

In the leadership-centred perspective, emphasis is normally placed on the leader's exceptional characteristics which when combined with a situational perspective creates the influence that entices followers to follow. Followers then automatically attribute charisma to that person (Daft, 2003). See appendix 1 for the diagram of the leader-centred approach.

Follower-centred Perspective

Follower-centred perspective has the phenomenon of charisma, where it is inherent in the follower-group, which is distinguished from the leader. However, once a crisis arises, the group changes by projecting charisma on to anybody who can effectively deal with the situation (Daft, 2003). See appendix 2 for the diagram of the follower-centred approach.

Interdependency model Perspective

The interdependency perspective is perceived to be a mutually determined concept, where it is neither wholly given nor assumed, but emerges as a result of the merger of leader and follower ideas, ideals and aspirations (Daft, 2003). See appendix 3 for the diagram of the model.

Importance of Charismatic Leadership

It is important to note that charismatic leaders appeal to people's hearts and minds, and that the intensity of commitment enables the leader to persuade people to do things they would not ordinarily do, through, for example:

- creating an aspiration and inspiration vision of an added-value for the future,
- translating difficult goals into simple understandable objectives, and
- being personable and approachable (Tarran, 2018).

Harvard Business Review (2018, Issue 96) in Tarran (2018) states that charismatic leadership provides the best leaders, as they have the ability to inspire others toward higher levels of performance and also instil deep levels of commitment, trust and satisfaction. This leads to followers perceiving them to be more effective compared to the other leadership styles. However, the article did not hesitate to add that, a moderate level of charisma is always important to achieve good results, but not too much of charisma, as it may hinder the effectiveness of the leader.

There is no gain saying the fact that charismatic leadership is very important for the achievement of very difficult tasks. Whenever there is a difficult task to be tackled, and more so shrouded in fear and failure, then the need for a charismatic leader arises.

There is therefore, the need for managers to adjust their style of leadership as they go higher in hierarchy within the organization, and have responsibility for more employees (Tarran, 2018).

VIEWS OF AUTHORITY ON CHARISMATIC LEADERSHIP

Two (2) views would be discussed briefly. These are from:

- Max Webner, and
- Ann Ruth Willner.

Max Weber

Conger (1993) posits that Weber originally gave the concept a broader sociological orientation, that the charismatic person is set apart from ordinary man and treated as endowed with supernatural, and with exceptional powers and qualities not accessible to the ordinary person. According to Conger (1993), Weber conceptualized charismatic leadership as a force for change. This has had a profound influence on ideas of research by social scientists on organizational behaviour, as the researchers similarly, saw charismatic leadership as a force of change in organizations.

Ann Ruth Willner

According to Willner (1985), the charismatic leader is distinguished from other leaders by the capacity to inspire loyalty toward him / herself, as the source of authority, and explained the nature of charismatic political leadership and the processes through which it happens. Willner (1985) in considering charismatic leadership defined four (4) characteristics of them:

- perceived as divine,
- deemed to possess superhuman / supernatural qualities,
- followers unconditionally accept the leader's personal authority, and
- followers exhibit a high level of emotional commitment to the leader.

Willner's conception of charismatic leadership led to the conclusion that they can have negative as well as positive nuances, thereby responding to the follower-group from two (2) perspectives:

- socialised – perceived problems / opportunities by pursuing goals which benefit the whole group, and
- personalised – perceived problems / opportunities in terms of their own emotional needs rather than that of the follower-group (Willner, 1985).

CHARISMATIC LEADERSHIP AND GOVERNANCE

Globally, governance leadership in recent past took a dimension, where coup-making became a fashion, as most people who staged coups, had the charismatic leadership traits and easily became heroes.

A coup-maker, whose exploits are handy to enumerate is Jerry John Rawlings of Ghana. He took over power in 1979, after a failed attempt and was placed in police cells. His colleagues later undertook a successful coup, and brought him from cells to head the government. He handed over power in the same year and regained it through another coup in 1981. He ruled for 20 years (12 years as a coup-leader and 8 years as a political-leader) before finally handing over power in 2001 (Encyclopaedia Britannica, 2020).

The lapses of his government are numerous and, therefore cannot be glossed over. His regime experienced a lot of human-killing, including that of the famous 3 high-court judges, which is still a mystery, with regard to the abduction from their homes.

This is one big problem with charismatic leaders, as they are less predictable (Daft, 2003), therefore most often create excessive mess which is unfathomable.

Jerry Rawlings however, remains the prominent charismatic leader ever produced in Ghana, and is now a former head of the nation; his antics in party politics has never waned, as he occasionally comes out with booms to energize his political party (Westwood, 2002). Other examples of social charismatic leaders are Osama bin Laden, Fidel Castro and Hitler.

CHARISMA AND MEDIA EVANGELISTS

Globalization and media orientation have brought a different understanding of leadership. Previously, charismatic leaders interacted with followers inspiring from within the group. Today, because of technology, leaders make contact with followers through the media. Media evangelist perceived as having charisma normally emerge in times of situational crises to listeners who possess a crisis mentality. These listeners are attracted to such leaders, perhaps due to having defining qualities of charisma (Lewis, 2009). Charismatic gospel leaders today send inspiring messages to followers through the television, radio and cassettes, to the extent that healing of diseases of followers are achieved through the media (Lewis, 2009). An example of such a charismatic leader was Billy Graham of U.S.A.

CHARISMATIC LEADERSHIP IN THEOLOGY

It is a fact that charismatic leadership had been in theology before Weber gave the concept a sociological orientation. Jesus Christ of Nazareth has been touted as the foremost charismatic

leader of all times for the Jews and the Christian community, whilst Ishmael for the Moslem community.

The exploits of Jesus Christ are numerous, especially in the New Testament of the Holy Bible, where he "whipped and drove away those who sold and bought in the temple", and performed a lot of miracles, including healing and feeding thousands' of his followers (Parents Resource Bible, 1995). During his life on earth, Jesus Christ exhibited both the leader-centred and follower-centred approaches of leadership.

ADVANTAGES OF CHARISMATIC LEADERSHIP WITHIN AN ORGANISATIONAL CONTEXT

Charismatic leadership normally creates an atmosphere of change, and may therefore, be obsessed by visionary ideas that excite, stimulate and drive other people to work hard. They therefore, speak to the hearts of employees, letting them be part of something bigger than themselves, see beyond current realities and help followers believe in a brighter future as well (Daft, 2003).
This would be looked at from these areas:

- vision,
- style,
- fiedler's contingency model, and
- followers' style.

Vision

Within an organizational context, a vision serves two (2) purposes. These are:

- provision of direction, and
- inspiration to people.

Good business leaders always have vision that creates direction by presenting an achievable and desirable future, focuses on aspirations / intensions, outlines where they want to be, inspires innovation and creativity with enthusiasm and excitement among others. There is nothing more demoralizing than a leader who cannot clearly articulate where they want to be in future (Heathfield, 2019). The vision must be achievable within the organization for the leadership to be successful. This gives advantage to the leadership.

Style

The path-goal theory deals with the leader motivating people to achieve personal and organizational goals through four (4) styles of behaviour:

- supportive (person-centred approach - open and approachable),
- directive (fulfilling roles of management – planning, directing and controlling),
- participative (establishing open and effective communication), and
- achievement-oriented (setting up challenging but achievable goals) - (Daft, 2003).

These should clarify the path to the rewards and increase the specific rewards that are valued / desired for the leadership to be successful; this leads to the style becoming advantageous (Daft, 2003).

Fiedler's contingency model

Fiedler's contingency theory is about the leader's style being relational or task oriented. A relationship-oriented leadership is concerned with followers, and task-oriented leadership is primarily motivated by task accomplishment (Daft, 2003). The relationship between leader-followers must be cordial, mutual trust and respect leading to open communication. The task structure must be repetitive and predictable with the leader having sufficient authority and control over the followers. This makes the charismatic leadership successful, and therefore advantageous within the organization (Daft, 2003). See appendix 4 for Fiedler contingency model.

Followers' style

When followers behave actively by submitting to instructions and working hard, they integrate themselves fully into the organization with an internal locus of control (control of their own successes and failures), leading to the success of the leadership; followers' style then becomes advantageous to the organization. Passive followers have an external locus of control, making them drift through the organization doing only tasks assigned to them, and making leadership suffer, and therefore, are disadvantageous to the organization (Sadler 2003; Daft, 2003). See appendix 5 for Kelly's followership matrix.

CONCLUSIONS

Charismatic leadership is good for the achievement of difficult tasks within stressful organizations, so far as the leader-followers relationship is cordial and there exists mutual trust, and respect leading to open communication between them (Daft, 2003). However, leadership of personal aggrandisement must be totally eradicated.

The traits approach was unsuccessful, as the effectiveness of the model was unproven. However, the behavioural and other approaches that were developed later, such as 'contingency', 'path-goal', 'transactional' and 'transformational' look at what leaders do rather than their personal characteristics (Daft, 2003).

Transformational and charismatic leaders are similar, but are distinguished by their special ability to bring about innovation and change by recognising followers' needs and concern; this is through looking at old problems in new ways and encouraging the questioning of the status quo (Daft, 2003).

RECOMMENDATIONS

Leaders must ensure that they delegate tasks to staff to make them creative at making the day-to-day decisions and become responsible, whilst they focus on long-term goals (Klein, Ziegert, Knight, & Xiao, 2006). Decision-making is reactive rather than proactive, therefore delays in taking decisions may lead to crisis and imposition of changes. This would compound the externalized locus of control.

Koontz and Weihrich (1990) point out that the clearer the line of authority from the management to the subordinate position, the clearer the responsibility for decision making and effective communication within the organization (Daft (2003).

The standard rhetoric in 1998 about hiring 'the best people' (superstars) and showering them with money to manage the organization is disputed. Today, credit is giving to ordinary individuals who work hard, are smart and talented. These leaders must be socially committed to the company than financially, as there is someone out there to offer more money (Daft, 2003).

Koestenbaum (2003), after extensive consultations with companies across the globe believes that the biggest and most persistent challenge in the business environment is change. He mentions that the best leaders operate in four (4) dimensions, namely:

- vision,
- reality,
- ethics, and
- courage.

According to Koestenbaum (2003), most of the time, leaders operate on two (2) dimensions utmost, usually reality and ethics. However, vision and courage are rarely practised. He therefore, advises leaders to attend good training programmes to enable them operate within the four (4) dimensions, including vision and courage, so as to introduce change that would fit the corporate culture of the organization. As stated earlier, charismatic leadership is about changing the status quo to benefit the organization.

Leaders must avoid arrogance, such as bursting into a follower's office yelling for something they need or ordering followers round to get things done. Also, they must not shout at the top of their voices to call a follower. Leaders must know that followers have feelings and emotions, therefore their actions must convey message of love and respect, and know that respect is earned and not forced down through intimidation (Safo, 2005).

Communication is the means whereby people in an organisation exchange information on its operations. It is a two-way process and can take place vertically and horizontally (Daft, 2003). Face-to-face meetings with teams and groups are the preferred channel of communication (Coulson-Thomas, 1993). Durbars, downward communication and upward movement, horizontal, team channels and informal communication channels (Daft, 2003; Kotler, 2003) are therefore recommended.

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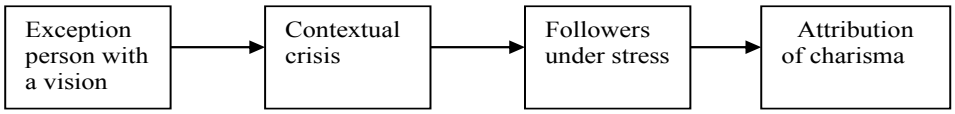
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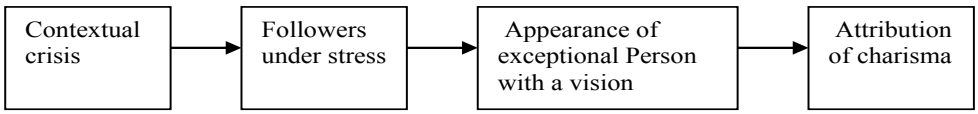
APPENDICES

Appendix 1



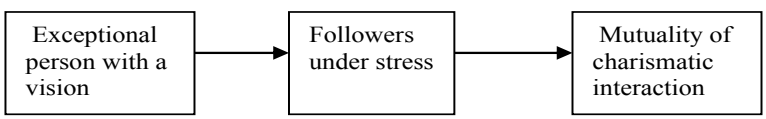
Leader-Centred Approaches

Appendix 2



Follower-Centred Approaches

Appendix 3



The Interdependency Model

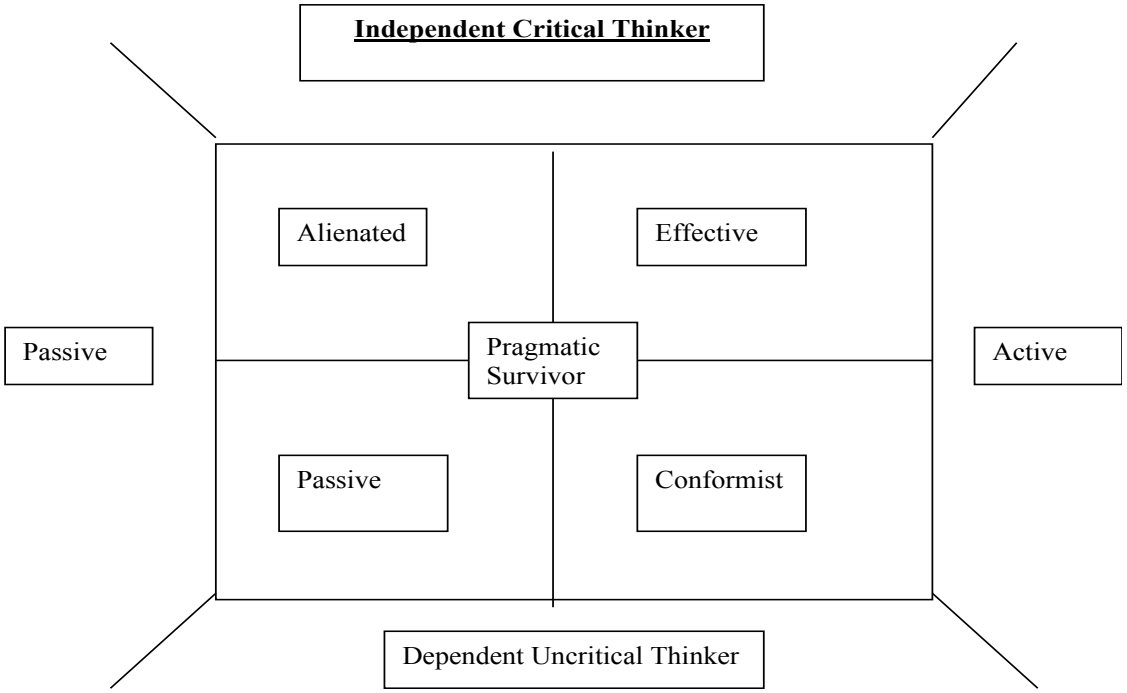
Appendix 4

Situation Favourables

	Advantages	Intermediate	Disadvantageous
Leader-Member Relations	Mutuality		Fragmented
Task Structured	Predictable and structured		Ambiguous
Leader-Power Position	Formal authority		Minimal power
Most Effective Style	Task orientation approach	Person orientation approach	Task orientation approach

Fiedler's Contingency Model

Appendix 5



Kelley's Followership Matrix