

## **Transformational Leadership Theory – A Critical Analysis with reference to Banking Sector**

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### **Abstract**

Organizational leadership is becoming more crucial in today's rapidly changing environment, and it is now recognised as a vital success component. As a consequence, not only do top-level executives need to demonstrate their competence, but all managers at all levels of the business are aware of the necessity to work together in order to accomplish the desired outcomes. Regardless of their position, they should be able to influence others and stimulate them into action, as well as accept responsibility for the results. Transformational leadership refers to leaders who aim to generate new ideas and fresh views in order to pave the way for the company to embark on a new path of progress and success. Organization members are mobilised to make fundamental changes in the organization's fundamentals and fundamentals by instilling commitment, passion, and loyalty in their ranks. As a result of this mobilisation, the organization's members are better prepared to move in new directions and achieve higher ideal performance peaks than they were previously.

**Keywords:** Transformational leadership; idealized influence; intellectual stimulation; inspirational motivation; personal considerations; Banking; Covid-19

### **Introduction:**

The term "transformational leadership" refers to a leadership style that has the power to transform individuals and entire communities. In its ideal form, it aims to transform followers into leaders by encouraging them to make good changes in their lives. Quiet leaders are a term used to describe transformational leaders. They set an example for others to follow. Relationship, inspiration, or empathy are some of the tools they employ to captivate their audience. When it comes to sacrificing yourself for the greater good, they're renowned for their daring and confidence.

To be considered a transformational leader, one must go beyond their own immediate self-interests to work with teams or followers in order to identify the changes that are needed. This involves developing a vision to guide the changes through influence and inspiration, and then putting those changes into action in conjunction with the group's committed members. The Full Range Leadership Model is incomplete without it. Transformative leadership occurs when a leader's actions influence and motivate others around him or her to go above and beyond what they think they can do. Transformative leadership motivates individuals to accomplish extraordinary outcomes. It empowers people to take charge of their own work, as well as to make their own choices after they've completed their training. This has a good effect on the organisation as a whole, as well as the attitudes of its adherents. The "four

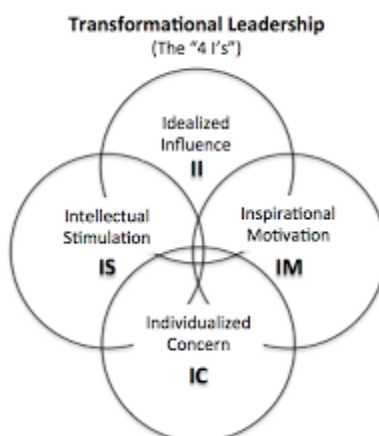
"I's" are a set of four actions that transformative leaders often engage in. These actions are characterised by inspiring drive, idealistic influence, intellectual stimulation, and personal attention.



There are a number of ways in which transformational leadership can improve the morale, job satisfaction, and productivity levels of its followers; these include inspiring and motivating followers; challenging them to take greater responsibility for their work; and understanding and appreciating their strengths and weaknesses, as well as their potential for growth. It's also critical to recognise the positive effects that transformative leadership may have on a business. The dedication, participation, loyalty, and performance of those who are led by a transformational leader are all enhanced. A leader's followers put in additional effort to demonstrate their support for him or her, imitate the leader's behaviour to feel emotionally connected to him or her, and obey without compromising their self-esteem. Transformative leaders are able to adapt well to a variety of circumstances, foster a sense of shared purpose, manage their own time well, and inspire their teams.

### Role of a Leader:

When a leader motivates their followers by setting an example, they are engaging in inspirational leadership. As a leader, this person establishes acceptable objectives for their followers and for their company. Instilling faith in their employees, they build a common vision for the future of their company. Extrinsic and intrinsic motivation are both used by leaders who use inspiring motivation, and they are able to properly communicate their expectations to their subordinates. When it comes to boosting productivity, inspiration plays an important role. Having a source of value and being inspiring and visionary may lead to a good emotional influence on a leader's followers as a result of their productivity.



It's easier to have a positive impact on others when the person in charge behaves as a positive role model for the rest of the business. Leaders that emphasise the needs of their followers are known as "follower-centric." It is common for them to have a high level of devotion and ethics. People who connect with the leader they follow are more like to strive to follow in their footsteps. Subordinates tend to establish emotional ties to their leaders when they strive to imitate them. In spite of his contentious reputation, Adolf Hitler would be an excellent case study of an emotionally powerful leader. An intellectually stimulating leader is one who encourages their people to think independently. These executives are receptive to new ideas, imaginative and creative. They tend to be more forgiving of their subordinates' faults and even encourage them, believing that they will help the company develop and flourish. Leaders that put their followers' interests first and eschew stale methods are hard to find.

When a leader develops a close connection with their subordinates, they are able to provide them personalised attention. In the eyes of their followers and their organisation, these leaders are a loving and supporting resource. Your followers will benefit from your guidance and dedication because you dedicate yourself to helping them grow. In order to help their followers grow, leaders might assign them particular activities that will benefit them.

### **Importance of Transformational Leaders in Workplace:**

Today, organisations need to learn more about the environment and make big changes in order to stay alive and grow. In this situation, the role of leaders who move the organisation toward the future, recognise the need for changes in the environment, and help make them happen becomes more clear. This type of leader is known as "transformational." These leaders can help staff understand and be more fair to each other, and they can improve the quality of work life in the company. The quality of work life includes any change in the culture of an organisation that makes employees more satisfied and humane, which leads to their development and growth in the company. On the other hand, employees are demoralised and less productive when they think they are being discriminated against or unfairly treated. Organizational management is more important now than ever, and it's seen as a key factor in the success of businesses. Managers at all levels of an organisation want to work together to get the results they want. Not only top-level managers need to show off their skills. All of them should know how to get people to work, make them want to work, and also take responsibility for what happens.

In transformational leadership, leaders have an impact on their followers' values, beliefs, and goals. This is a complicated and dynamic process that changes over time. These leaders move organisations into the future, know what the environment needs, and help make the changes that are needed.

### **Concept:**

From the beginning of human society, there was a need for leadership. Some individuals are socially integrated and begin to have an impact on one another. When leaders and followers work together to raise each other's morale and motivation, they are exhibiting transformational leadership. Their superiors have a stronger rapport with these leaders. They provide more value to the company than executives who just engage in a transactional manner. Workers of transformational leaders are pushed to go above and beyond the requirements of their job contracts, as well as focusing on their own personal development. Leaders in this category serve as mentors and counsellors to their subordinates, encouraging them to grow professionally and personally while also meeting their basic human needs. They push their staff, give them a sense of purpose, broaden their horizons, and serve as role models for them. They foster a culture of trust amongst their workers, inspiring them to go above and beyond for the sake of the business (Khorshid & Pashazadeh, 2014, p. 7).

"Transformational leadership" refers to a kind of leadership that focuses on the creation of new ideas and views in order to inspire and motivate employees. In order to prepare and achieve the essential capacities for moving in new directions and achieving greater ideal performance peaks, they mobilise the organization's members via the development of dedication, enthusiasm, and loyalty among managers and staff members (Mirkamali et al., 2014, p.23).

Transformative leadership requires a leader who is continuously on the lookout for possible motivations in their followers and who strives to bring those followers' attention to greater needs and to the transformation of individual interests into community interests. Transformative leadership, as defined by Bass and Avolio, is a deliberate, moral, and spiritual process that offers an organisation with growth patterns via a dependable equal power leader.

### **Necessity:**

Change processes and the variety of tools utilised in our everyday lives are increasing every day in the modern age. Changes are occurring at such a rapid pace that no human being, even in the previous century, could have predicted them. Global rivalry and expanding business in both the East and the West, in rich and emerging nations, has produced a very volatile environment for all firms. Leaders are critical in dealing with this unpredictable climate and constant change. The world is in desperate need of transformative leaders. In a volatile and uncertain world, transformational leadership initiatives help firms to enhance their performance. When transformational leadership elements are combined with other leadership acts, firms may gain a competitive edge. Using this competitive edge may be very beneficial in terms of strategic competitiveness and generating better short- and long-term profits. In reality, without great transformational leadership, the likelihood that a business would be able to meet global economic problems and deliver superior and satisfied results is lowered (Eskandari, 2014, p. 124).

Because this transition necessitates a new system and institutionalising new techniques, the importance of leadership in the change management process has been underlined. Without a doubt, a manager's actions and leadership style have a big influence on the types of needs and awareness of employees. Organization members' reactions and attitudes toward organisational changes, as well as their attempts to select whether to support or reject organisational changes, are heavily influenced by a leader's leadership style as a model of long-term conduct. (Farazja and Khademi, p. 51 in Farazja and Khademi, 2010).



### **Transformational Leadership characteristics:**

1. Under this style of leadership, individuals have the ability to influence their counterparts and superiors in the same way that they impact their subordinates.

2. The process of transformational leadership is rooted in the leader's principles and personal views. However, no products are traded between leaders and subordinates throughout this procedure.
3. These leaders are motivated by their most fundamental personal convictions (like justice, fairness, honesty, and honor). Burns regarded these ideals as absolute. Ultimate values are set in such a way that they cannot be bargained or exchanged.
4. By establishing ultimate ideals as personal standards, transformational leaders foster peace and unity among their followers and, more crucially, they align followers' aims and personal convictions with corporate objectives (Eskandari, 2014, p. 126).
5. Transformational leadership is motivated by the heart and intellect and demonstrates it.
6. Transformational leadership has a point of view and connects it to passion and purpose. A transformational leader enables his or her feelings to communicate with others in a manner that transcends the intellect from the depths of their essence.
7. Transformational leadership pays attention to the personal interests of employees in order to leverage them and build trust and commitment. It's about compassionate employees, what they desire, and how you may assist them.
8. Transformational leadership is a term that refers to the process of acquiring immense power via the mind. The mind becomes inquisitive, receptive to new ideas, and constantly learns (Steven Corey, 2007, p.10).

#### **Experts in transformative leadership:**

Burns (1978) initially established the notion of transformational leadership to differentiate between leaders who have strong motivating relationships with their followers and subordinates and those who place a high premium on exchange with transformational leadership interaction to achieve objectives. Transformational leadership is a deliberate, moral, and spiritual process that establishes patterns of equal power connections between leaders and followers in order to accomplish a common objective or effect actual change. Transformational leadership is the process of engendering commitment to corporate objectives and enabling individuals to accomplish them. Transformational leadership assists and encourages followers to develop their creativity and sense of self-worth in order to advance team, group, and organisational objectives. A transformational leader affects change across the business and instills a sense of purpose in both managers and personnel. 57-56 (Arabiun et al., 2014).

#### **Impacts of transformational leadership factors:**

Transformational leaders are aware of the organization's and staff's demands, but also stimulate and meet a person's higher level needs. A transformational leader motivates individuals to work together to accomplish greater objectives with the purpose of affecting good change in a company. Krista Hoffmeister et al. (2012) define transformational leadership as having four primary dimensions: the effect of idealised influence, inspiring motivation, intellectual stimulation, and personal concerns.

1. Inspirational motivation: Inspirational and motivating leaders are those that push their followers in their occupations and foster a clear vision for achieving objectives and moving forward by boosting workplace efficiency.
2. Consideration for individuals: The leader interacts with his or her subordinates in accordance with their unique qualities and talents. Individuals get specific attention from the leader in order to foster healthy relationships by giving fresh learning opportunities that match their interests and abilities.

3. Intellectual stimulation: Leaders urge their subordinates to attempt to instil enthusiasm and inventiveness in their own subordinates by adjusting their own techniques and possibilities. The leader's primary objective is to facilitate the free flow of ideas and imaginations so that their followers and subordinates may experiment with novel tactics and approaches.

4. Idealized influence: Through their nice manner, leaders become role models for their followers. They esteem, respect, and trust their subordinates. They prioritise the needs of their followers before their own and abstain from utilising authority for personal gain (Aneja Deveshvar, 2014, p. 178).

#### **Role of Transformational Leader during the Crisis (Pandemic):**

Progressive change is essential and much needed especially in this pandemic situation, a transformational leader can act as a change agent in organization. Be it work from home or adopting standard operating procedures while working, the inspiration from transformational leaders are essential to meet organizational goals without sacrificing employee's well being. Though training can assist existing employees to adopt changes, the message from the transformational leaders have the potential to inspire much needed commitment to adoption process and therefore the information from such leaders during the crisis has been seen as hope for employees future prospects in the organisation and also they have the ability to provide individualised consideration to those workers who are in need of support during this pandemic situation. Transformational leaders are both ideals and intellectuals who motivate employees through their behaviour and as well as their cognitive approach to drive out desired results. Thus they are more than a usual leader and a much needed visionary to stay strong at this pandemic and to stay connected with the future vision and mission of the organization.

#### **Role of Transformational Leader in Banking Sector during Pandemic:**

Worldwide, the Covid flare-up now has hit large number of lives with great many passing's across the world. The rising danger of this infection keeps expanding as regular new cases are coming out. Be that as it may, nations impacted with Covid are presently finding a way significant ways to address it utilizing computer based intelligence and Enormous information advances . As per the World Wellbeing Association (WHO) , simulated intelligence and Large information played a critical job in Coronavirus. The continuous spread of COVID19 has become perhaps the greatest danger to the worldwide economy and monetary business sectors. To contain the effect of the Covid episode, India, in the same way as other nations across the globe, is going to a few lengths, including a cross country lockdown, restricting development of the whole populace, closing down open places and transport, and asking general society to remain inside, keep social separation, and work from home . The subsequent financial disturbance is immense and the transient decrease in action for organizations, both enormous and little, impressive.

The unfavourable impacts of the Coronavirus pandemic are streaming down to significant areas of the Indian economy, with assembling, auto, retail, aeronautics and cordiality enduring the worst part of the lockdown . This thusly has impacted fastgrowing computerized installments which are firmly connected to the previously mentioned areas. Close shops, travel boycotts and decreased optional spends by purchasers are further contrarily affecting advanced installments. The ascent in the instances of Coronavirus, Io T programming arrangements are confronting significant hit . There are a ton of verticals of Io T, for example, fabricating, transportation, travel accommodation, where every one of the activities are required to be postponed. Yet, associations have changed their needs, for example, associations need to screen the wellbeing and health of representatives as they are telecommuting. Such use cases are advanced in this Coronavirus pandemic. The new use cases have been produced alongside the application regions where interest for Io T programming arrangements has seen a gigantic

increment. The information is essential for how we might interpret the world, and especially for the development of peculiarities, for example, the Coronavirus flare-up. Information representation is having a defining moment during the Coronavirus pandemic.

The world has seen a few plagues, for example, the Spanish Influenza of 1918, episode of HIV/AIDS, SARS (Extreme Intense Respiratory Disorder), MERS (Center East Respiratory Condition) and Ebola. Before, India has needed to manage sicknesses like the little pox, plague and polio. These exclusively have been really extreme episodes. Anyway the Coronavirus which started in China in December 2019 and throughout the following not many months quickly spread to practically all nations of the world might conceivably end up being the greatest wellbeing emergency in our set of experiences. Numerous specialists have effectively called this a Dark Swan occasion for the worldwide economy. India recorded the main instance of the infection on January 30, 2020. From that point forward the cases have expanded consistently and fundamentally. The Covid related concerns are probably going to irritate troubles for Indian banks, appraisals organization Fitch said, changing down the working climate score for the basic area by an indent. The score has been changed to "BB" from "BB+" prior, the organization said, bringing up that Coronavirus episode ups the concerns for the area, which is now reeling under powerless business and customer certainty. In this paper we are endeavours to abide further into Coronavirus' effect on the monetary area, all the more explicitly the effect on banks, banking innovation organizations.

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