



ISSUES OF TRANSFORMATIONAL LEADERSHIP STYLE OF MANAGEMENT AND ITS EFFECTIVE USE

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Abstract

The concept of transformational leadership was developed by James W. Downton in 1973 and further developed by James Burns in 1978. In 1985, researcher Bernard M. Bass expanded the concept to include methods for measuring the success of transformational leadership. This model encourages leaders to demonstrate authentic, powerful leadership, and the idea is that employees will be inspired to follow suit.

Introduction

A transformational leadership approach motivates, inspires, and motivates employees to create the changes needed to shape the future success of the company. This is done by setting an example at the executive level through authenticity, a strong sense of corporate culture, employee ownership, and autonomy in the workplace. Transformational leaders are change agents in business, able to identify innovative and disruptive trends in technology and then help the organization embrace these changes.

According to White, four key elements define the transformational leadership model and style. These factors were developed by Bass in 1985 to help define what transformational leadership looks like and how to be successful as a leader of this type:

- Idealized Influence (Being a Role Model): The most important thing you can do as a transformational leader is to be a role model. Employees look to you as a role model for how to behave in all areas. If you lead by example, employees will adopt this behavior and be inspired to maintain a high standard of performance. This is not about



manipulating employees to work hard, but rather being a role model and having a positive impact on others by building trust, transparency, and respect.

- Intellectual stimulation: To help create change, it is important to challenge long-held beliefs in the organization and develop the status quo by encouraging innovation, creativity, critical thinking, and problem-solving. Transformational leaders must help employees feel comfortable exploring new ideas and opportunities that can innovate the organization. You need to create an environment that encourages growth and gets everyone excited about digital transformation and other important initiatives in the organization.

- Inspiring Motivation: As a transformational leader, you need to inspire your team to feel connected and committed to the organization's vision. Rather than trying to motivate employees through fear, you need to demonstrate that you as a leader are committed to these goals by giving them a strong sense of purpose.

- Personal Focus: Employees need to feel a sense of independence and ownership in achieving the overall business goals. As a transformational leader, it is important to understand that each employee is a unique individual in the company and has their own unique needs, coaching styles, and contributions to the company. These leaders adapt their coaching styles to the employee and help them achieve goals both inside and outside the organization.

The relevance of the transformational leadership style is reflected in the following:

- Cultural change affects personal development. Transformational leaders strive to adopt effective strategies and adapt their principles and values to the organization, team, or community. Leaders ensure the morale of their employees by providing the same values and principles.

- Transformational leadership supports employees who can achieve results that exceed their own and others' expectations. It develops leaders who are confident, which increases the competence of employees and high performance.

- Transformational leadership can help organizations solve problems such as restructuring, strategic changes, or staff reductions.

- Transformational leadership can increase production, sales, and profits, help redefine the company's image in the industry, and create a positive environment for employees.



Organizational culture has a positive impact on business success, employee satisfaction, and employee engagement. Some researchers argue that managers who use positive leadership styles motivate their employees and help them achieve success. Managers should use good leadership styles to encourage the level of performance of employees in the organization. Leadership and organizational effectiveness go hand in hand. Good leadership is a solid foundation for competitive advantage and management development.

Leadership models enable organizations to achieve their current goals by supporting and empowering employees to perform effectively, and by involving employees in the process. Without leadership, success is less likely and the risk of making mistakes is much higher. Of these, leadership plays a key role in supporting people's desire to achieve their goals and create, communicate, and change culture. Since leadership is about power, the art of empowering others to do more social work can be considered leadership. In today's global economy, where organizations are faced with a changing environment, managers face difficult challenges.

There is a close relationship between leadership and organizational performance. Good leadership is a solid foundation for management development and competitive advantage. Leadership styles help organizations achieve current goals more effectively by linking performance with meaningful motivation and enabling employees to use their needs to work. Without a leader, mistakes are more likely to occur and the chances of success are smaller. Thus, leadership, along with support and motivation, plays a necessary role in creating, developing, and changing organizational culture, and encouraging support brings people together to achieve common goals.

In today's changing and increasingly competitive world, achieving results requires a modern leadership style. Leaders in the past managed complex organizations, but today's world is relatively stable and unpredictable. In today's world, where organizations are adapting to a rapidly changing environment, leaders are facing new realities. Mobile workers who can work in flexible contexts and adapt to real-time conditions are becoming essential for organizations. What is needed now is a change agent and a leader who can attract, act as a center, focus, and enable people and organizations to be flexible and present. Positive change occurs when leaders are able to choose and use leadership styles that are appropriate for the goals of their organization.



Transformational leadership is a key concept in organizational psychology and management, originally conceptualized by Burns and developed by Bass and Avolio. It is widely recognized for its ability to inspire and motivate employees to put their personal interests above their own for the sake of the organization's goals. This style emphasizes instilling a sense of pride among team members and encouraging innovation.

The importance of transformational leadership:

1. **Motivation:** Transformational leaders motivate and inspire their employees to go beyond their personal interests for the benefit of the group and the organization. They emphasize an optimistic and confident approach to employee tasks and goals.
2. **Innovation:** Transformational leaders challenge traditional assumptions and encourage creativity and innovation. They act as change agents who manage unpredictable situations in the workplace and encourage new perspectives.
3. **Organizational Culture:** Transformational leaders shape and manage the culture and goals of the organization. They create a set of shared values and norms that foster unity and commitment among team members.
4. **Performance Management:** Transformational leadership emphasizes setting clear goals and expectations that help maintain order and efficiency within the organization. Leaders focus on achieving results by developing relationships with employees.
5. **Fulfilling Basic Needs:** Transformational leaders address the lower-level needs of employees by motivating them for results. This creates a stable work environment and ensures that basic needs are met.
6. **Administrative Focus:** Transformational leadership prioritizes administrative tasks and satisfying basic needs, which ensures that the organizational structure runs smoothly. Leaders focus on task completion and maintaining order rather than personal development.

Types of transformational leadership:

1. **Idealized Influence:** Transformational leaders serve as role models with commendable qualities and a clear value system, inspiring their followers to emulate their behavior. This component enhances the leader's ability to influence through charisma and personal example.
2. **Inspirational Motivation:** Transformational leaders promote an attractive attitude that inspires optimism and action among followers. They articulate goals in a way that evokes a sense of shared purpose and human spirituality.



3. Intellectual Stimulation: Transformational leaders challenge traditional assumptions and encourage creativity and innovation. They encourage employees to think critically and explore new perspectives.

4. Individualized Reflection: Transformational leaders recognize and strive to meet the individual needs of each employee. They act as coaches who support personal growth and goal achievement.

Transformational leadership plays a key role in achieving organizational success by fostering motivation, innovation, and a positive organizational culture. Its various components work together to enable both leaders and employees to achieve greater collective results than they could individually, making it a valuable approach in modern leadership contexts.

The question arises as to what is the difference between transformational leadership and transactional leadership. Transactional leadership differs from transformational leadership in that it focuses on the law of “what works” rather than inspiring and motivating employees to a shared vision. Transformational leaders emphasize personal development, innovation, and a sense of shared purpose, while transactional leaders focus on direct goal achievement and discipline through rewards and punishments.

Bass (1985) studies transformational and transactional leadership separately, systematizes them, and emphasizes their complementary nature.

While transformational leadership inspires employees to put the interests of the team above personal interests, transactional leadership ensures the achievement of organizational goals through the communication system and relationships created with employees. Research has shown a positive correlation between both styles and favorable organizational outcomes in a variety of settings.

So, let's highlight the advantages and effective results of choosing leadership styles:

1. Communication skills development and employee satisfaction: Leadership styles and communication skills, regardless of gender differences, have a significant impact on employee satisfaction.

2. Increasing the role of leadership in organizational integration: Effective leadership is essential in aligning employee aspirations with organizational goals and requires direction, control, and motivation, all of which are reinforced by effective communication.



3. Developing effective communication in leadership, creating positive relationships between leaders and employees: Leadership is inherently communication-based, influencing perceptions of the leader's charisma and building trust, thereby increasing satisfaction with communication between leaders and employees.
4. Developing task- and relationship-oriented leadership behaviors: Leaders are evaluated by employees on the basis of their task-related activities and relationship-building efforts, and when both aspects are managed effectively, acceptable results are achieved.
5. Creating mutual understanding: Communication serves many organizational functions, such as coordination, information sharing, building trust, and decision-making, which emphasizes the need for leaders to understand and adapt to different communication styles.
6. Development of communication skills competence: Effective communicators have the ability to convey understandable, accepted and relevant messages, which requires a combination of knowledge, motivation, skills, behavior and effectiveness.
7. Emergence of the motivating “factor”: The use of the motivating factor by leaders significantly increases employee attitudes, job satisfaction, productivity and adoption of innovations, which includes the guiding, empathetic and expressive factors.
8. Goal setting and implementation: The hypotheses confirming the positive impact of communication skills of leaders and task-oriented, relationship-oriented leadership styles on employee satisfaction were confirmed, which showed them to have a significant impact on employee attitudes and satisfaction.

In conclusion, the results of many studies emphasize the important role of communication skills, task-oriented and relationship-oriented leadership styles in employee satisfaction and the development of constructive, communicative relationships between managers and employees.

Transactional and transformational leadership styles have attracted the attention of many researchers in recent times. Some believe that they are the same, while others consider them to be different. This study focuses on the difference between transformational and transactional leadership based on evidence from the literature. Leadership is one of the most important aspects of management. This is because leadership is a key factor that contributes significantly to the overall well-being of organizations and countries.



Organizations such as General Electric and Chrysler emerged from the brink of bankruptcy and became two of the most profitable organizations in the world thanks to the effective leadership of Jack Wyelch and Lee Iacocca. Countries like the United States, Great Britain, France, and India are among the most prominent countries in the world today due to their effective leadership styles.

Several theories exist and are still being advanced to explain leadership effectiveness. Two of the most popular theories of leadership are transformational and transactional leadership theories. Since the late 1980s, theories of transformational and transactional (charismatic) leadership have gained momentum. The main directions, principles, and patterns of transformational leadership have been proposed by several theorists, including Bass.

Although most authors agree that transactional and transformational leadership differ in concept and practice, many authors believe that transformational leadership significantly enhances transactional leadership, which in turn leads to higher levels of individual, group, and organizational performance. Other researchers believe that transactional leadership is a subset of transformational leadership.

So, a transformational leader is someone who motivates and inspires (transforms) employees to achieve high results.

- it focuses on the care and development needs of individual employees;
- they change employees' awareness of problems by helping them look at old problems in a new way;
- and they can motivate, excite, and inspire employees to put in extra effort to achieve group goals. Transformational leadership theory is leadership that creates positive changes in employees, in which they care about each other's interests and focus on the interests of the group as a whole. The concept of transformational leadership was first described in 1978 by James McGregor Burns in a descriptive study of political leaders, but its application was further modified by B.M. Bass and J.B. Avalio in organizational psychology and management.

Transformational leadership increases employee motivation, morale, and performance through a variety of mechanisms. These include linking an employee's identity and self-awareness to the collective identity of the organization, inspiring and engaging employees by providing role models, encouraging employees to take greater



ownership of their work, and understanding employees' strengths and weaknesses, which can help align employees with tasks that will maximize their effectiveness.

Therefore, we propose four components of a transformational leadership style:

- 1) Charisma or idealized influence: the degree to which a leader acts in a way that is admirable and demonstrates his beliefs, demonstrating positions that cause employees to identify with a leader who has a clear set of values and is a role model for them.
- 2) Inspirational motivation: the degree to which the leader expresses his vision, inspires employees with a sense of purpose for future goals and gives meaning to current tasks.
- 3) Intellectual stimulation: the degree to which the leader challenges expectations, encourages creativity in employees - creating a basis for employees to see how they relate to them, creating a sense of being able to creatively overcome any obstacles to the goal.
- 4) Personal and individual attention: the degree to which the leader meets the needs of each employee and acts as a coach, respecting and appreciating the individual's contribution to the team. This satisfies and strengthens each team member's need for self-understanding and self-esteem, thereby inspiring employees to further achievements.

Transformational leadership also has weaknesses.

Yukl identified seven major weaknesses of transformational leadership. First, there is the potential ambiguity in its underlying effects and processes. The theory fails to explain the interplay between transformational leadership and positive work outcomes. The theory would be stronger if the underlying processes of influence were more clearly articulated and used to explain how each type of behavior affects the mediating variable and each type of outcome.

Second, the theory's overemphasis on secondary-level leadership principles. The primary interest is in explaining the direct effects of leaders on individual employees, rather than their effects on group or organizational processes.

Examples of relevant group-level processes include:

- 1) how well work is organized to utilize personnel and resources;
- 2) how well interrelated group activities are coordinated;
- 3) the degree of agreement on goals and priorities;
- 4) mutual trust and cooperation among members;
- 5) the degree to which a member identifies with the group;



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- 6) the members' confidence in the group's ability to achieve its goals;
 - 7) the acquisition and effective use of resources;
 - 8) coordination with other systems in the organization and external factors.

Transformational leadership theories are not very clear about how leaders influence these group processes. Most theories of transformational leadership also pay insufficient attention to organizational processes. Leadership is seen as a key determinant of organizational effectiveness, but the impact of leader behavior on organizational processes that ultimately determine effectiveness is rarely described in detail. Transformational leadership theories would benefit from a more detailed description of the leader's influence on group and organizational processes.

Third, the theoretical basis for distinguishing behaviors is not clearly explained. The high correlation between partially overlapping content and transformational behaviors raises doubts about their construct validity. For example, intellectual stimulation operationally leads a subordinate to question traditional beliefs, look at problems from a different perspective, and find innovative solutions to problems. The content is diverse and ambiguous. There is no clear description of what a leader actually says or does to influence the cognitive processes or behavior of subordinates. Fourth, empirical evidence has identified several transformational behaviors missing from the original transformational leadership theory. Some of these include inspiring (increasing the meaning of work), developing (increasing employee skills and confidence), and empowering (giving employees a meaningful role and agency).

Fifth, the situational variables in transformational leadership are not sufficiently specified. A central assumption of transformational leadership theory is that the basic leadership processes and outcomes are the same in all situations. Bass proposed that transformational leadership is beneficial to both employees and organizations regardless of the situation. Research has shown that situational factors can affect the employees and work outcomes of transformational leadership. The following situational variables have been proposed as moderators between transformational leadership and employees: environmental sustainability, organic structure, entrepreneurial culture, and dominance of technology and equipment.

Sixth, the theory does not clearly define every situation in which transformational leadership is harmful. Several studies have shown that transformational leadership can have detrimental effects on both employees and the organization. Transformational leadership is believed to be biased in favor of top management,



owners, and executives. Employees may tend to become so emotionally involved in their work over time that they become stressed. Leaders who have a strong identification with their unit and its goals may improve employee motivation, but may also create excessive competition between different units in the organization. When interdepartmental cooperation is required to achieve organizational goals, the result may be a decrease in organizational effectiveness. The possibility that transformational leadership may have negative consequences should be investigated with research methods designed to detect such effects.

Finally, like most leadership theories, transformational leadership theory includes the stereotype of heroic leadership. It is assumed that the effective performance of an individual, group, or organization depends on the leadership of a person who has the ability to find the right path and motivate others to follow it. The central postulate in most interpretations of transformational leadership theory is that effective leaders influence their followers to exert self-sacrifice and extraordinary effort. The effect is unidirectional, flowing from the leader to the follower. When a relationship between transformational leadership and subordinate commitment or performance is found, the results are interpreted as indicating that the leader influenced subordinates to perform better. There is little interest in describing the processes of interaction or general leadership. Researchers study how leaders motivate their followers or overcome their resistance, not how leaders encourage their followers to challenge or develop better ideas.

Despite many criticisms of transformational leadership, its popularity has recently skyrocketed. For example, studies have shown that managers in a variety of settings, including the military, manufacturing, and business, have rated transformational leaders as more effective, higher performers, more motivated, and more interpersonally sensitive than their transactional counterparts. Studies have shown that transformational leadership is strongly associated with employee performance, such as higher earnings, higher productivity, employee satisfaction, creativity, goal achievement, and follower well-being.

Transactional leadership is a leadership style in which the leader achieves the obedience of his or her followers through rewards and punishments. Unlike transformational leadership, leaders who use a transactional approach do not want to change the future; they simply want to keep things the same. These leaders pay attention to the work of followers to find mistakes and deviations. This type of



leadership is effective in crisis and emergency situations, as well as when projects need to be implemented in a specific manner.

In the context of Maslow's hierarchy of needs, transactional leadership operates at the basic levels of need satisfaction, with transactional leaders focusing on the lower levels of the hierarchy. Transactional leaders use an exchange model in which good work or positive outcomes are rewarded. Conversely, people with this leadership style may punish bad work or negative outcomes until the problem is solved. One way transactional leadership focuses on lower-level needs is by emphasizing task-based performance. Transactional leaders are effective at performing specific tasks by managing each system individually.

Transactional leaders are concerned with processes rather than forward-thinking ideas. Transactional leaders use rewards and punishments to gain the approval of their employees. They accept the goals, structure, and culture of the existing organization. Transactional leaders are typically directive and action-oriented.

Transactional leaders are willing to work within existing systems and negotiate to achieve organizational goals. They think within the box when solving problems

Transactional leadership is primarily passive. The behaviors most associated with this type of leadership are rewarding followers and setting criteria for maintaining status. James McGregor Burns explained the difference between transactional leaders and transformational leaders as follows: transactional leaders are leaders who reward or punish employees for their work and commitment. Transformational leaders are leaders who engage with employees, focus on high-level internal needs, and think about the importance of specific results and new ways to achieve those results.

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