

# Transformational Leadership: What it takes to be a Great Business Leader

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## Abstract

*A key part of business growth depends on the leadership within. A crucial part of being a successful leader lies in their leadership styles. It is crucial for businesses to explore and recognize effective styles for their strategic goals. A manager leading with authoritarianism will see a stark contrast in employee behavior in comparison to Laissez-faire leadership, a hands-free approach. Tech companies of all sizes should seek leaders containing the qualities associated with the Transformational leadership style, as it contains the highest potential for innovation and employee growth. Transformational leaders achieve this through a very specific practice when assigning a task to a group. It is vital that they do not instruct their team how to complete the task, but rather benefit by having the team figure out how to approach the problem. This method creates the potential for a new and possibly more effective solution.*

## Introduction

There are many approaches to operating and leading a business. We have all had experiences with many leaders in our lives. These leaders, whether good or bad, have their own leadership styles that may influence their effectiveness. This article focuses on transformational leadership to explore the potential for business growth, as well as innovation. In the tech industry, when a company stops innovating, they stop growing. Take, for example, the fall of Nokia (Epifano & Ross, 2024), once renowned for their indestructible phones, but struggling to stay afloat as they fell behind following Apple's introduction of the iPhone.

## What is Transformational Leadership?

Transformational Leadership focuses heavily on positive reinforcement and room for growth. These leaders strive for creativity and innovative thinking. Transformational leaders are supportive of growth within employees. It works best within fields and businesses that value employee growth and innovation.

Transformational Leadership promotes innovation through being hands-off and accepting risks. Transformational Leaders should simply introduce a problem to their team and allow team members time and support in finding solutions to the problem (Bass, 1999). Leaders should not

push their team members to take a standard approach to a problem, as this will prevent the opportunity of innovation. Team members taking a non-standard approach to a problem may find a new, quicker approach to reaching the solution. Steve Jobs best demonstrated this when working with his team on the iPod. “Let’s get rid of the on/off button.’ At first the team members were taken aback, but then they realized the button was unnecessary. The device would gradually power down if it wasn’t being used and would spring to life when reengaged. (Isaacson, 2014). While the removal of the power button may not be largely notable for Apple’s success, it is important to note Jobs’ approach, and the result of the interaction. Removing the power button from a device had never been done prior to the iPod, and yet Job’s team found a way.

Within a business, a transformational leader needs to have several characteristics to have the most success. The University of Massachusetts Global suggests that there are five traits that all successful transformation leaders share: Self-Awareness, Open-Mindedness, Innovation, Proactivity, and Modesty (n.d.). These traits stem from the requirements and foundations of transformational leadership, as recognized by a topic referred to as “The Four I’s of Transformational Leadership” (Michigan State University, 2022).

### **The “Four I’s” of transformational leadership:**

#### **Intellectual Stimulation**

Transformational leaderships must be willing to take risks. Businesses wanting innovation must be willing to challenge assumptions in their industry. Leaders should encourage input and ideas from team members. Teams should have an environment that promotes healthy conversation containing creativity and

diverse perspectives. It is better for an employee to ask questions, instead of accepting a procedure for how it is.

#### **Individual Consideration**

A transformational leader needs to be an active listener, acknowledging employee’s concerns and requirements so that the employee feels supported. Part of individual consideration is recognizing that one employee’s skillset and needed environment may not suit the needs of a different employee. Leaders of this type must tailor their management styles to support various employees on their team.

#### **Inspirational Motivation**

A good transformational leader must also be able to create a unified vision. This vision must be one that leads team members to perform. Transformational leaders are required to understand that employees with a strong sense of purpose are the most motivated. A leader must be willing to challenge their employees.

#### **Idealized Influence**

A good leader must have good behavior. A transformational leader must behave in a way that earns trust from their team. This lays the foundation for the leader to set the direction for the team.

### **WHEN DOES IT NOT WORK**

It is important to note that transformational leadership is not traditionally the best approach for businesses that are just trying to reach an economic goal. Team members left to solve tasks on their own could also potentially fall behind in comparison to teams under other leadership styles. Transformative leaders also tend to experience more burnout within their teams compared to other styles of leadership. Leaders of this style require constant feedback from employees to perform

effectively. Without constant communication from leadership, employees may feel left out of the bigger picture.

## **ALTERNATIVE LEADERSHIP STYLES**

### **Visionary Leadership**

A visionary leader will picture innovations within the industry or find opportunity within change. Visionaries aim to inspire others to see their vision. They try to unite people. These leaders often use storytelling and symbolism to motivate people. Their end goal is to create their vision.

### **Transactional Leadership**

A transactional leader typically follows the ideology of positive and negative reinforcement. Leaders of this type typically offer a reward to their employees for reaching a goal. This style of leadership has been noted to collaborate best with initiative-taking employees and is often found at large companies. A commission-based position serves as a good example for a transactional style position.

### **Laissez-faire Leadership**

A Laissez-faire leader takes a hands-off approach to leadership. Leaders of this style trust their employees to achieve their goals without having to be micromanaged. Employees under Laissez-faire leaders are required to make decisions on their own and provide feedback on their work when required. Laissez-faire leaders are known to be strong in delegating tasks to employees. (UAGC, 2022).

## **Conclusion**

The role of leadership styles in fostering innovation and driving business growth cannot be overlooked.

Transformational leadership emerges as an effective approach for organizations within industries that are rapidly evolving, such as tech. By offering positive-reinforcement, strong communication, and growth while allowing team members to approach a problem individually, transformational leaders cultivate an environment proven effective to innovation. By embracing the principles of transformational leadership, business leaders can position themselves for sustained growth, competitiveness, and success in present day industries.

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