

## TRANSFORMATIONAL LEADERSHIP BEHAVIOUR IN SELECT IT COMPANIES IN INDIA

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### ABSTRACT

Transformational leadership theory was developed by Burns (1978) and later enhanced by Bass (1985, 1998) and others (Avolio & Bass, 1988; Bass & Avolio, 1994; Bennis & Nanus, 1985; Tichy & Devanna, 1986). Transformational leadership theory evidence that the leader's ability to motivate the follower to accomplish more than what the follower planned to accomplish. In the present-day, IT (Software) companies in India is undergoing considerable changes in response to the changing business environment. The aim of this study is to analyse transformational leadership behaviour in IT (software) companies in India. A total of 100 team members rated team leader on Multifactor Leadership Questionnaire in IT (software) companies of India. The results of the study showed that, on an average, the level of transformational leadership is more or less the same as the level of transactional leadership, as leaders exhibited these styles of leadership most often.

**KEYWORDS:** Laissez-faire Leadership, Transformational Leadership and Transactional Leadership.

Leadership is an interpersonal influence exercised in a situation and directed through the communication process towards attainment of the goal. Leader's role in achieving organizational goal largely depends on how well they communicate. In an organization, where success depends on the effort of all its members, the leaders depend completely upon the quality, the amount, and the rate at which relevant information reaches them. The ability to obtain, assimilate, analyze and communicate information is critical to organizational success. Organizations, thus, depend upon the efficiency with which leaders deal with this information and make important decisions. In the organizations, transformational leaders could be a competitive advantage to increase the efficacy and performance of such organizations.

Transformational leadership theory was developed by Burns (1978) and later enhanced by Bass (1985, 1998) and others (Avolio & Bass, 1988; Bass & Avolio, 1994; Bennis & Nanus, 1985; Tichy & Devanna, 1986). Transformational leadership theory evidence that the leader's ability to motivate the follower is to accomplish more than what the follower planned to accomplish.

Transformational leaders are referred to those ones who try to show the organizations a new route for improvement and progress by generating new ideas and perspectives. They also mobilize the organization by motivating managers, employees and members of the organizations to radical changes. Transformational leaders change their followers, empower them to develop and create new needs, tendencies and values because of that their requirements are met. Therefore, the followers may grow, develop and change to leaders. Transformational leaders are moulding values, ethics, standards and long-term aims and focus on their followers' performance and development in order to increase their capabilities. Often, transformational leaders have strong internal ideals and values.

Transformational leadership has four factors: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Burns postulated that transformational leaders inspire followers to accomplish more by concentrating on the follower's values and helping the follower align these values with the values of the organization. Furthermore, Burns identified transformational leadership as a relationship in which the leader and the follower motivated each other to higher levels which resulted in value system congruence between the leader and the follower.

### **FACTORS OF TRANSFORMATIONAL LEADERSHIP**

Bass identified four transformational leadership behaviours which represent four basic factors or "I's" of transformational leadership.

1. **Idealized influence** (charisma) arouses strong emotions from followers and identification with, and emulation of, the leader because leaders act as strong role models for followers. They also display very high moral standards and conduct themselves in an ethical manner, and can thus be counted on to do the right thing.
2. **Individualized consideration** involves providing support, encouragement, coaching, delegation, advice, and feedback for use in the personal development of followers.
3. **Intellectual stimulation** increases awareness of problems and influences followers to view problems from a new point of view. Followers are stimulated to be creative and innovative and also to challenge their own beliefs and values and those of their leaders and organization. In addition they are also encouraged to take intellectual risks and to question assumptions.
4. **Inspirational motivation** includes developing and communicating an appealing vision, using symbols and images to focus the efforts of subordinates, and modelling behaviours that are deemed appropriate.

### **TRANSFORMATIONAL LEADERSHIP**

The issue concerning leadership is a very complex one. Effective leadership always plays an important role in the growth and better performance of the organization. Transformational leadership was introduced by Burns (1978) and it was further enhanced by several people. It is a process of developing people, who in turn, develop their organisations by achieving the determined goals. Transformational leadership has four components i.e. idealised influence, Inspirational motivation, Intellectual simulation and individualized consideration. Several studies have been conducted on transformational leadership in India and abroad. The most of the studies reveals positive outcomes.

**Vinger, G., Cilliers, F. (2006)** examined that the leaders exhibit transformational leadership fairly

often and that, contrary to criticism, they manage change fairly successfully and **Givens, R (2008)** in his study on transformational leadership and its impact on organizational and personal outcomes, it revealed that transformational leaders can influence employee behaviour. Another study conducted in a pharmaceutical company revealed that transformational leadership behaviour has a positive and significant correlation between the components of organizational culture such as long / short term orientation, masculinity / femininity, power distance, individualism / collectivism and uncertainty avoidance. (**Aydogdu, S., Sigil, B. 2011**). Also, **Jandaghi, G., Matin, H. Z., Farjami, A. (2009)** through their study in successful companies and unsuccessful companies describes the problem and its importance and showed that there is more transformational leadership in successful companies than unsuccessful ones. **Riaz, A., Haider, M. (2010)** revealed that job success is more dependent on transformational and transactional leadership as compared to career satisfaction.

A study conducted by **Ngodo, O. E (2008)** uncovered that transformational leadership approach is capable of producing positive outcomes such as leadership effectiveness, development of organizational citizenship behavior, follower commitment to the leader, and the organization as well as follower satisfaction on the job. According to **Sahgal, P. & Pathak, A. (2007)** Leaders do not emerge as a consequence of events or incidents but a journey of distinctive life experiences and processes. It concludes with a framework that weaves the background of leadership that have enabled leaders to accomplish professional growth and success and **Phipps, S. T, A. Prieto, L. C., (2011)** established that distinctions in individual personalities influence leadership behaviors in general and transformational leadership in particular. However, not all personality characteristics (openness to experience, conscientiousness, extroversion/introversion, agreeableness, and neuroticism/emotional stability are significant predictors of transformational leadership. It also suggests that one personality dimension from the Five Factor Model is not always sufficient to predict transformational leadership. Occasionally, the combined effect of several personality traits brings about transformational leadership, or the influence of other variables such as political skill drives or strengthens the relationship between personality and transformational leadership.

**Kent, T. W., et al (2010)** found that men and women leaders behave as leaders in the same way and men and women do not differ in their general perceptions of others as leaders. **Mehta, S., Krishnan, V. (2004)** revealed that transformational leadership is the highest when soft tactics are used in a strong culture and the lowest when hard tactics are used in a weak culture. Also **Giri, V., Santra, T. (2008)** revealed that the transformational leadership and transactional leadership styles were found to be positively correlated to organizational effectiveness and *lassaiz-faire* leadership style was found to be negatively correlated with organizational effectiveness. Further, it was observed that transformational and transactional leadership styles were positively correlated with Face to Face communication. **Krishnan, V. (2001)** made an argument for teaching Indian philosophy in schools and colleges in India to facilitate the emergence of a greater number of transformational leaders who could lift people to higher levels. Finally **Rus, M. (2012)** in a comparative study leadership i.e. transformational vs. transactional in terms of employee performance in public and private organizations concluded that transformational leadership is better than transactional because it is perceived that transformational leaders are closer to the needs of employees and continuously investigate their necessities.

The above review of literature shows that there have been a number of studies of transformational leadership in various Industries like Private and public sectors, petrochemical industry, pharmaceutical industry, construction industry etc. The other studies of transformational leadership include successful and unsuccessful companies and transformational leadership, organizational effectiveness and Transformational Leadership, transformational leadership and non-profit organizations, Transformational Leadership and managing change, etc. However, there have not been any studies on

transformational leadership behaviours in IT (software) companies conducted in India.

### **STATEMENT OF THE PROBLEM:**

Prior researches proved that transformational leadership behaviour affects employee performance and commitment, organization culture, personal outcomes, job satisfaction, creativity, change management, etc. In the present day, IT industry in India is undergoing considerable changes in response to the changing business environment. The following are and will be the IT challenges in the future like globalisation, excess workload, change, on-time performance and quality, cultural and regional differences, outsourcing and off-shoring, project management, meeting customer expectation, etc. Therefore, transformational leaders in an IT sector play a very important role to manage the working of an organisation. Thus the question arises here whether transformational leadership influences the team performance and employee commitment in the ever-volatile IT sector.

### **SCOPE OF THE STUDY**

Transformational leadership style has proved to gain high importance in business particularly in IT (Software) industry. In an IT (software) Industry, it is necessary that the leader should be effective and charismatic so that he is able to lead from the front and initiate the followers to adopt the same technique and take risk. The importance of transformational leadership lies on the fact that these leaders pay special attention to each and every individual needs for growth and achievement by guiding them as coach and mentor. Transformational leadership style increases the performance of the organisation, positively linked with the customer satisfaction, higher commitment for the subordinates, increases the trust in the management, etc. Thus transformational leadership possesses many advantages and is highly regarded as important by the management.

### **OBJECTIVES OF THE STUDY**

- a) To study demographic profile of Team Members in IT (Software) companies in India.
- b) To analyse the transformational leadership behaviour of Team Leaders in IT (Software) companies of India.

### **RESEARCH METHODOLOGY:**

The purpose of this study is to know transformational leadership behaviour in IT (Software) companies in India. Team members of IT (Software) companies all over India were the population of the study. The sample size for the study was 100 respondents i.e. team members. The primary data was collected from the respondents by using Multifactor Leadership Questionnaire (MLQ). The survey has been conducted at the IT companies located in Goa, Mumbai, Bangalore, Pune and Hyderabad on the basis of concentration of IT companies based on judgement sampling. The Statistical tools used for analysis of primary data include mean, Standard Deviation, for analysis and interpretation of the data collected from IT (software) companies in India.

**DATA ANALYSIS:****Table 1: Demographic Profile of Team Members**

Demographic profile	Category	Percentage (%)
<b>Gender</b>	Male	57.7
	Female	42.3
<b>Age</b>	21-25 Years	23.1
	26-30 Years	37.5
	31-35 Years	30.8
	36-40 Years	8.7
<b>Marital Status</b>	Married	28.8
	Single	71.2
<b>Qualification</b>	M.E	17.3
	MCA	21.2
	B.E	52.9
	M.Sc	4.8
	B.Sc	2.9
	Others	1.0
<b>Designation</b>	Programme Developer	29.8
	Software Engineer	30.8
	DBA	16.3
	Consultant	7.7
	Others	15.4
<b>Experience</b>	1-5 Years	76.9
	6-10 Years	16.3
	Above 10 Years	6.7

**Source: Primary Data**

Table 1 shows the demographic profile of the Team Members in the IT (Software) companies in India. The gender composition of the sample was strongly biased towards males (57.7% male/42.3% female). In case of Team Members, majority of them are in the age group of 26-30 years i.e. 37.5%. The trend shows that younger generation supervises the IT (Software) companies. Most of the Team Members are single i.e. 71.2%. Team member's qualification includes M.E (IT), MCA, B.E (IT), M. Sc, B. Sc. Majority of Team Members' are qualified with B. E (IT) i.e. 52.9%, followed by MCA (21.2%), M.E (IT) – 17.3% and others. Team Members worked in IT (Software) companies having a different designation includes Programme Developer (junior / senior), Software Engineers, DBA, SAP consultants, etc. Most of the Team Members were software Engineers (30.8%), followed by Programme Developers (29.8%) DBA (16.3%), etc. Majority of Team Members were having an experience of 1-5 years i.e. 76.9% followed by 6-10 years i.e. 16.3%.

**Table 2: Team Members Perception about their leaders' Leadership Behaviour**

Statements	Not at all	Once in a while	Sometimes	Most Often	Frequently	Total
	%	%	%	%	%	%
1. Makes us feel good when around.	4.8	-	7.7	44.2	43.3	100
2. Expresses with a few simple words what we could and should do.	-	1	15.4	75	8.7	100
3. Encourages to think about old problems in new ways	4.8	-	14.4	55.8	25	100
4. Motivates to develop one.	4.8	-	11.5	58.7	25	100
5. Tells us what to do if want to be rewarded for our work.	1	11.5	22.1	51	14.4	100
6. Provides satisfaction and agreed-upon standards.	5.8	-	14.4	59.6	20.2	100
7. Allows continuing working in the same way as always.	4.8	8.7	27.9	35.6	23	100
8. Complete faith in us.	4.8	4.8	9.6	60.6	20.2	100
9. Provides appealing images about what we can do	5.8	5.8	19.2	49	20.2	100
10. Provide us with new ways of looking at puzzling things	4.8	3.8	19.2	42.3	29.8	100
11. Allows us to know how we think what we are doing.	4.8	3.8	20.2	56.7	14.4	100
12. Provide recognition/rewards when we reach the goals	14.4	-	20.2	42.3	23.1	100
13. Allows to do the work and do not try to change anything.	4.8	3.8	36.5	30.8	24	100
14. Whatever we want to do is O.K. with him.	7.7	2.9	41.3	46.2	1.9	100
15. Proud to be associated with him	4.8	2.9	30.8	44.2	17.3	100
16. Help us to find meaning in our work.	-	7.7	10.6	67.3	14.4	100
17. Encourages to rethink ideas that we had never questioned before	4.8	2.9	13.5	51.9	26.9	100
18. Provides personal attention to us when seem rejected.	8.7	7.7	14.4	47.1	22.1	100
19. Provides attention to what we can reward for what we accomplish.	1	6.7	24	54.8	13.5	100
20. Set standards we have to know to carry out our work	-	4.8	13.5	58.7	23.1	100
21. Asks only what is absolutely essential	1	7.7	18.3	40.4	32.7	100

Source: Primary Data

**Transformational leadership behaviours:** On an average, all the four behaviours, viz. idealised influence, inspirational motivation, intellectual stimulation and individualized consideration were exhibited most often. The most frequently exhibited behaviour was inspirational motivation, i.e. 66 (63.76%); followed by individualised consideration i.e. 56 (54.16%); followed by intellectual stimulation, i.e. 52 (50.0%); and lastly, idealised influence, i.e. 51 (49.66%).

**Transactional leadership behaviours:** On an average, majority of leaders exhibited management-by-exception most often, i.e. 54 (51.6%) and contingent reward most often, i.e. 51 (49.36%).

**Laissez-faire leadership:** On an average, majority of leaders totaling 42(40.73%) exhibited laissez-faire leadership most often.

**Table 3: Mean and Standard Deviation**

Statements	Mean	Standard Deviation
1. Makes us feel good when around.	3.21	0.952
2. Expresses with a few simple words what we could and should do.	2.91	0.523
3. Encourages to think about old problems in new ways	2.96	0.913
4. Motivates to develop one.	2.99	0.898
5. Tells us what to do if want to be rewarded for our work.	2.66	0.899
6. Provides satisfaction and agreed-upon standards.	2.88	0.928
7. Allows continuing working in the same way as always.	2.63	1.08
8. Complete faith in us.	2.87	0.956
9. Provides appealing images about what we can do	2.72	1.038
10. Provide us with new ways of looking at puzzling things	2.88	1.036
11. Allows us to know how we think what we are doing.	2.72	0.929
12. Provide recognition/rewards when we reach the goals	2.6	1.258
13. Allows to do the work and do not try to change anything.	2.65	1.041
14. Whatever we want to do is O.K. with him.	2.32	0.884
15. Proud to be associated with him	2.66	0.961
16. Help us to find meaning in our work.	2.88	0.741
17. Encourages to rethink ideas that we had never questioned before	2.93	0.978
18. Provides personal attention to us when seem rejected.	2.66	1.163
19. Provides attention to what we can reward for what we accomplish.	2.73	0.815
20. Set standards we have to know to carry out our work	3	0.75
21. Asks only what is absolutely essential	2.96	0.955

**Table 4: Mean and Standard Deviation indicating the team members perception of their Leaders' leadership behaviours.**

	MEAN	SD
Transformational Leadership	2.87	0.924
Transactional Leadership	2.75	0.949
Laissez-faire Leadership	2.64	0.973

**Transformational leadership:** The mean is 2.87 and the SD 0.924. The mean implies that the leaders exhibited transformational leadership most often. This was a relatively high level of transformational leadership exhibited by the Team Members about leaders. At the 0.924 the SD is low implying that there is little variation around the mean.

**Transactional leadership:** The mean is 2.75 and the SD is 0.949, the mean implies that the leaders exhibited transactional leadership most often. This was also a relatively high level of transactional leadership exhibited by the leaders. At the 0.949 the SD is low implying that there is little variation around the mean.

**Laissez-faire leadership:** The mean is 2.64 and the SD is 0.973. The mean implies that the leaders also exhibited laissez-faire leadership most often.

The results of the study showed that on an average, the level of transformational leadership is more or less the same as the level of transactional leadership, as leaders exhibited these styles of leadership most often.

### CONCLUSION

Leadership is at the heart of effective management. Team leaders use various leadership styles to influence subordinates and to get things done in organizations. Behaving in ways that motivate and inspire those around them, paying attention to each individual's needs for achievement and growth, encouraging a two-way exchange in communication, and actively listening to subordinates' concerns and opinions are examples of transformational leadership behaviors. On the other hand, punishing and withdrawing rewards or promotions are examples of transactional leadership behaviors. Avoidance or absence of leadership is the laissez-faire approach.

Transformational leadership behaviors result in positive effects such as high satisfaction and commitment, high motivation and high productivity levels in subordinates. Relying on either the laissez-faire style of leadership approach or the transactional style of leadership may cause negative effects in organizations.

The results of the study showed that transformational leadership behaviour, on an average, all the four behaviours, viz. idealised influence, inspirational motivation, intellectual stimulation and individualized consideration, were exhibited most often. The most frequently exhibited behaviour was inspirational motivation, followed by individualised consideration, followed by intellectual stimulation, and lastly, idealised influence.



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