

Transformational Leadership in the Context of Punctuated Change

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Empirical studies are just beginning to link the dynamics of transformational leadership to the context of organization networks, group dynamics, performance, and effectiveness. There still exist few studies that link transformational leadership to change management theories in order to discover which change environments are more receptive to transformational leadership. This literature review will examine transformational leadership and change management theories to identify leadership traits beneficial to continuous change and radical, punctuated change. Interestingly, punctuated change is juxtaposed to continuous change given its disruption of inertia, dismantling of deep structures, and ability to transform organizations. A transformational leadership model is developed that frames 6 transformational leadership traits conducive in punctuated, revolutionary change.

INTRODUCTION

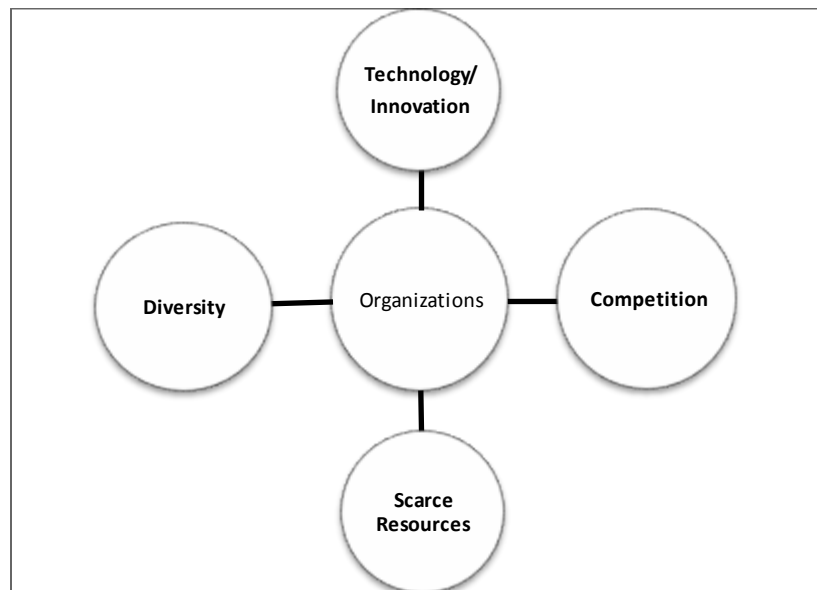
“Today’s world is a rapidly changing environment that places demands on organizations to survive and prosper” (Porras & Silvers, 1991, p. 51). The effects of globalization, environmental catastrophes, social responsibilities, consumer markets and trends, and financial solvency, force organizations across every paradigm to review its current organizational structure and test itself for sustainability and competitiveness. Some organizations take a reactive approach to these issues which can result in rapid structural changes such as downsizing, reorganization, or reengineering of operations or markets. Other organizations take a greater pause, and view external challenges as opportunities to coordinate and execute holistic organizational transformation. The need for organizations to understand the change process is critical now more than ever given the dramatic alterations in every sector of the environment. Organizations, as open systems, are struggling to keep pace and respond to the ever changing political landscapes, failing economies, advanced technology, diversity, and social and moral adaptations (Figure 1). Regardless of the approaches to organizational change, managers are usually given the directive to lead employees throughout the process. Outstanding leadership is needed in today’s workforce due to diversity, rapid advances in technology, globalization and competition (Eisenbach, Watson, & Pillai, 1999).

Change management depends on strong leadership to be enacted in order to create new systems and institutionalize new approaches. No longer are managers able to perform the status quo, which includes monitoring and meeting outcome goals, but successful managers will have a broad shared vision of the future, have an identity and destiny, will be creative and inclusionary, and be open for personal and organization continuous learning. Managers have the increasing responsibility to build consensus, unite purpose, and maintain sustainability, all with the ultimate goal to gain a competitive advantage for the future. An effective manager will possess strong human value systems, have a charismatic ability to

motivate others, assist in self-efficacy discoveries, and connect employees to the mission of the organization and the external community that it serves. If successful, an effective manager will release the maximum potential in every employee and inherently transform the entire organization. The effective management leader will possess the characteristics of a transformational leader.

Transformational leadership is one step beyond effective management and transactional leadership. For leaders to become transformational, they must have the ability to create a collective vision, act in a sense of oneness, be more authentic and engaged, and loosen authority and control (Eisenbach et al., 1999). This type of leadership will create an environment for line managers and staff to maximize their creativity and energy which will lead to maximum performance.

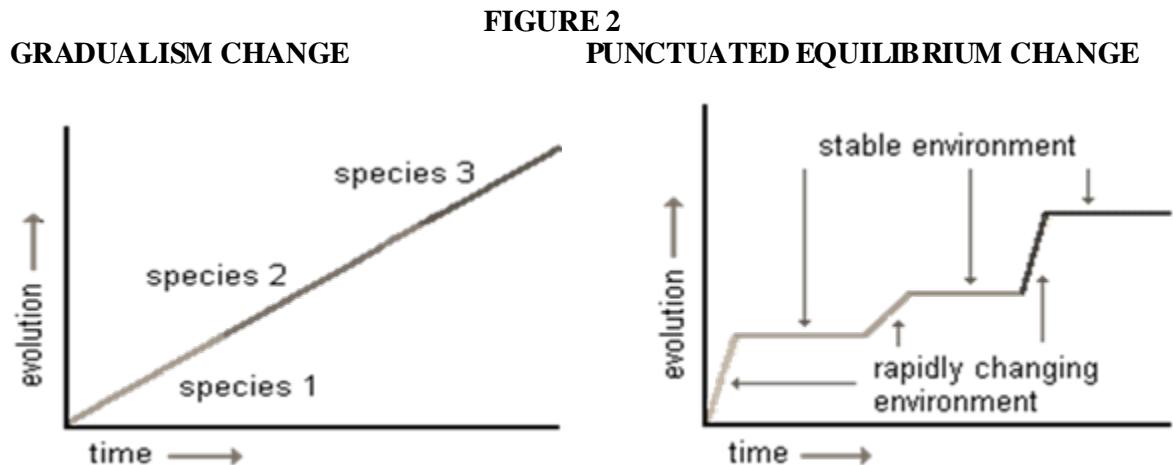
**FIGURE 1
OPEN SYSTEMS MODEL**



Transformational Leadership and Change

The transformational leadership paradigm was first developed by James McGregor Burns who defined transformational leadership as an enduring relationship beyond exchanges and agreements that occur when individuals engage with each other in such a way that the leader and follower raise one another to higher levels of motivation and morality (Whittington & Galpin, 2010). Bass & Avolio (1994) designed a transformational leadership style based on four characteristic traits called the four I's; idealized vision, inspirational motivation, intellectual stimulation, and individualized consideration. For successful change processes to occur, transformational leaders will not only manage tasks and productions but can pull everyone in the same direction through leadership and create a culture of trust (Herrera, 2001). The leader will manage change systematically with sustained efforts and focus (Simons, 1999). There are numerous change management theories and models that examine almost every variable related to change. Research themes in change management theory encompass; content issues which largely focus on the substance of contemporary organizational changes; contextual issues, which principally focus on forces or conditions existing in an organization's external and internal environments; process issues, which address actions undertaken during the enactment of an intended change, and criterion issues, which deal with outcomes commonly assessed in organizational change efforts (Armenakis & Bedeian, 1999). It is of note that the most famous and fundamental change management theory is Kurt Lewin's model of planned change which involves a three step approach; to freeze,

unfreeze, and then refreeze change paradigms (Cummings & Worley, 2008). Lewin's research further identifies the various processes to change; planned, directed, or spiral. Many theorists have developed other change models that support organization change related to downsizing, restructuring or reorientation. The soft dynamics of change has also been studied and includes the cognitive effects of change such as resistance, grief, and paradoxes to change. There also exists the study of the evolution of change. For example, Darwin's model of evolutionary change states that change evolves through a slow stream of small mutations that shapes the environment in various forms (Gersick, 1994). In this type of incremental and continuous change, change is episodic as a result of event pacing. Other change theorist (Kuhn, 1970; Tushman & Romanelli, 1985, 1994) view change as long periods of stability in basic patterns of activity which are punctuated by short bursts of fundamental change (Figure 2).



Source: <http://www.palomar.edu/anthropology/>

In the punctuated equilibrium model of change, there exists long periods of small incremental change which are interrupted by brief periods of discontinuous, radical change (Tushman & Romanelli, 1985; Gersick, 1994). Browne & Eisenhardt (1997) argue that organizational survival depends on a firm's ability to engage in continuous change, in contrast to the rare, episodic phenomenon described by the punctuated equilibrium model. Their conclusions were the result of a study of multiple-produced innovation in the computer industry that revealed that firms are more competitive when they have the capacity to change continuously. In examination of continuous and punctuated change, which environment is more likely to be receptive to transformational leadership and which leadership traits are more pertinent for which type of change episode? (Eisenbach et al., 1999) believe that certain transformational leadership qualities are uniquely appropriate for leading certain types of change. Certain leadership qualities enable leaders to successfully enact certain organization changes.

In an environment of continuous change, the transformational leader will set high performance expectations and reward behaviors that are directed towards the vision. Kotter (1995), states that transformational leaders have the ability to effectively communicate how changes have led to better performance and can prepare new approaches. Brown & Eisenhardt (1997) identified three major characteristics of successful managers in continuously changing organizations:

1. Clear responsibility and priorities, extensive communication, and the freedom to improvise.
2. Exploration of the future low cost probes which is organization learning
3. Link current projects to the future with time paced intervals and transition procedures

In continuous change, organizations focus more on planned change strategies, and establish timelines for implementation, evaluation, and reconfiguration.

Punctuated change is substantially different from continuous change, because the need for this type of change is usually urgent due to external pressures, and the change itself is rapid, which involves the dismantling of the organizations deep structure to create a new paradigm (Gersick, 1994). These punctuations are considered revolutionary and are usually caused by the disruption of inertia within organizations. The two basic sources of disruption of an organizations deep structure are, (1) internal changes that pull parts and actions out of alignment and (2) environmental changes that threaten the organizations ability to obtain or retain resources (Gersick, 1991; Tushman & Romanelli, 1985, 1994; Gersick, 1991). In punctuated revolutionary change, a manager must possess some or all the transformational leadership traits in order to manage the cognitive and formative results that stem from the disruption of organization inertia. This study further identifies the specific leadership traits needed for leaders to successfully implement and sustain revolutionary, punctuated change within organizations.

How Punctuations Occur

The external environment can trigger disruptive changes in organizations. For example, changes in advanced technology can immediately change a firm's capacity and service, especially when the old technology becomes obsolete. If an organization cannot quickly transform its capacity, products or service to remain competitive and viable, the organization, just like the old technology will become obsolete. Several external pressures can result in the following transformational strategies;

1. Reconfiguration of their value stream to repositioning the organization.
(ex. develop partnering networks for service support)
2. Redefine the driving force of the organization. (ex. develop a new mission, strategy)
3. Redefine the value proposition to the existing and or new customer. (ex. new market opportunities that reach a new customer base), (Francis, Bessant, & Hobday, 2003).

The directions of a transformational strategy can sometimes result in discontinuous innovation. Discontinuous innovation is qualitatively different from improvement oriented strategies and is more likely to create transformational change opportunities (Francis et al., 2003). This type of change requires destitution of mind sets, entering the unknown and uncertainty, risks, and will likely face many trials and tribulations. These radical punctuated changes hold a sense of urgency and change in mission and strategy and processes.

Managing a radical transformation is confronting in the extreme for those who lead and manage organizations (Grove, 1998). Francis et al. (2003) equates this type of change to the way the government must change in the time of war. The leadership challenge in punctuated change events is to first break down the old equilibrium, manage the period of uncertainty about the future, and then create a new basis which to crystallize a new structure for the organization (Gersick, 1991). In this punctuated change, a set of different, distinctive new leadership capabilities need to be acquired to unleash the radical transformation. Top managers must have the skills to build coalitions of political will that does more than simply cause agents to grudgingly accept the need for a 'new order' (Kotter, 1996). Paware & Eastman's (1997) research proposes that organizations in crisis will be more receptive to transformational leaders when adaptation vs. efficiency is the goal. Bass (1985) states that transformational leadership is needed in non-routine situations. This study examines the specific transformational leadership traits imperative for managers to lead radical punctuated change in organizations. A transitional leadership traits model for punctuated change (LTPC) is developed based on a literature review of change theory, transformational leadership, and punctuated change theory (Figure 3.)

LEADERSHIP TRAITS FOR PUNCTUATED CHANGE

Throughout the review of literature, a common trait evident in transformational leaders is their ability to create, articulate and implement a collective vision. Transformational leaders quickly engage in a process to recognize the need for change, create a new vision, and institutionalize the vision (Tichy & Devanna, 1990). A good vision will provide both a strategic and motivational focus and will be a clear statement of the purpose of the organization (Eisenbach, Watson, & Pillai, 1999). Change and leadership theories both indicate a leader's perspective of articulating a vision; fostering ground and individual support; can change the basic values, beliefs and attitudes of followers and perform beyond the minimum levels specified by the organization (Yukl, 1989). In the time of punctuated change, the status quo is disrupted which can cause confusion and chaos among organization members (Van, Van, & Fitzgerald, 2003). At this particular juncture in the organizations transformation, the transformation leader has a vantage point to design a new vision and engage all members of the organization to do so. At the minimum, this event has the potential for organization members to discover a new purpose and new focus. A transformational leader can articulate a vision for an attainable future that is both attractive and engaging to followers. To support the commitment to the vision throughout the transformational change process, the leader should set high performance expectations and reward behavior that fulfills the vision (Eisenbach et al., 1999). This process is critical and should be the framework throughout the entire revolutionary change process.

In radical transitions that lead to organization transformation, leaders must have a formal methodical strategy to create the necessary stages of change implementation and management (Eisenbach et al., 1999). Unlike continuous or episodic change, revolutionary change is immediate and responsive. A transformational leader must have the ability to coagulate their vision with a strategic plan for design and implementation. Factors related to engagement, identification of resources, implementation phases, and desired outcomes, are extremely vital in punctuated change. Francis, Bessant & Hobday, (2003) examined 10 case studies of top performing organizations that experienced a radical transition. For each case, an organization's biography was prepared to answer how management strategically facilitated the transformation and what leadership competencies were demonstrated. An analytical framework emerged that identified five key managerial competencies (Table 1.) The transformational leader will be skilled in developing a collective strategy and will manage smaller initiatives that can be connected to the overall transformational context.

Appreciative Inquiry as a Strategic Process

Appreciative Inquiry (AI) is a systematical discovery of individual and collective capacities that give life and strength to a living system and aims at crafting a process in which value and creation is viewed as one, and inquiry and change are related as a whole (Cooperider et. al, 2005). Inquiry has a goal of discovery, creativity and possibilities. The foundation of AI is the appreciation of the human value system. In recent literature, AI is mostly described as an action research tool; however, appreciative inquiry can be applied as a change agent technique (Cooperider et. al, 2005). In appreciative change, the focus is on a vision that reflects the desires of organization members instead of responses to impeding problems. The AI strategy involves the change in attitudes and beliefs about the present and future and takes a more positive, inspirational change lens (Cooperider et. al, 2005). Through this process, change can be viewed as more of an opportunity than as a response to stimuli. The transformational leader must believe in the people, the process, and welcome the unexpected outcomes of the change venture. This paradigm should be balanced with critical and strategic thinking to move the organization forward in a positive, productive, collective, and engaging direction. The potential of this type of engagement is to create an appreciative culture. This is the basis of building coalitions and teams that will result in synergistic outcomes. Also, AI can become a useful tool for the organization to solve the internal and external problems that will definitely exist in radical change.

Organization change has a number of residual impacts, the most obvious of which are uncertainty and turbulence. In punctuated change, these impacts can be heightened by the sense of urgency and the

dismantling of inertia and deep structures. A major factor in any successful change intervention is the follower's adaptability to the extent where they are able to cope with the uncertainty of the change process and outcomes (Parry, 1999). The strategies and behaviors of the leader will directly affect the level of certainty and adaptability among its members. Even more so, transformational leaders will not only be capable of resolving uncertainty among their followers, but they themselves will be adaptable to uncertainty and turbulence through the change process. A transformational leader will not be risk averse, but will take the calculated risks necessary to advance the entire organization. A transformational leaders own adaptability to change leads to enhanced manifestations of leadership to enable followers to change (Parry, 1999).

TABLE 1
ORGANIZATIONAL AND MANAGERIAL COMPETENCIES

Compe tency	Brief Description
(a) Recognize the challenge	The top management group recognizes the scope and scale of the challenges that the organization faces. They realize that radical change is essential and they believe that it can be achieved.
(b) Determine a transitional strategy	A clear transformational strategy is developed, although this may be tentative as 'experiments' may be needed and alternate strategies are explored
(c) Require extensive innovation	Many people in the organization are encourage to 'think outside the box' and take initiatives so that widespread innovation and internal entrepreneurship are developed and sustained
(d) Manage systemic change	Those parts of the organization that need to change are fully involved in a comprehensive change process
(e) Upgrade leadership process	Top management has the specific competencies to manage transformation.

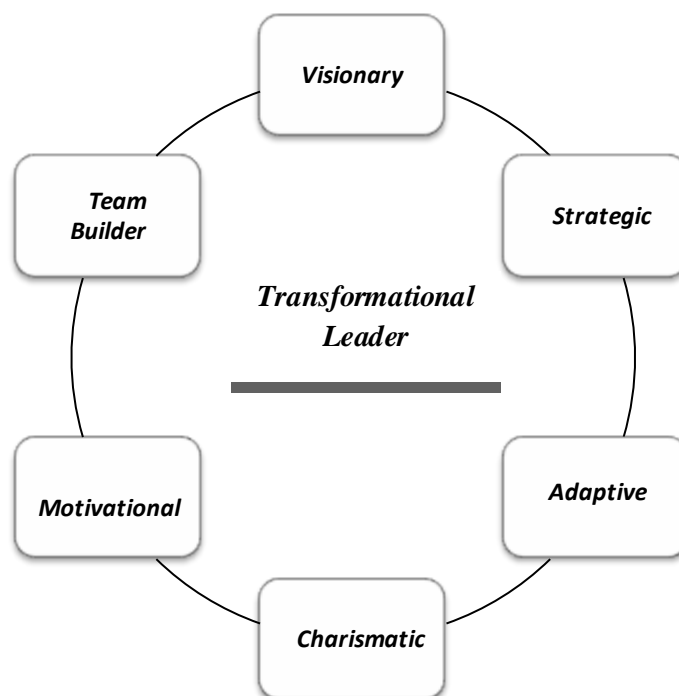
The leader's adaptability in revolutionary change, especially in discontinuous change, will likely result in an unavoidable management of paradoxes (Francis et al., 2003; Sastry, 1997). An example of a management paradox is when a leader will know when to listen with an open mind and when the leader must stop listening to make a decision. This adaptation and paradox management will be critical skills to move the organization forward.

Punctuated change is not a smooth trajectory with pre-set ends but is a radical event grounded in uncertainty and risk, with unpredicted ends (Gersick, 1991; Tushman & Romanelli, 1994). It is evident that this particular type of change has cognitive implications in a human system. Tushman and Romanelli's review of literature concludes that there can be at least three barriers to punctuated radical change; the exercise of cognition, motivation and obligation by managers (1985). Levinson (1978) describes the emotions of the pain of loss, uncertainties and a perceived termination of lifestyle in punctuated change. There is also the fear of losing control, failing, and not being prepared to operate in the new paradigm. According to Bass (1995) charisma, attention to individual development and the ability to provide intellectual stimulation is critical to leaders in instituting change. Bass (1985) provides three factors needed in transformational leadership;

1. Charismatic leadership, based on admiration and respect;
2. Individual consideration for subordinates needs; and
3. Intellectual stimulation or encouragement for subordinates to view challenges in new ways.

Transformational leaders can change the status quo in their organizations by displaying the appropriate behaviors at the appropriate stage through the change process (Eisenbach et al., 1999). A charismatic leader will have idealized influences, inspiration, and ignites intellectual stimulation (Dionne & Yammarino, 2004). The ability to socially influence others through charisma enables leaders to successfully enact change. Researcher Pamela Tierney conducted an empirical study on social influences which showed the quality of relationships with supervisors and fellow team members can be used to create a favorable climate for change (Eisenbach et al., 1999). As part of the charismatic personality, leader's behavioral integrity is also pivotal to successful navigation of organization change (Simons, 1999). Behavioral integrity is the convergence of values expressed by words and actions. Simons (1999) states that behavioral integrity is the foundation of trust and credibility in a leader.

FIGURE 3
LEADERSHIP TRAITS MODEL FOR PUNCTUATED CHANGE (LTPC)



Transformational leadership behaviors motivate followers to identify with the leaders vision and sacrifices their self-interest for that of the group or organization. Motivation is the primary mechanism to build followers self efficacy and self-worth. Self-efficacy is the belief of one's capability to organize and execute courses of action required in managing prospective situations (Pillai & Williams, 2004). Transformational leadership behaviors of role modeling, verbal persuasion and physiological arousal are determinates of self-efficacy.

To be successful in motivating through radical change, it is beneficial for managers to understand motivational strategies based on proven research and tested motivational theories. The path-goal theory identifies leadership styles that will motivate employees to achieve established goals. This theory was refined by House and Dessler to dissect four important qualities of a leader; directive, participative, supportive, and achievement oriented (Head, et al, 2007). The expectancy-theory is the presumption that people will be highly motivated when they believe that expected behavior leads to valuable rewards (Gallos, 2006). In Maslow's need theory, the hierarchal needs of employees are interrelated and employers must seek to meet more than one level of need for maximum employee motivation and

engagement (Head et. al., 2007). Motivational strategies must be routinely practiced by transformational leaders throughout the punctuated change process.

CONCLUSION AND IMPLICATIONS FOR FURTHER STUDY

Punctuated change within an organization requires increased flexibility and responsiveness among all of its members, especially if the change will result in the transformation of the organization's structure, product and service. More than likely, there will be interdependent networks within the organization that will resist this type of change. In order for change to move forward in this environment, the manager will have to dismantle these groups to form new productive networks. Research has shown that effective groups and teams can provide collaborative efforts to address complex task and expedite process and outcomes (Dionne et. al, 2004). Effective teamwork will have components of cohesion, communication, and team performance. Transformational leaders can create a consensual sharing of meaning (Bass, 1985) that may be a catalyst for higher levels of commitment and performance. Transformational leaders will loosen authority, delegate and motivate team performance. Empirical findings also suggest that transformational leadership is directly linked to team commitment (Dionne et. al, 2004). Transformational leaders can quickly navigate through conflict, keep teams on task, and keep focus of the organizations vision. Transformational leaders can create a culture that is inclusionary and encourages team decision making and behavioral control. It is through this teamwork that sustainable and appreciative change can occur throughout the organization.

Kotter's study on transformative change most supports the theory of the leadership trait model in punctuated change (Figure 3.). In his book, *The Heart of Change*, Kotter presents case studies of 34 organizations throughout the world to discover why organizations fail in successful transformations (1995). His research revealed specific leadership barriers to successful transformative change. When managers do not establish a great sense of urgency; create a guiding coalition; lack vision; don't remove impeding obstacles; provide no systematic planning, and changes aren't anchored in the organization; the old adage of 'this is the way we do things around here' is very difficult to overcome and transformative change is unlikely to occur (Kotter, 1995). The transformational leadership trait model within this article identifies the essential leadership traits needed to manage successful organization transformation during punctuated change. Future studies can examine other pertinent leadership traits and more research can be conducted to test the model in various sectors and organization settings.

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