Transformative Leadership: Achieving Unparalleled Excellence

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Abstract The ongoing cynicism about leaders and organizations calls for a new standard of ethical leadership that we have labeled "transformative leadership." This new leadership model integrates ethically-based features of six other well-regarded leadership perspectives and combines key normative and instrumental elements of each of those six perspectives. Transformative leadership honors the governance obligations of leaders by demonstrating a commitment to the welfare of all stakeholders and by seeking to optimize long-term wealth creation. Citing the scholarly literature about leadership theory, we identify key elements of the six leadership perspectives that make up transformative leadership, suggest leaders who exemplify each perspective, describe the ethical foundations and message of each perspective, and offer ten propositions that scholars and practitioners can use to test the dimensions of this new transformative leadership model.

Keywords Ethical leadership · Transformative leadership · Covenantal leadership · Ethical stewardship · Level 5 leadership · Servant leadership · Principle-centered leadership · Transformational leadership · Charismatic leadership

Rolf D. Dixon, a co-author and key contributor to this paper, past away in 2011 while this paper was under review.

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According to a recent study conducted by Maritz Research, trust in leaders is distressingly low with only seven percent of employees believing that "senior management's actions are completely consistent with their words" and only 25% agreeing "that they trust management to make the right decisions in times of uncertainty" (Maritz Research 2010, p. 1). Despite the reality that today's business environment is more complex, more challenging, and more competitive than at any prior time in history (Cameron 2003), many organizational leaders struggle in retaining follower trust (Heavey et al. 2011), and continue to utilize traditional leadership models that often are ineffective (Covey 2004) and that frequently become the source of many organizational problems (Pfeffer 1998, Chapter 1).

Despite the extensive leadership research that has been undertaken, the study of leadership continues to be "riddled with paradoxes, inconsistencies, and contradictions" (Brungardt 1996, p. 82), and today's leaders seem incapable of earning the trust of their employees or the support of society at large (Perucci 2009). This widespread decline in trust toward leaders and organizations (Taylor 2003; Bandsuch et al. 2008) has signaled the need for a new approach to leadership in a world that seemingly lacks a moral compass (Paine 2003). Freeman et al. (2006, p. 149) declared, "Our current maps and mental models about leadership are failing us." To merit the trust of organizational stakeholders, the leaders of tomorrow's organizations must raise their standards, demonstrate their character, and meet the expectations of a cynical but increasingly complex world (Cameron 2003; Bennis and Nanus 2007).

This article presents a new model of "transformative leadership" which, although challenging to meet, enables leaders who can incorporate its principles to earn the trust of employees and society. The transformative leadership model which we proposed integrates key features of six highly respected leadership perspectives. In explaining this model of transformative leadership and describing its characteristics, we offer ten propositions that clarify why a new model of leadership can have theoretical value for scholars and applied value for practitioners. In "Defining Transformative Leadership" section, we define transformative leadership as a highly ethical standard of leadership that merits the respect of employees and society. In "Features of Leadership" section, we explain how transformative leadership integrates important elements of six highly regarded leadership perspectives, identify leaders who exemplify these key elements and exemplify each perspective, clarify the ethical framework and the message of each of those perspectives, and present ten propositions about leadership that reinforce the importance of the ethically based foundations of transformative leadership. "Contributions of Our Paper" section identifies four contributions of this paper to the academic and practitioner literature, and identifies practical challenges in applying transformative leadership in the modern organization.

Defining Transformative Leadership

Transformative leadership is *an ethically based leadership model that integrates a commitment to values and outcomes by optimizing the long-term interests of stakeholders and society and honoring the moral duties owed by organizations to their stakeholders.* It is in living the highest standards of moral leadership that leaders merit the trust and followership of others (Ciulla et al. 2005). Moral leadership reduces transaction costs associated with low trust (Hoffman et al. 2010; Puranam and Vanneste 2009; Lennick and Kiel 2008) and increases follower commitment (Senge 2006; Caldwell and Hayes 2007). Ultimately, leadership is about ethics and excellence (Kouzes and Posner 2010; Hosmer 2007; Solomon 1992). Leadership credibility is earned by leaders who combine character and competence; both qualities are necessary and neither is sufficient (Covey 2004). A leader's commitment to integrity has been universally identified by extensive leadership research as the most important element possessed by leaders in establishing their personal credibility (Kouzes and Posner 2010).

In calling for a higher standard of leadership conduct, Bennis and Nanus (2007, p. 3) explained that a new transformative leader is needed "who commits people to action, who converts followers into leaders, and who may convert leaders into agents of change." Cameron (2003) explained that great leaders pursue virtuous outcomes that create added value, establish organizational systems that sustain and support organizational values (cf. Pfeffer 1998), and remove barriers that impede the achievement of goals and hinder the development of people (cf. Deming 2000). Today's most effective leaders seek new solutions that require people to rethink their assumptions (Christensen and Raynor 2003), rather than simply returning to old solutions to resolve new problems (Jones et al. 2008, p. 67). Ultimately, leaders achieve results by creating added value for organizations and for society (Caldwell et al. 2010).

Carroll and Buchholtz (2009, Chapters 5 and 6) noted that leaders' choices must (1) achieve both normative or value-based and instrumental or outcome-based results, and (2) integrate organizational values and societal obligations with the strategic objectives of a firm. As great leaders demonstrate excellence in honoring duties (Solomon 1992), treat people as valued partners (Block 1993), and demonstrate competence in helping customers to do their jobs (Christensen and Raynor 2003), leaders earn the trust, cooperation, and commitment of those whom they serve (Barnard and Andrews 1971). These critical leadership elements are the basis of perceived trustworthiness and essential in creating organizational wealth (Caldwell et al. 2010) and strategic competitive advantage (Pfeffer 1998; Covey 2004). Transformative leadership integrates ethical mandates, behavioral assumptions, and standards of excellence which are fundamental requirements for the effective governance of organizations (cf. Caldwell and Karri 2005).

Transformative leaders seek new solutions that require people to rethink their assumptions, rather than simply returning to old solutions to resolve new problems (Jones et al. 2008, p. 67). In writing about the nature of leadership that is transformative, Bennis and Nanus (2007, p. 16) suggested that transformative leadership is "the *capacity to translate intention into reality and sustain it* [Italics in the original]. This sustainable leadership capability connects with followers (Boyatzis and McKee 2005), earns their support (Chemers 1999), their trust (Mayer et al. 1995), and their commitment (Senge 2006)—thereby achieving what Goleman (2007, p. 28) described as "the social capital needed to pull the best out of people" in achieving a competitive advantage. It is in providing this moral leadership that leaders create this sustainable connection and raise their performance to the level of transformative leadership.

Transformative leadership demands a virtuousness that requires both a personal transformation of self (Quinn 1996) and the ability to reframe how one views the world (Pava 2003). Transformative leadership rises to the level of

ethical stewardship when leaders create integrated organizational systems that add value, enhance lives, benefit society, and honor duties owed to stakeholders by optimizing long-term wealth creation (Caldwell et al. 2008, 2011). When leaders act as ethical stewards they earn the followership that truly effective leadership requires (Barnard and Andrews 1971, p. 163).

Features of Leadership

The model of transformative leadership that we propose identifies well-recognized features of six highly regarded leadership perspectives: transformational leadership, charismatic leadership, level 5 leadership, principle-centered leadership, servant leadership, and covenantal leadership. In describing these six leadership perspectives and their application to transformative leadership, we focus on the ethical foundations of each perspective in serving organizations, in responding to the demands of change, and in benefitting stakeholders. For each of the perspectives the summary that follows describes the primary ethically based characteristics, suggests an individual who exemplifies each perspective, and identifies the fundamental theme that contributes to transformative leadership.

Transformational leadership enables leaders to honor synergistic duties owed to both individuals and organizations (Burns 1978). Transformational leadership is grounded in moral foundations and is made up of four components: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass and Steidlmeier 1999). Each of these four components inspires followers to raise the bar for their own personal development while also improving the performance of their organization. It is in pursuing excellence, motivating others to become their best, seeking the best interests of both the individual and the organization, and constantly learning that organizations are able to create high trust and the high performance work cultures that produce increased profitability and long-term sustainability (Pfeffer 1998). The ethical foundation of transformational leadership incorporates an array of integrated commitments to the organization, the community, and the individuals within an organization (cf. Manville and Ober 2003).

Former Herman Miller Chairman and CEO, Max DePree, typified the commitment to organizational and personal improvement of transformational leadership. Herman Miller has been widely recognized as one of *Fortune* magazines "most admired companies" and DePree's (2004: Chapter One) philosophy of leadership epitomized transformational leadership's commitment to both the organization and the individuals within it. DePree explained that leaders needed to achieve organizational

excellence while simultaneously honoring a variety of obligations to employees to keep them informed, provide them with the resources to increase their personal worth, help them to achieve individual goals, and become their best (DePree 2004, Chapter 1).

In their analysis of the ethical focus of transformational leaders, Groves and LaRocca (2011, p. 513) noted that "transformational leadership is predicated on deontological (or duty-based) ethics and a focus on the morality of the means rather than the ends…predicated on the norm of social responsibility." This commitment of transformational leadership to the welfare of the organization, its employees, and society is a fundamental principle of our transformative leadership model. Consistent with this relationship between transformative and transformational leadership, we offer two propositions.

P_1 Leaders that seek to benefit individuals within their organization, the organization itself, and society will achieve greater profitability than leaders who are not focused on those factors.

P_2 Leaders who incorporate principles of transformational leadership that benefit the organization, its individual members, and society will be perceived as more ethical and more trustworthy than leaders who are not perceived as transformational.

The theme or major message of transformational leadership is "In a world that is constantly changing, pursue both the synergistic interests of individual employees and the organization itself." Balancing the interests of the organization and its stakeholders requires focusing on long-term wealth creation and leading in a manner that maximizes employee commitment and trust (Pfeffer 1998; Caldwell et al. 2010).

Charismatic leadership creates a leader–follower relationship in which leaders create a strong personal bond with followers. This connection reflects their followers' convictions of "their leader's extraordinary character" which inspires followers to achieve unprecedented results (Conger et al. 2000, p. 748). Charismatic leaders are often viewed as advocating a highly moral purpose that may rise to the level of a "calling" (Lussier and Achua 2009; Conger et al. 2000). By "seeing beyond current realities" charismatic leaders articulate a compelling vision of the future (Conger 1989, Chapter 3). This vision of the future solidifies that personal connection, forges an identity between members and the organization, and inspires high levels of personal commitment (Lussier and Achua 2009, pp. 334–338). Bennis and Nanus (2007, pp. 30–31) suggested that the key indicator of a successful leader was this ability to create close relationships—achieved by the leader's skill at paying attention, inspiring hearts, touching

souls, and affirming the best in others. Charismatic leaders create a change in people's hearts and minds that empowers people to become passionately committed to a great ideal—thereby helping their organizations to also fulfill their potential (Anding 2005).

Value congruence, or this alignment of values between the charismatic leader and his/her followers, is the basis for the connection between the charismatic leader and those who follow them (Hayibor et al. 2011). Bass and Avolio (1993, p. 29) explained that the charismatic leader provided "a role model for ethical conduct which builds identification with the leader and his or her articulated vision." Brown and Treviño (2006, p. 955) observed that "charismatic leaders inspire followers to transcend their own self-interest for the good of the team and organization" and emphasized that "charismatic leaders serve as visible role models" of moral values and principles. Kouzes and Posner (2010, Chapters 5, 6) noted that inspiring a shared vision, a key characteristic of the charismatic leader, is one of the critical elements of effective leadership. Great transformative leaders are also perceived as authentic and genuine and possess the charismatic leader's ability to touch hearts, inspire great sacrifice, and demonstrate courage (cf. Quinn 1996).

The Reverend Martin Luther King, Jr. is frequently cited as an example of the charismatic leader (Kouzes and Posner 2010). King served as both the personification of and the most high profile spokesperson for the Civil Rights movement. King's ability to touch hearts and to motivate his followers focused America on the importance of reexamining its obligation to human rights and racial equality, and earned King the *Time's* "Man of the Year Award" and the 1964 Nobel Peace Prize. King provided his followers with a compelling dream of a better world where people of color were treated as equals, and this dream changed the face of American democracy and became an example of the moral and ethical impact that charismatic leadership had the potential to achieve.

Transformative leadership incorporates charismatic leadership's ability to create compelling morally-based personal relationships that inspire and empower others in the pursuit of a noble purpose (Choi 2006). This ability to create personal connection and to exemplify moral principles meshes well with the transformative leadership's quest to help others to examine their lives, fulfill their potential, and create a better world. The ethical principle which serves as the basis for charismatic leadership is its emphasis "on a virtue-based ethical standard" (Caldwell et al. 2011, p. 479) that centers on striving to honor core principles and pursuing noble objectives to create productive change (Battilana et al. 2010). Senge (2006, p. 221) emphasized the importance of the leader creating high organizational commitment in generating "energy, passion,

and excitement" to an organization, and a charismatic leader who creates personal connection is able to create that commitment. Consistent with the characteristics of charismatic leadership, we propose two propositions.

P₃ Leaders that establish relationships with employees based upon the shared pursuit of a moral purpose achieve greater results than leaders who do not create this personal connection.

P₄ Organizations in which charismatic leaders articulate a clear and compelling set of moral principles are more successful at creating highly committed team members than organizations in which leaders are not as effective in articulating those moral principles.

The undergirding theme of charismatic leadership that applies best to transformative leadership is, "Inspire a shared vision in pursuit of a grand ideal to touch hearts, to create a personal relationship that brings out the best in others, and to change the world." It is this ability to inspire and create connection with others that allows great leaders to bless others' lives and honor duties to society in the pursuit of a better world (Cameron 2003; Quinn 1996; Roberts et al. 2005).

Level 5 leadership combines a leader's personal humility with an unrelenting and almost "ferocious resolve" to achieve previously unachieved organizational outcomes (Collins 2001, p. 20). In describing the nature of level 5 leadership, Collins (2001, p. 27) clarified that those who adopted this leadership perspective did not present themselves as the personification of their organization's success nor pursue a self-serving agenda, but were understated individuals who did not believe their own press clippings. Rather than maintaining a high profile, level 5 leaders shunned the spotlight and preferred to give credit to others for organizational successes (Collins 2008). Singh (2008, p. 740) described the level 5 leader as one who "looks in the mirror" when problems occur, and "looks out the window" to give credit to others for success. Just as Deming (2000) noted that employee errors are often the fault of organizational systems, the level 5 leader acknowledges that (s)he must remove barriers and provide critical resources if people and organizations are to enjoy success. Giving others credit for an organization's success acknowledges that employees in today's knowledge, wisdom, and service economy are key to providing the quality of experience that customers receive in dealing with that organization (Carlzon 1989). Collins (2008, p. 20) reported that level 5 leaders were also characterized by "an almost stoic determination to do whatever needs to be done" to make their organizations great. The ethical foundation of level 5 leaders is an outcome-based or teleological focus that incorporates a commitment to achieving the best possible results (cf. Neil 1999).

David Packard, founder of Hewlett-Packard and "one of Silicon Valley's first self-made billionaires" was a classic level 5 leader (Collins 2001, p. 193). Although Packard and Bill Hewlett had created what was considered by many to be "The World's Greatest Company," Packard was an unassuming man who lived in "the same small house that he and his wife built for themselves in 1957" (Collins 2001, p. 193). Although personally unassuming, Packard worked tirelessly over his lifetime to create a great organization and amassed an estate worth $5.6 billion at the time of his death—which Packard then bequeathed to charity. The eulogy pamphlet made to commemorate his life contained a photo of Packard sitting on a tractor with the simple understated caption, "David Packard, 1912-1996, Rancher, etc." Packard's level 5 perspective was directed by the mantra, "What can I contribute?" rather than "How can I succeed?" Hewlett-Packard, the company that David Packard helped create, stands as a testament of Packard's ability to contribute greatness and his dedication to the pursuit of excellence.

We suggest that transformative leadership incorporates the level 5 leader's passionate commitment and devoted dedication to the organization's interests coupled with a deep personal humility. Consistent with these qualities shared by level 5 leadership and transformative leadership, we propose two more propositions.

P5 Organizational leaders who are perceived as dedicated to their organization and who put their organization ahead of their own self-interests produce higher profits than leaders who are perceived as lacking these qualities.

P6 Organizations with leaders that give credit to others for organization successes but assume personal responsibility for organizational failures are more profitable long-term than organizations with leaders that do not behave in this manner.

The key message of level 5 leadership is "Treat people fairly, give them credit for their achievements, and support them wisely to help them to achieve organizational greatness." Transformative leaders and level 5 leaders share the same commitment to achieving superb results, and recognize that employee commitment (Caldwell et al. 2010) cooperation (Barnard and Andrews 1971, Chapter 4), and partnership (Block, 1993) are keys to long-term wealth creation.

Principle-centered leadership is a values-based and principle-centered foundation for governing oneself and honoring relationships with others that views leadership as a highly ethical obligation to honor implicit duties owed to others (Covey 1999). Principle-centered leadership combines a pursuit of high ideals for becoming a better person with an obligation to create a more productive and moral

society (Covey 2004). In his description of principle-centered leadership, Covey (1999, p. 31) advocated that leaders must comply with universal principles and values that were common to all cultures (cf. Lewis 2001). Lennick and Kiel (2007) have noted that moral leadership behavior encompasses a set of moral duties to add value today, to do no harm, and to contribute to the welfare of individuals and society in the future. The ethical obligation of the principle-centered leader is to learn and understand correct principles and to adhere to those principles in governing one's dealings with others (Covey 2004). Principle-centered leadership focuses on identifying these universal principles and values (Covey 1999) and incorporates an Aristotelian or virtue-based ethical foundation based upon such principles (cf. Neil 1999). The identification of those virtue-based principles incorporates a recognition of the duties owed by leaders to society and to individuals (Arnold et al. 2010; Hosmer 2007) that honor others as valued "Yous" rather than inconsequential "Its" (Buber 2008)—while also honoring the duty to treat others as valued ends rather than simply as the means to accomplishing the leader's agenda (Kant 1993/1785).

Nelson Mandela, the first President of South Africa elected in a fully democratic election, exemplified the virtues and principles of principle-centered leadership (Covey 2004, p. 69). Mandela's integrity and virtues as a leader were tested in the crucible of 27 years of imprisonment served as a result of Mandela's role in opposing apartheid in South Africa. Maintaining hope, courage, and a sense of his own identity despite his imprisonment, Mandela endured great personal hardship as an advocate of the rights of others (Covey 2004, p. 69) yet remained true to the principles and values that he held dear and became a symbol of those beliefs to the world. In 1993, Mandela was awarded the Nobel Peace Prize, one of more than one hundred awards that he received throughout his life, and his example in honoring principles and values is recognized by millions (Brink 1998).

We incorporate into the transformative leader model the principle-centered leader's adherence to universal principles and values. Transformative leaders honor principles, model organizational values, and recognize that effective leadership is ultimately the integration of both ends and means (cf. Burns 1978). Consistent with the melding of elements of transformative and principle-centered leadership, we propose the following.

P7 Leaders whose actions are perceived as adhering to the values and principles proclaimed that are perceived as virtuous and consistent with the best interests and values of society produce greater financial results and higher profits than leaders not perceived to be as congruent in their actions.

The theme or overriding message of principle-centered leadership is, "Achieve greatness by adhering to universal principles and values that benefit society in the pursuit of excellence." This recognition of the importance of uplifting principles and values requires that the transformative leader refrain from compromising standards to achieve a short-term outcome (cf. Lennick and Kiel 2007, p. 209).

Servant leadership has been defined as "providing leadership that focuses on the good of those who are being led and those whom the organization serves" (Hamilton and Nord 2005, p. 875). In describing the mental model of the servant leader, Robert Greenleaf (1991, p. 2) explained that the great leader is a servant because serving others is fundamental to his personal identity "deep down inside." Consistent with Gilligan's (1993, p. 17) ethic of care, servant leadership honors each individual and seeks to pursue that which is in each individual's best interests. The common theme of servant leadership is that the leader pursues the needs, desires, interests, and welfare of others above personal self-interest (Ludema and Cox 2007, p. 343). As a responsible steward committed to helping others to achieve their goals, the servant leader honors duties owed to individuals, the organization, and to society (Savage-Austin and Honeycutt 2011, p. 49–50). DePree (2004, p. 1) emphasized that building relationships with individuals honored the ethical obligation of the leader to "be a servant and a debtor" to colleagues and employees—but noted that this relationship included the leader's obligation to "define reality" in dealing honestly with employees about expectations required and the needs of the organization (cf. Block 1993).

Mother Teresa typified the commitment to others of servant leadership, ministering to the poor in India and symbolizing service to others for more than 45 years. Observing the deplorable conditions of the poor in Calcutta while teaching at a convent school, Mother Teresa sought and obtained permission from the Catholic Church to establish her own order, "The Missionaries of Charity," whose purpose was to love and care for those who had no one else to look after them. Her order eventually became a world-wide organization, caring for the sick and the poor in more than 40 countries. For her leadership, her devotion to others and her life of service, Mother Teresa received numerous international awards including the Nobel Peace Prize.

Transformative leadership incorporates servant leadership's service to stakeholders that demonstrates a commitment to the "welfare, growth, and wholeness" of others that makes leaders credible and trustworthy (Kouzes and Posner 2010). Servant leaders and transformative leader share an authentic concern for the welfare of others (Caldwell et al. 2011) that inspires others as much as it surprises them. With regard to the qualities shared by

transformative and servant leadership, we offer the following proposition.

P₈ Organizations with leaders who are perceived to demonstrate a commitment to serve stakeholders are more successful in creating wealth and value and are more profitable than organizations with leaders not perceived to be focused on serving stakeholders.

The compelling message of servant leadership is, "Serve employees and demonstrate a commitment to their welfare, growth, and wholeness while seeking the long-term success of the organization." Honoring employees and the organization requires the ability to integrate both sets of interests and balancing the normative and instrumental obligations of transformative leadership.

Covenantal leadership integrates the roles of the leader as a teacher, role model, and exemplar—but also as a creator of new meaning and truth in partnership with others within the organization (Pava 2003). This capability of creating new meaning inculcates a learning culture within organizations (Senge 2006) and is a key to creativity and synergy which are essential in the modern organization (Christensen 2011; Bennis and Nanus 2007, p. 202). Barnett and Schubert (2002) described covenantal leadership as encompassing a noble purpose which often had contractual and sacred obligations. Pava (2003, p. 26) suggested that it was through the pursuit of new meaning that covenantal leaders possessed the power to "unleash the great human potential which is often dormant and silent" in organizations and which enriches and ennobles the lives of others. Covenantal leadership is ultimately a truth-based ethical perspective, advocating that it is only through increased understanding that people can benefit themselves, society, and the organizations in which they work (Pava 2003, pp. 25–27). Christensen (2011) noted that it is primarily through creating a culture of learning and creativity that the modern organization can create "disruptive innovations" which are the key to economic growth. Covenantal leaders are open to learning from others, and adopt Follett's philosophy of "power with" rather than "power over" others (Graham 2003). Although the covenantal leader's role as a teacher allows for the sharing of ideas and imparting the wisdom of the leader, the covenantal leader also recognizes that (s)he must be constantly in search of new truths (Pava 2003). Openness to truth and the ability of a leader to avoid the hubris of past experience enhance the leader's capacity to deal with change without being tied to old models of thinking (Weick et al. 2005). Covenantal leaders create a learning culture that shares information, providing others with opportunities to experiment and to constantly improve (Senge 2006).

Mahatma Gandhi, the Indian leader who successfully challenged the British Empire and achieved national

independence, typifies the covenantal leader's ability to create new truth and establish new paradigms (Pava 2003). Gandhi was teacher, exemplar, and spiritual leader to those with whom he lived and worked (Mehtal 1976), but viewed himself as simply a brother to all in the family of man (Kripalani 1990). Gandhi's influence in both South Africa and India enabled him and his followers to create new insights about moral principles to redress the mistreatment of the oppressed (Sheean 1970). Gandhi viewed his role as an equal partner with others in the creation of a better and more complete world and sought to live the motto, "My life is my message" (Jhaveri 1968).

Transformative leadership incorporates covenantal leadership's commitment to create new meaning and insights by selfless commitment, continual learning, empowering others, and personal example. We offer the following proposition that incorporates elements shared by transformative and covenantal leadership.

P₉ Organizations with leaders who establish a continuous learning culture to create new insights about organizational meaning achieve greater profits than organizations with leaders who do not establish that continuous learning culture.

The message from covenantal leadership that best applies to transformative leadership is, "Pursue truth, constantly learning and providing a learning culture." It is in the constant pursuit of truth and its applications that transformative leaders assist others to grow and to achieve their highest potential.

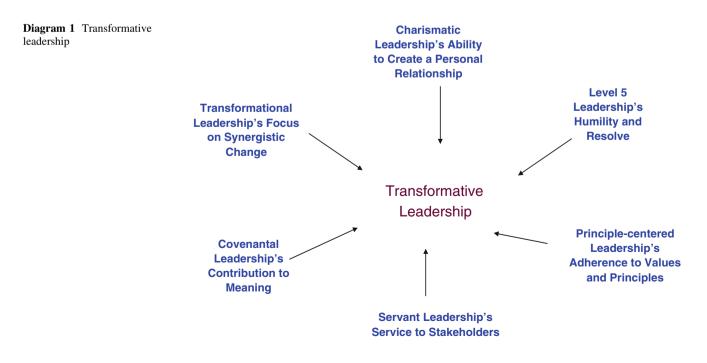In the development of our model of transformative leadership, we note that leaders who typify each of the six philosophies of leadership may also exhibit strengths and characteristics from the other leadership philosophies (Freeman et al., 2006). Scholars acknowledge that elements of these six philosophies are related (Dent et al. 2005), with several of these philosophies having common roots. Accordingly, we propose one more proposition.

P₁₀ Organizations with leaders who demonstrate a high level of the characteristics of all six perspectives of transformative leadership are more profitable than organizations with leaders who demonstrate lower levels of these six leadership perspectives.

Summarizing the elements that transformative leadership derives from key characteristics of these six leadership perspectives, Diagram 1 reflects the nature of transformative leadership as presented in this paper.

Diagram 1 indicates how our model of transformative leadership incorporates a commitment to ethical duties, values, and outcomes that are key elements of these six leadership perspectives. These ethical duties facilitate the managing of change, optimizing wealth creation to benefit stakeholders and society, and honoring the moral duties owed by organizations to all parties. As a leadership model transformative leadership honors the obligations of ethical stewardship in the pursuit of both normative and instrumental outcomes for people, organizations, and other stakeholders (cf. Caldwell et al. 2010).

In identifying an individual who possesses the characteristics of all six of these leadership perspectives, we identify one highly respected leader who serves as a model of the transformative leader. That individual is S. Truett Cathy, founder of the restaurant chain, Chick-fil-A.

Diagram 1 Transformative leadership

S. Truett Cathy opened the first Dwarf Grill restaurant in 1946, and over the past 65 years has grown his restaurant holdings into a chain of nearly fifteen hundred restaurants with gross sales of more than $3 billion annually (Cathy 2010). Along the way, the Chick-fil-A chain has earned the respect of millions of customers, and is known for its superb service and its treatment of both its employees and its customers (Schmall 2007, pp. 80–83). Cathy, the founder of the company, is "(o)ne of the few living fast-food legends" and is broadly revered and respected by his employees and held in high regard by the larger business community (Prewitt 2003, p. 94). Chick-fil-A's restaurants are well known for the high quality of their products, the friendliness and service of their staff, and their commitment to excellence. Table 1 briefly summarizes the six leadership perspectives that contribute to transformative leadership, provides specifics as to how S. Truett Cathy exemplifies each of these qualities of each perspective at Chick-fil-A, and provides a quotation from Cathy that exemplifies his commitment to each element of transformative leadership.

S. Truett Cathy is an understated and unassuming example of traditional leadership models (cf. Collins 2001) and exemplifies the characteristics of the transformative leader in his relationships with people, his passion for excellence, his devotion to correct principles, and his commitment to creating long-term value for society.

Contributions of Our Article

In presenting a new model of leadership, especially a model that is as ethically demanding and as challenging to adhere to as transformative leadership, we acknowledge that this model exceeds the present abilities and moral standards of many individuals. Nonetheless, we advocate this model as an ideal that represents the standards of excellence that are entirely congruent with the challenges of today's highly competitive global marketplace and that are essential to overcoming the cynicism that leaders constantly face in their efforts to be perceived as personally credible (cf. Friedman 2007, 2009; Paine 2003; Covey 2004; Hosmer 2007). We suggest four significant contributions of our article.

(1)　We focus on the importance of leadership as fundamentally an ethically-based activity. Today's leaders must become truly excellent at what they do, and to be simply good is no longer good enough (Collins 2001). Perhaps, being just "good" was really never good enough to begin with and Cameron (2003) was right in emphasizing that leaders must be truly

virtuous examples of the standard which they espouse.

(2)　We emphasize the relationship between leaders and those with whom they act as a very personal relationship that is based upon the leader's ability to connect with colleagues individually. Leadership is truly a relationship (Kouzes and Posner 2010; Boyatzis and McKee 2005) that touches the hearts and souls of others (Kouzes and Posner 2003; Ciulla 2004; Staub 2007). The ability of leaders to touch hearts and thereby assist others to reexamine their own identities is a royal quality. Similarly, leaders who inspire others to leave a legacy and to make a commitment to create a better world demonstrate the leadership nobility that makes leaders not only trusted but revered (Covey 2004).

(3)　We reinforce the importance of the Positive Organizational Scholarship literature in addressing the importance of virtuous leadership. The extensive body of work about Positive Organizational Scholarship that has been written in the past decade about the responsibilities of the leader reinforces the message that leaders and organizations must exponentially raise the bar in the standards that they establish (Cameron et al. (2003); Cameron 2003; Quinn 1996, 2004). Individual and organizational values that redefine the relationship between the corporation and its employees have confirmed that leadership is a highly ethical stewardship (Block 1993; Caldwell et al. 2007; Caldwell et al. 2011).

(4)　We support the notion of the fundamental state of leadership that is both challenging to achieve and incredibly demanding. The transformative leader is focused on others rather than focused on self, externally directed rather than internally directed, open to others' needs rather than internally closed, and results-centered rather than comfort-centered (Quinn 2005). Although leaders must achieve instrumental organizational outcomes and profitability, they must do so by working with others and creating partnerships based upon shared commitment, mutual trust and respect, and systems that reinforce espoused values (Schein 2010; Pfeffer 1998, 2007, Hosmer 2007).

We have no illusions that the transformative leadership model will be perceived as anything other than idealistic, impractical, and unrealistic by many—yet a growing body of empirical evidence (Cameron 2003; Paine 2003) and scholarly opinion (Hosmer 2007) suggests that yesterday's leadership standards are simply inadequate for the demands of tomorrow's organizational requirements.

Table 1 Truett S. Cathy as an embodiment of transformative leadership

Leadership perspective	Contribution to transformative leadership	Application at Chick-fil-A	Key quote
Transformational	Pursue the synergistic interests of both employees and the organization	Chick-fil-A consciously seeks to create a culture that sets, expects, and rewards high standards and performance that focus on building long-term relationships with employees. Despite the fact that the restaurant industry is known for its high turnover, at Chick-fil-A the annual turnover is fewer than 5% (Cathy 2007, pp. 62–64)	The kinder you are to your people, the more productive they will be, and the more customers you'll be able to attract (Cathy 2007, p. 36)
Charismatic	Inspire a shared vision in pursuit of a grand ideal and create a personal relationship to bring out the best in others	*Chick-Fil-A corporate purpose* To glorify God by being a faithful steward of all that is entrusted to us. To have a positive influence on all who come in contact with Chick-fil-A (Cathy 2007, p. 51)	Most companies boast a collegial atmosphere. Not Chick-fil-A! We have a loving atmosphere, where people serve each other because we truly love and care about each other (Cathy 2007, p. 52)
Level 5	Treat people fairly, give them credit for their achievements, and support them wisely to help them to achieve organizational greatness	The leadership at Chick-fil-A hires high caliber people who possess both strong ethics and stellar talent. They then empower those people to do their jobs with commitment to them as individuals (Cathy 2007, p. 77)	The title of this book is *How Did You Do It*, Truett? I hope that after reading it you understand I didn't do it. *We* did… Today we have more than 50,000 people across the United States dedicated to the success of Chick-fil-A. I am grateful to every one of them. Working side-by-side, *we* did it. (Italics in the original) (Cathy 2007, pp. 92–93)
Principle-centered	Achieve greatness by adhering to moral principles and values that benefit society in the pursuit of excellence	Without profit, we cannot take care of our employees, our families, or contribute to the betterment of our communities. The question is: How do we balance the pursuit of profit and personal character? For me, I find that balance by applying Biblical principles. I see no conflict between Biblical principles and good business practices (Cathy 2007, p. 15)	We should ask ourselves what's important and what's not important. When you live by your convictions, people respect that. It's important to be consistent in living your convictions (Cathy 2007, p. 53)
Servant	Serve employees and demonstrate a commitment to their welfare, growth, and wholeness while seeking the long-term success of the organization	The company's "second mile service" philosophy rivals that of Nordstrom's and it is not uncommon to "hear about a team member helping change a customer's tire or making an extra effort to return lost keys or a cell phone that was left behind. This is not a Chick-fil-A strategy, it's a way of life, and it shows us at our best (Cathy 2007, pp. 40–41)	When we have team members working together like a family, they extend that feeling to their customers… That's really the key: caring. In 1992 the Caring Institute presented me with its National Caring Award. The mission of the Caring Institute includes the statement: "the solution to most problems is the caring of one human being for another." That's been my experience (Cathey 2007, pp. 63–64)
Covenantal	Pursue truth, constantly learning and providing a learning culture	The clear message of Cathy's (2007) "recipe for success" is his commitment to constantly learning, experimenting, and involving others in the process of learning together	We are developing extensive training programs, workshops, clinics and motivational recognition, because we think Second-Mile Service will be powerful for our chain and for the people who work with us (Cathy 2007, p. 44)

We also acknowledge that in today's tight economy many organizations are unwilling to experiment with new models of leadership that undermine their ability to control scarce resources (Christensen 2011). The evidence suggests that leaders and organizations persist in following conventional wisdom that is actually detrimental to their long-term best interests (Pfeffer 1998, Chapter 1). Reich (2011) has noted that the present assumptions upon which we base success have proven to be unsuccessful, yet we have persisted in resisting changes in our mental paradigms despite 30 years of evidence that we are going down the wrong path. Only when practitioners and scholars open their minds to a new paradigm of thinking about duties owed to others will individuals and organizations be willing to change their behaviors and adopt more ethically based strategies and values (cf. Paine 2003).

Applications and Challenges

In today's complex organization leaders face a numbing combination of challenges that demand the ability to manage change effectively. In a world where global competition has increased while organizations have simultaneously come under increased scrutiny, the importance of effective organizational relationships and the ability to lead others is of profound importance (Kolp and Rea 2006). Scholars like Ulrich et al. (2008) have emphasized that leadership models must incorporate the key dimensions of time, focus, and sense of self. Transformative leadership addresses each of those dimensions by (1) emphasizing the need for long-term wealth creation, (2) focusing on the balanced achievement of both normative and instrumental priorities, and (3) requiring that leaders demonstrate that they have examined both who they are and the duties that they owe to others. Understanding the nature of the foundational elements of transformative leadership provides useful insights for both academicians and business practitioners.

A growing body of empirical evidence suggests that leaders who act virtuously (Cameron 2003) and with a commitment to the welfare of their employees (Pfeffer 1998, 2007) achieve improved organizational profitability, better quality, lower turnover, and higher customer satisfaction. Huselid (1995) conducted extensive studies of organizations that created cultures that treated employees as valued partners and implemented aligned human resource systems and found that organizations that were characterized by high trust earned measurably higher profits than organizations which lacked these qualities. Similarly, Paine (2003) cited a long list of examples of organizations that showed a correlation between highly ethical leadership and increased profitability. Although, as

Covey (1999) noted, organizational leaders must combine both character and competence to be effective, this growing body of evidence about the economic benefits of highly ethical leadership affirms the importance of both scholars and practitioners giving serious consideration to the normative and instrumental elements of transformative leadership. The impressive economic success of corporations like Chick-fil-A confirm that leaders who possess the elements of transformative leadership can generate high profits while earning the respect and trust of their employees, their customers, and society at large.

The need for a practical new leadership perspective that is highly ethical and committed to the noblest virtues is widely attested. Werhane (2007, pp. 425–426) has suggested that scholars and practitioners need to "revisit and revise our mindsets" about the assumptions upon which governance and leadership are based in today's "globalized new world." In addressing the need for more effective leaders, Bennis and Nanus (2007, p. 220) have declared that we face a crisis of leadership "at every level of society and in all organizations that compose it." Although the qualities of transformative leadership and the example of leaders cited herein may be a difficult challenge for many individuals, great leaders and great organizations are desperately needed in today's complex world (Reina and Reina 2006). The model of transformative leadership that we propose captures the attention of followers and inspires them to a new vision of what is possible—within their organization, within themselves, and within their communities.

Although transformative leadership may be difficult to attain, the ethical standards and commitment to virtuousness of transformative leadership are worthy ideals that can have a profound impact on people and society and produce outstanding results. Leadership resonates when leaders treat individuals with a commitment to their welfare, growth, and wholeness (Boyatzis and McKee 2005). Relationships between leaders and followers can rise to the level of the sacred when leaders truly act with love toward those whom they serve (Peck 2004). As Quinn (1996, pp. 156–158) has observed, today's organizations need moral leaders with vision, who take risks when taking risks are the right thing to do, and who care passionately about their organizations. "Most organizations," Quinn concluded, "have few such people" (Quinn 1996, p. 156).

Coles (2001, ix), Pulitzer Prize winner and author of the book, *Lives of Moral Leadership*, has written that the world is in dire need of "people who can inspire us, help shape us morally, spur us on to purposeful action." Harvard scholar, Paine (2003, p. 246), has called on leaders to "break through the thought systems of old orthodoxies," become more accountable to those who they lead, and strive to "make the world not only more prosperous, but more just

and more humane." As noted by Sisodia et al. (2007), today's organizations need leaders that transcend a focus on the wallet but that also touch people's hearts. Transformative leadership inspires followers committed to excellence, appeals to those who seek moral solutions, and models the resolve that can allow leaders to make a measurable difference in future organizations.

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