THE TRANSFORMATIVE LEADERSHIP COMPASS: COMPETENCIES FOR DRIVING PUBLIC ORGANISATIONS TRANSFORMATION

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Abstract

Many different forces and trends are (re)shaping today's business landscape, including global problems such as climate change, pandemics, geopolitical tensions, natural resources shortage, species extinction, and the exponential evolution of digital technologies that are overall forcing disruptive innovations across industries and economies. As a result, the actual business environment is becoming increasingly chaotic, turbulent, unpredictable, and rapidly changing. The notion of VUCA is adopted as an acronym for Volatility, Uncertainty, Complexity and Ambiguity to denote the distinctive properties of the context in which organisations are nowadays challenged to operate (Caron, 2009, Kinsinger & Walch, 2012; Reeves & Love, 2012).

To navigate a business landscape characterised by VUCA properties, private and public organisations must develop new competencies to handle challenges that increasingly appear as wicked and paradoxical problems (Ackoff, 1975, Churchman, 1967; Rittel & Webber, 1973; Batie, 2008; Mason & Mitroff, 2010; Weber & Khademian, 2008; Levin, Cashore, Bernstein & Auld, 2012; Waddock, Dentoni, Meszoely & Waddell, 2015; Trist, 1983).

The new business reality imposes that organisational systems must develop a capacity for transformation to survive and become sustainable. Notably, to better contribute to local development and support wealth creation dynamics, public organisations must transform their business models, working mechanisms, and behaviours to respond to the socio-cultural and business landscape's evolution, understanding how to translate challenges into potential development and growth opportunities.

The concept "transform" goes beyond the notion of change. It entails the ability to deal with a continuous, transient, and fluid change by rethinking and renovating a bundle of dimensions including values, goals, resources, and structures. However, transformation is inherently difficult, and developing a capacity for transformation requires organisational competencies. Indeed, as stated by Waddock et al. (2020), transformation involves fundamental changes that impact core aspects of a given system, including its purpose(s) and the perspectives or mindsets of key actors who frame and shape the system. Following the notion of "societal change systems" (Waddell, 2016b), Waddock et al. (2020), propose the notion of a "transformation system", which denotes a system under transformation. Accordingly, a transformative organisation can be viewed as a system engraining a transformability capability, i.e., an organisational capacity to make rapid and lasting changes that can understand, design, and implement transformational initiatives responding in an adaptable or proactive way to challenges. Moreover, they introduce the notion of Transformation Catalyst as an entity working catalytically with actors in a transformation system to enhance their collective speed and ability to address the complexity and scale associated with transformation. According to these perspectives, a transformative organisation can be interpreted as a transformation system, and it is possible to identify the critical factors that can act as transformation catalysts.

In the context of public organisations that are increasingly challenged to become transformation systems, a critical role as a transformation catalyst is played by people who can exercise a leadership position by activating, facilitating, and supporting initiatives for transformation. In the context of public organisations, a leader can be seen as any professional who is responsible for fostering and supporting an organisational cultural attitude aiming at the development of an existing business, or even contributing to the creation of a new one, by having at the core or embracing transformation as the continuous development and application of knowledge for companies' value creation.

This paper aims to analyse the fundamental competencies distinguishing a transformative leader. For this reason, the framework of the Transformative Leadership Compass is introduced as a model for descriptive and normative purposes. It outlines the critical competencies that distinguish a Transformative Leader able to engrain transformation and foster sustainable organisational growth. Specifically, seven critical competencies are identified and analysed.

The Transformative Leadership Compass is proposed as a descriptive framework to assess the distinguishing competencies of people that can play a transformation catalyst role in their organisations. Accordingly, the framework can be deployed to assess and define initiatives for developing leadership competencies, organisational culture, and behaviours to support organisational transformation. On the other hand, it can also be used for normative purposes to design and develop management initiatives to develop the essential competencies distinguishing organisations engaged in successful transformation.

For developing the transformative leadership compass, we have formulated the hypothesis grounding the framework by a deductive analysis of the management literature. A preliminary assessment tool is proposed to test the framework and make it operative, and some preliminary pieces of evidence of its applications are reported in the paper. The paper concludes with a critical discussion of the limitation of the research and the future development venues.

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