

MODERN THEORETICAL PROCESSES OF LEADERSHIP

Despite a relative degree of acceptance of the traditional theories of leadership and the considerable (at least relative to other areas in organizational behavior) amount of research that has been conducted, few would disagree today that leadership still needs much more theory building and research. For example, a comprehensive review of the traditional theories concluded that many of the tests conducted to identify moderating effects were judged to be inappropriate and that most of the results reported in this domain have not been replicated.⁷⁵ There is a need to go beyond the traditional approaches with alternative theories, research methods, and applications for leadership studies.

Besides the established trait, group and exchange, contingency, and path-goal theories of leadership, a number of other widely recognized theories have emerged in recent years. These include the charismatic, transformational, substitutes, and authentic theories of leadership. An overview of each of these provides better understanding of the complex leadership process.

Charismatic Leadership Theories

Charismatic leadership is a throwback to the old conception of leaders as being those who “by the force of their personal abilities are capable of having profound and extraordinary effects on followers.”⁷⁶ Although the charismatic concept, or charisma, goes as far back as the ancient Greeks and is cited in the Bible, its modern development is often attributed to the work of Robert House.⁷⁷ On the basis of the analysis of political and religious leaders, House suggests that charismatic leaders are characterized by self-confidence and confidence in their associates, high expectations for associates, ideological vision, and the use of personal example. Followers of charismatic leaders identify with the leader and the mission of the leader, exhibit extreme loyalty to and confidence in the leader, emulate the leader’s values and behavior, and derive self-esteem from their relationship with the leader.⁷⁸ Bass has extended the profile of charismatic leaders to include superior debating and persuasive skills as well as technical expertise and the fostering of attitudinal, behavioral, and emotional changes in their followers.⁷⁹ A *Fortune* article humorously describes a manager with charisma as follows:

He attended some middling college. Doesn’t have an MBA. But he has an aura. He persuades people—subordinates, peers, customers, even the S.O.B. you both work for—to do things they’d rather not. People charge over the hill for him. Run through fire. Walk barefoot on broken glass. He doesn’t demand attention, he commands it.⁸⁰

Because of the effects that charismatic leaders have on followers, the theory predicts that charismatic leaders will produce in followers performance beyond expectations as well as strong commitment to the leader and his or her mission. Research indicates that the impact of such charismatic leaders will be enhanced when the followers exhibit higher levels of self-awareness and self-monitoring, especially when observing the charismatic leaders’ behaviors and activities⁸¹ and when operating in a social network.⁸² House and his colleagues provide some support for charismatic theory⁸³ and research finds a positive effect on desirable outcomes such as cooperation⁸⁴ and motivation,⁸⁵ and recent conceptualization proposing that alternative forms (personalized versus socialized) are relevant to successful implementation of mergers and acquisitions.⁸⁶ However, as with the other leadership theories, complexities are found⁸⁷ and more research is needed. For example, one study that assessed charismatic leader behaviors, individual level correlates, and unit-level correlates (outcomes) in the military yielded only limited support for the theory’s proposi-

tions and led the researchers to conclude that greater sensitivity to multiple constituencies of leaders is needed in theories and studies focused on charismatic leadership.⁸⁸ Also, extensions of the theory are being proposed. For example, Conger and Kanungo treat charisma as an attributional phenomenon and propose that it varies with the situation.⁸⁹ Leader traits that foster charismatic attributions include self-confidence, impression-management skills, social sensitivity, and empathy. Situations that promote charismatic leadership include a crisis requiring dramatic change⁹⁰ or followers who are very dissatisfied with the status quo. For example, a study in a university setting revealed a situation in which a charismatic leader was able to successfully implement a technical change, but at the same time suffered through major political turmoil, which appeared to be side effects of the technical change. This suggests that studies of charismatic leadership must be considered in the context in which the leader operates, and the nature of the task or work being performed should be included in the analysis.⁹¹

Included in the extensions of charismatic leadership is also the recognition of a dark side.⁹² Charismatic leaders tend to be portrayed as wonderful heroes, but as Table 13.3 shows, there can also be unethical characteristics associated with charismatic leaders. With regard to meeting the challenge of being ethical, it has been noted that charismatic leaders

deserve this label only if they create transformations in their organizations so that members are motivated to follow them and to seek organization objectives not simply because they are ordered to do so, and not merely because they calculate that such compliance is in their self-interest, but because they voluntarily identify with the organization, its standards of conduct and willingly seek to fulfill its purpose.⁹³

This transformation idea is also picked up by Bass, who suggests that charismatic leadership is really just a component of the broader-based transformational leadership, covered next.⁹⁴

Transformational Leadership Theory

Many years ago James MacGregor Burns identified two types of political leadership: transactional and transformational.⁹⁵ The more traditional transactional leadership involves an exchange relationship between leaders and followers, but transformational

TABLE 13.3. Ethical and Unethical Characteristics of Charismatic Leaders

Ethical Charismatic Leader	Unethical Charismatic Leader
• Uses power to serve others • Aligns vision with followers' needs and aspirations • Considers and learns from criticism • Stimulates followers to think independently and to question the leader's view • Open, two-way communication • Coaches, develops, and supports followers; shares recognition with others • Relies on internal moral standards to satisfy organizational and societal interests	• Uses power only for personal gain or impact • Promotes own personal vision • Censures critical or opposing views • Demands own decisions be accepted without question • One-way communication • Insensitive to followers' needs • Relies on convenient, external moral standards to satisfy self-interests

Source: Jane M. Howell and Charismatic Leadership: Submission or Liberation? *Academy of Management Executive*, May 1992, p. 45. Used with permission.

TABLE 13.4. Characteristics and Approaches of Transactional Versus Transformational Leaders

Transactional Leaders
1. <i>Contingent reward</i>: Contracts the exchange of rewards for effort; promises rewards for good performance; recognizes accomplishments. 2. <i>Management by exception (active)</i>: Watches and searches for deviations from rules and standards; takes corrective action. 3. <i>Management by exception (passive)</i>: Intervenes only if standards are not met. 4. <i>Laissez-faire</i>: Abdicates responsibilities; avoids making decisions.
Transformational Leaders
1. <i>Charisma</i>: Provides vision and sense of mission; instills pride; gains respect and trust. 2. <i>Inspiration</i>: Communicates high expectations; uses symbols to focus efforts; expresses important purposes in simple ways. 3. <i>Intellectual stimulation</i>: Promotes intelligence; rationality; and careful problem solving. 4. <i>Individual consideration</i>: Gives personal attention; treats each employee individually; coaches; advises.

Source: Bernard M. Bass, "From Transactional to Transformational Leadership: Learning to Share the Vision," *Organizational Dynamics*, Winter 1990, p. 22. Used with permission.

leadership is based more on leaders' shifting the values, beliefs, and needs of their followers. Table 13.4 summarizes the characteristics and approaches of transactional versus transformational leaders. More recently, the "charisma" characteristic of transformational leadership has been changed to "idealized influence." This was done to not confuse transformational with charismatic leadership, which Bass treats as different theories. Although there are a number of contrasts between the two theories, the major differentiators are how followers are treated. Key to transformational leaders is that they seek to empower and elevate followers (i.e., develop followers into leaders) while charismatic leaders may try to keep followers weak and dependent on them (i.e., instill personal loyalty to the leader rather than developing them to attain ideals).

In contrast to transactional leaders that behave in one of the ways shown in Table 13.4, Avolio notes that transformational leaders characterized by *idealized leadership*, *inspiring leadership*, *intellectual stimulation*, and *individualized consideration* represent a cluster of interrelated styles aimed at the following:

1. Changing situations for the better
2. Developing followers into leaders
3. Overhauling organizations to provide them with new strategic directions
4. Inspiring people by providing an energizing vision and high ideal for moral and ethical conduct⁹⁶

On the basis of his research findings, Bass concludes that in many instances (such as relying on passive management by exception), transactional leadership is a prescription for mediocrity and that transformational leadership leads to superior performance in organizations facing demands for renewal and change. He suggests that fostering transformational leadership through policies of recruitment, selection, promotion, training, and development will pay off in the health, well-being, and effective performance of today's organizations.⁹⁷

A meta-analysis of 39 studies found that the transformational behaviors of charisma (idealized influence), individualized consideration, and intellectual stimulation were related to leadership effectiveness in most studies, but, except for the contingent reward

behaviors, the transactional leadership styles did not enhance leadership effectiveness,⁹⁸ and this more positive impact of transformational over transactional leadership has held through the years. For example, a meta-analysis of 87 studies found transformational leadership related (.44) to the composite of desired outcomes (follower job satisfaction, follower leader satisfaction, follower motivation, leader job performance, group or organizational performance and rated leader effectiveness).⁹⁹ However, in this meta-analysis, contingent reward transactional leadership also related (.39) to the same composite of outcomes, and transformational leadership failed to significantly predict leader job performance.

Most of the research on transformational leadership to date has relied on Bass and Avolio's MLQ (Multifactor Leadership Questionnaire)¹⁰⁰ or qualitative research that simply describes leaders through interviews. Examples of the latter were the interviews with top executives of major companies conducted by Tichy and Devanna. They found that effective transformational leaders share the following characteristics:

1. They identify themselves as change agents.
2. They are courageous.
3. They believe in people.
4. They are value driven.
5. They are lifelong learners.
6. They have the ability to deal with complexity, ambiguity, and uncertainty.
7. They are visionaries.¹⁰¹

Increasing empirical research has supported the transformational leadership characteristics. For example, field studies have shown that transformational leaders more frequently employ legitimating tactics and engender higher levels of identification and internalization¹⁰² (see Chapter 10), have better performance¹⁰³ and develop their followers.¹⁰⁴ Recent studies are refining these general findings. For example, in a study comparing male and female sales managers, females were inclined to form unique relationships with each of their individual subordinates that were independent of their group memberships, suggesting transformational and contingent reward patterns that were somewhat different from their male counterparts.¹⁰⁵

In other studies, transformational leadership mediated by leader-member exchange produced effects on followers' performance and organizational citizenship behaviors (OCBs).¹⁰⁶ Also, the relationship transformational leadership and OCBs were found to be moderated by perceptions of procedural justice and trust, and extraversion and agreeableness of the "Big Five" personality traits (see Chapter 5).¹⁰⁷ Another recent study found ones' emotion and personality contributed to transformational leadership behavior.¹⁰⁸ Also, transformational leadership exhibited more moral reasoning¹⁰⁹ and has implications for ethical concerns.¹¹⁰ A recent study got back to refining the impact of transformational leadership on performance by finding that one's identification with the work unit, self-efficacy (Chapter 7) and means efficacy (confidence in the tools and other support needed to get the job done) were mediators.¹¹¹

Conceptual analysis also indicates that contextual factors may influence receptivity to transformational leadership tactics, and therefore they should be considered and accounted for when research is being conducted.¹¹² In addition, other theories gained attention to help explain the complex process of leadership.