

# 1

## Introduction

There has been an explosion of interest in leadership. Each day stories appear in the newspapers discussing instances of successful leadership, as well as significant failures of leadership. The stories usually concern world class and national politicians and statesmen, chief executive officers (CEO) of business and industry, directors of government and health care agencies, or generals and admirals. Sometimes the stories are of high-level leaders who are often in the spotlight.

Carly Fiorina was the CEO of Hewlett Packard (HP) from 1999 until ousted in early 2005. As one of only a handful of women CEOs of Fortune 100 companies, she was often in the news, but no more so than when she led HP through the choppy waters of its merger with Compaq. Through a contentious fight to win over the support of HP's board of directors, Fiorina kept her eyes on the vision of transforming HP into a "full service" technology company to rival IBM (Lashinsky, 2002). To make this a reality, Fiorina had to first persuade board members and inspire rank and file employees to buy in to her vision:

Indeed, the day after the merger, she and Michael Capellas, the CEO of Compaq—now the No. 2 at HP—spent two hours simply marching through the one-mile-plus walkway that connects Compaq's 17-building corporate headquarters in Houston, meeting and greeting as many people as they could. "She was like this massive figure," recalls HP employee Antonio Humphreys, who worked for Compaq before the merger. "She took pictures and put on hats. The fact that she was willing to do that for the common folk—that earned her a lot of points." (Lashinsky, 2002, p. 94)

CEO Fiorina immediately focused on implementing the vision by empowering subordinates and providing an example of the hard work needed to transform an organization, its culture, and its trajectory.

The key to success, particularly in the fast-paced, high-tech sector in which HP resides, is to challenge followers to perform beyond normal expectations, to stimulate them to be creative and innovative, and to develop their collective leadership capacity. Unfortunately, the story for CEO Fiorina has an unhappy ending. As HP's earnings and stock price continued to sink, an impatient board removed her in 2005, even though many analysts believe the jury is still out on whether the merger will eventually prove to have been the correct strategy. Some analysts believe that both HP and Compaq are better off together than they would have been separately. Regardless of outcomes, most agree that Carly Fiorina typifies a high-profile CEO leader who catches the interest and imagination of the business community and the general public.

But sometimes the story is about an ordinary citizen who shows the persistent leadership to organize what is needed to get the job done. This was the case in an incident that occurred a few years ago in South Korea.

By midnight of September 18, 1996, a North Korean submarine found itself stranded in low water off the east coast of South Korea near Kangnung. It was carrying at least 20 armed North Korean infiltrators and crew. Many South Korean outposts were in place to deal with such intrusions. South Korean troops, posted on the coast nearby, were shown on television, patrolling mountain paths and manning roadblocks. Nonetheless, the discovery of the intrusion was due to the leadership of a taxi driver:

The driver, Lee Jin Gyu, [said] that he saw a group of men by the road, looking very out of place, when he drove by with a passenger. . . . He dropped off the passenger and returned to the spot and saw the submarine. . . . He then went to a police station, and he and a policeman together called an army outpost to report the discovery. [But] the army outpost refused to help because it said it was not responsible for the area where the submarine was spotted. Mr. Lee . . . and the policemen then went to an army barracks, roused the sleeping soldiers, and led them to the site. (Kristof, 1996, pp. A1, A11)

Thus, leadership is not just the province of people at the top. Leadership can occur at all levels and by any individual. In fact, we see that it is important for leaders to develop leadership in those below them. This notion is at the heart of the paradigm of transformational leadership. The principles derived from this theory are fundamental to effective leadership and are widely applicable to many segments of life, ranging from work to family to sport and classroom and, importantly, to issues of social change.

## THE TRANSFORMATIONAL MODEL OF LEADERSHIP

A new paradigm of leadership has captured widespread attention. James MacGregor Burns (1978) conceptualized leadership as either transactional or transformational. Transactional leaders are those who lead through social exchange. As Burns (1978) notes, politicians, for example, lead by "exchanging one thing for another: jobs for votes, or subsidies for campaign contributions" (p. 4). In the same way, transactional business leaders offer financial rewards for productivity or deny rewards for lack of productivity. Transformational leaders, on the other hand, are those who stimulate and inspire followers to both achieve extraordinary outcomes and, in the process, develop their own leadership capacity. Transformational leaders help followers grow and develop into leaders by responding to individual followers' needs by empowering them and by aligning the objectives and goals of the individual followers, the leader, the group, and the larger organization. More evidence has accumulated to demonstrate that transformational leadership can move followers to exceed expected performance, as well as lead to high levels of follower satisfaction and commitment to the group and organization (Bass, 1985, 1998a).

Although early research demonstrated that transformational leadership was a particularly powerful source in military settings (e.g., Bass, 1985; Boyd, 1988; Curphy, 1992; Longshore, 1988; O'Keefe, 1989; Yammarino & Bass, 1990a), more recent research has accumulated that demonstrates that transformational leadership is important in every sector and in every setting (Avolio & Yammarino, 2002). We soon review the components of transformational leadership, examine transactional leadership, and present the Full Range of Leadership model, which incorporates all of these aspects of leadership. But first, we provide a brief discussion of the roots of transformational leadership.

### Historical Background of Transformational Leadership

Historians, political scientists, and sociologists have long recognized leadership that went beyond the notion of a social exchange between leader and followers. Weber's (1924/1947) examination of charisma epitomized such study. However, both psychology and economics supported contingent reinforcement—offering a reward or compensation

for a desired behavior—as the underlying concept for the study of leadership. Leadership was seen primarily as an exchange relationship (e.g., Homans, 1950). Research exemplified by Podsakoff and Schriesheim (1985), as well as much of the research with the Full Range of Leadership (FRL) model (Avolio & Bass, 1991) to be described subsequently, indicated that contingent reward is reasonably effective under most circumstances. In addition, active management-by-exception (corrective leadership for failure of a follower to comply) is more varied in effects, and passive management-by-exception (“if it ain’t broke, don’t fix it”) is contraindicated as an effective act of leadership, for, as Levinson (1980) suggested, if you limit leadership of a follower to rewards with carrots for compliance or punishment with a stick for failure to comply with agreed-on work to be done by the follower, the follower will continue to feel like a jackass. Leadership must also address the follower’s sense of self-worth to engage the follower in true commitment and involvement in the effort at hand. This is what transformational leadership adds to the transactional exchange.

Transformational leaders motivate others to do more than they originally intended and often even more than they thought possible. They set more challenging expectations and typically achieve higher performances. Transformational leaders also tend to have more committed and satisfied followers. Moreover, transformational leaders empower followers and pay attention to their individual needs and personal development, helping followers to develop their own leadership potential.

Transformational leadership is in some ways an expansion of transactional leadership. Transactional leadership emphasizes the transaction or exchange that takes place among leaders, colleagues, and followers. This exchange is based on the leader discussing with others what is required and specifying the conditions and rewards these others will receive if they fulfill those requirements. Transformational leadership, however, raises leadership to the next level. Transformational leadership involves inspiring followers to commit to a shared vision and goals for an organization or unit, challenging them to be innovative problem solvers, and developing followers’ leadership capacity via coaching, mentoring, and provision of both challenge and support.

Early social science perspectives on leadership focused on the dichotomy of directive (task-oriented) versus participative (people-oriented) leadership. As we soon show, transformational leadership



can be either directive or participative and is not an either-or proposition.

Transformational leadership has much in common with charismatic leadership, but charisma is only part of transformational leadership. The Weberian notion of charismatic leadership was, in fact, fairly limited. More modern conceptions of charismatic leadership take a much broader perspective (e.g., Conger & Kanungo, 1998; House & Shamir, 1993), however, and have much in common with transformational leadership.

A critical concern for theories of both transformational and charismatic leadership involves what many refer to as the dark side of charisma—those charismatic leaders who use their abilities to inspire and lead followers to destructive, selfish, and even evil ends. Most often coming to mind are international leaders who wreaked havoc, death, and destruction on thousands and even millions—Adolf Hitler, Pol Pot, Josef Stalin, Osama Bin Laden. But these leaders are those who can be called pseudotransformational. They exhibit many elements of transformational leadership (the charismatic elements particularly) but have personal, exploitative, and self-aggrandizing motives. Thus, we speak at length near the end of this chapter about the notions of authenticity and authentic transformational leaders.

### **Components of Transformational Leadership**

Transformational leaders do more with colleagues and followers than set up simple exchanges or agreements. They behave in ways to achieve superior results by employing one or more of the four core components of transformational leadership described later.

To some extent, the components of transformational leadership have evolved as refinements have been made in both the conceptualization and measurement of transformational leadership. Conceptually, leadership is charismatic, and followers seek to identify with the leader and emulate him or her. The leadership inspires followers with challenge and persuasion, providing both meaning and understanding. The leadership is intellectually stimulating, expanding the followers' use of their abilities. Finally, the leadership is individually considerate, providing the follower with support, mentoring, and coaching. Each of these components can be measured with the Multifactor Leadership Questionnaire (MLQ). Factor analytic studies from Bass (1985) to Howell and Avolio (1993), and Bycio, Hackett, and Allen (1995) to

Avolio, Bass, and Jung (1997) have identified the components of transformational leadership. The MLQ, its psychometric properties, and these factor analytic studies are discussed fully in chapter 2.

Descriptions of the components of transformational leadership are presented in the following sections.

**Idealized Influence (II).** Transformational leaders behave in ways that allow them to serve as role models for their followers. The leaders are admired, respected, and trusted. Followers identify with the leaders and want to emulate them; leaders are endowed by their followers as having extraordinary capabilities, persistence, and determination. Thus, there are two aspects to idealized influence: the leader's behaviors and the elements that are attributed to the leader by followers and other associates. These two aspects, measured by separate subfactors of the MLQ, represent the interactional nature of idealized influence—it is both embodied in the leader's behavior and in attributions that are made concerning the leader by followers. A sample item from the MLQ that represents idealized influence behavior is "The leader emphasizes the importance of having a collective sense of mission." A sample item from the idealized influence attributed factor is "The leader reassures others that obstacles will be overcome."

In addition, leaders who have a great deal of idealized influence are willing to take risks and are consistent rather than arbitrary. They can be counted on to do the right thing, demonstrating high standards of ethical and moral conduct.

**Inspirational Motivation (IM).** Transformational leaders behave in ways that motivate and inspire those around them by providing meaning and challenge to their followers' work. Team spirit is aroused. Enthusiasm and optimism are displayed. Leaders get followers involved in envisioning attractive future states; they create clearly communicated expectations that followers want to meet and also demonstrate commitment to goals and the shared vision. A sample MLQ item for IM is "The leader articulates a compelling vision of the future."

Idealized influence leadership and inspirational motivation usually form a combined single factor of charismatic-inspirational leadership. The charismatic-inspirational factor is similar to the behaviors described in charismatic leadership theory (Bass & Avolio, 1993a; House, 1977).

***Intellectual Stimulation (IS).*** Transformational leaders stimulate their followers' efforts to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways. Creativity is encouraged. There is no public criticism of individual members' mistakes. New ideas and creative problem solutions are solicited from followers, who are included in the process of addressing problems and finding solutions. Followers are encouraged to try new approaches, and their ideas are not criticized because they differ from the leaders' ideas. A sample item from the MLQ that represents intellectual stimulation is "The leader gets others to look at problems from many different angles."

***Individualized Consideration (IC).*** Transformational leaders pay special attention to each individual follower's needs for achievement and growth by acting as a coach or mentor. Followers and colleagues are developed to successively higher levels of potential. Individualized consideration is practiced when new learning opportunities are created along with a supportive climate. Individual differences in terms of needs and desires are recognized. The leader's behavior demonstrates acceptance of individual differences (e.g., some employees receive more encouragement, some more autonomy, others firmer standards, and still others more task structure). A two-way exchange in communication is encouraged, and "management by walking around" workspaces is practiced. Interactions with followers are personalized (e.g., the leader remembers previous conversations, is aware of individual concerns, and sees the individual as a whole person rather than as just an employee). The individually considerate leader listens effectively. The leader delegates tasks as a means of developing followers. Delegated tasks are monitored to see if the followers need additional direction or support and to assess progress; ideally, followers do not feel they are being checked on. A sample MLQ item from the individualized consideration scale is "The leader spends time teaching and coaching."

### **The Full Range of Leadership Model**

In addition to the four components of transformational leadership, the Full Range of Leadership model also includes several components of transactional leadership behavior, along with laissez-faire (or nonleadership) behavior.

Transactional leadership occurs when the leader rewards or disciplines the follower, depending on the adequacy of the follower's performance. Transactional leadership depends on contingent reinforcement, either positive contingent reward (CR) or the more negative active or passive forms of management-by-exception (MBE-A or MBE-P).

**Contingent Reward (CR).** This constructive transaction has been found to be reasonably effective in motivating others to achieve higher levels of development and performance, although not as much as any of the transformational components. Contingent reward leadership involves the leader assigning or obtaining follower agreement on what needs to be done with promised or actual rewards offered in exchange for satisfactorily carrying out the assignment. A sample contingent reward item is "The leader makes clear what one can expect to receive when performance goals are achieved." Contingent reward is transactional when the reward is a material one, such as a bonus. Contingent reward can be transformational, however, when the reward is psychological, such as praise (Antonakis, Avolio, & Sivasubramaniam, 2003).

**Management-by-Exception (MBE).** This corrective transaction tends to be more ineffective than contingent reward or the components of transformational leadership. The corrective transaction may be active (MBE-A) or passive (MBE-P). In active MBE, the leader arranges to actively monitor deviances from standards, mistakes, and errors in the follower's assignments and to take corrective action as necessary. MBE-P implies waiting passively for deviances, mistakes, and errors to occur and then taking corrective action. Active MBE may be required and effective in some situations, such as when safety is paramount in importance. Leaders sometimes must practice passive MBE when required to supervise a large number of subordinates who report directly to the leaders. Sample MLQ items for management-by-exception are "The leader directs attention toward failures to meet standards" (active) and "The leader takes no action until complaints are received" (passive).

**Laissez-Faire Leadership (LF).** As mentioned, laissez-faire leadership is the avoidance or absence of leadership and is, by definition, most inactive, as well as most ineffective according to almost all research on the style. As opposed to transactional leadership, laissez-



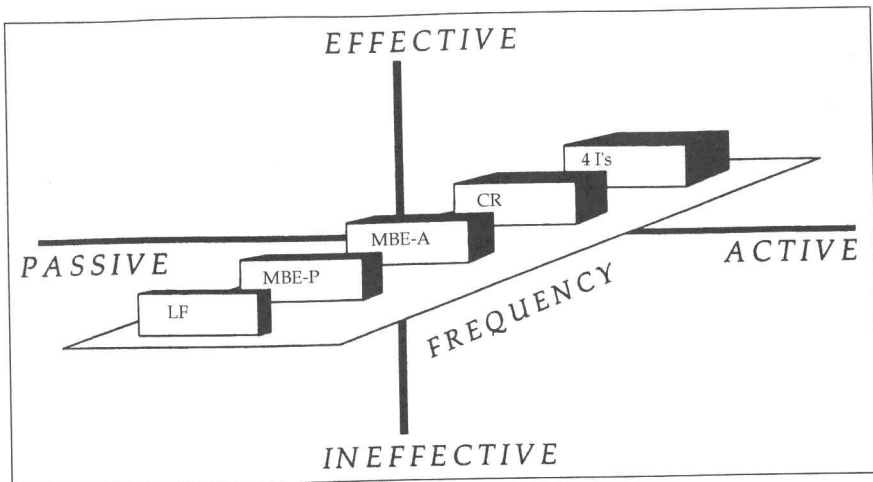


FIG. 1.1. The model of the Full Range of Leadership: Suboptimal profile.

faire represents a nontransaction. Necessary decisions are not made. Actions are delayed. Responsibilities of leadership are ignored. Authority remains unused. A sample laissez-faire item is "The leader avoids getting involved when important issues arise."

Fundamental to the FRL model is that every leader displays each style to some amount. An optimal profile is shown in Fig. 1.1. The third dimension of this model (depth) represents how frequently a leader displays a particular style of leadership. The horizontal active dimension is by self-evident definition; the vertical effectiveness dimension is based on empirical findings.

In Fig. 1.1, the person with an optimal profile infrequently displays (LF) leadership. This individual displays successively higher frequencies of the transactional leadership styles of MBE-P, MBE-A, and CR and displays the transformational components most frequently. In contrast, as shown in Fig. 1.2, the poorly performing leader tends toward inactivity and ineffectiveness, exhibiting LF most frequently and the transformational components least frequently.

### The Effectiveness of Transformational Leadership

There is a large and growing body of evidence that supports the effectiveness of transformational leadership over transactional leadership and the other components in the Full Range of Leadership model.

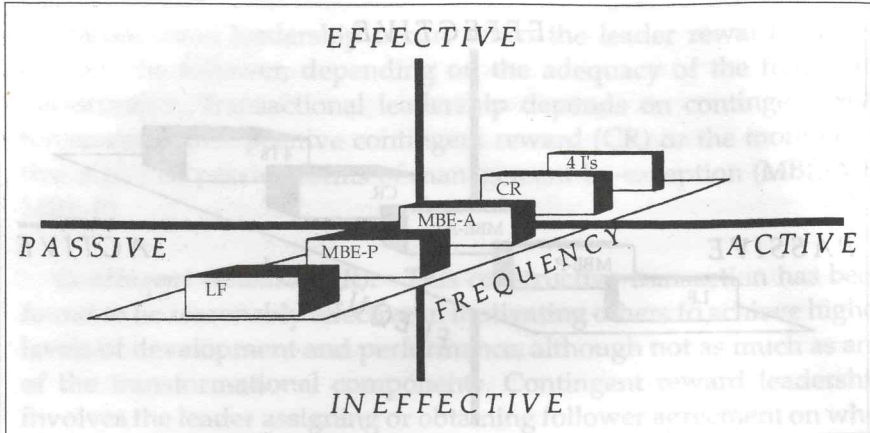


FIG. 1.2. The model of the Full Range of Leadership: Optimal profile.

Chapters 2, 3, and 4 review the research evidence that supports this claim, beginning with meta-analytic findings (chap. 2); continue with a focus on how transformational leadership leads to more committed, loyal, and satisfied followers (one version of effectiveness; chap. 3); and goes on to explain how transformational leadership relates to performance (another way to operationalize effectiveness; chap. 4). In fact, the results suggest a hierarchy, with the four *I*s—the components of transformational leadership—at the top, followed by contingent reward, then active and passive management-by-exception, respectively; with laissez-faire leadership at the bottom as a style generally proving to be ineffective.

Clearly, there is nothing wrong with transactional leadership. It can, in most instances, be quite effective. Likewise, active, and even passive, management-by-exception can work depending on the circumstances. However, Bass (1985) proposed an augmentation relationship between transformational and transactional leadership. It was suggested that transformational leadership augments transactional in predicting effects on follower satisfaction and performance. Specifically, in statistical terms, transformational leadership should and does account for unique variance in ratings of performance (or other outcomes) over and above that accounted for by active transactional leadership.

Waldman, Bass, and Yammarino (1990) reported evidence for the augmentation effect among various samples of industrial managers and military officers, and Elenkov (2002) found it with Russian managers. The augmentation effect was also obtained by Seltzer and Bass

(1990) for a sample of 300 part-time MBA students, each describing their superiors at their full-time working settings. For another sample of 130 MBAs, who each asked three of their followers to complete MLQs about them, the augmentation effect held when one follower's leadership ratings and a second follower's outcomes were correlated. The same augmentation effect occurred when initiation and consideration, as measured by the Leader Behavior Description Questionnaire (LBDQ), were substituted as the measure of transactional leadership. These results demonstrate a fundamental point emphasized in the Bass (1985) theory of leadership: Transactional leadership, particularly contingent reward, provides a broad basis for effective leadership, but a greater amount of effort, effectiveness, and satisfaction is possible from transactional leadership if augmented by transformational leadership. Finally, as reported earlier by Avolio and Howell (1992), transformational leadership also augments transactional in predicting levels of innovation, risk taking, and creativity.

### **Transformational Leadership: Directive or Participative?**

Critics perceive transformational leadership as elitist and antidemocratic. Indeed, particularly when dealing with charisma, Weber (1947) and his successors emphasized the extent that the charismatic leader directed dependent followers out of crises with radical solutions to deal with their problems; inspirational leaders were seen to be highly directive in their means and methods. The intellectually stimulating leader challenged his followers, and the individually considerate leader could rise above the demands for equality from his followers to treat them differently according to their different needs for growth. At the same time, however, such transformational leaders could share the building of visions and ideas that could be a democratic and collective enterprise. They could encourage follower participation in the change processes involved. In the same way, transactional leadership can be either directive or participative.

Table 1.1 illustrates formulaic statements illustrating that transformational and transactional leadership can be either directive or participative, authoritarian or democratic. This theory has been found useful and essential in convincing trainees that transformational leadership is not a veiled attempt at resurrecting participative leadership. It can be participative as well as more directive in orientation (Avolio & Bass, 1991).



TABLE 1.1  
Descriptions of Participative Versus Directive Leadership  
and the Components of the Full Range of Leadership Model

	<i>Participative</i>	<i>Directive</i>
Laissez-faire	"Whatever you think is the correct choice is okay with me."	"If my followers need answers to questions, let them find the answers themselves."
Management-by-exception	"Let's develop the rules together that we will use to identify mistakes."	"These are the rules, and this is how you have violated them."
Contingent reward	"Let's agree on what has to be done and how you will be rewarded if you achieve the objectives."	"If you achieve the objectives I've set, I will recognize your accomplishment with the following reward . . ."
Individualized consideration	"What can we do as a group to give each other the necessary support to develop our capabilities?"	"I will provide the support you need in your efforts to develop yourself in the job."
Intellectual stimulation	"Can we try to look at our assumptions as a ground without being critical of each other's ideas until all assumptions have been listed?"	"You must reexamine the assumption that a cold fusion engine is a physical impossibility. Revisit this problem and question your assumption."
Inspirational motivation	"Let's work together to merge our aspirations and goals for the good of our group."	"You need to say to yourself that every day you are getting better. You must look at your progression and continue to build upon it over time."
Idealized influence	"We can be a winning team because of our faith in each other. I need your support to achieve our mission."	" <i>Alea icta est</i> (i.e., "I've made the decision to cross the Rubicon, so there's no going back"). You must trust me and my direction to achieve what we have set out to do."

*Note.* From *The Full Range of Leadership Development: Basic and Advanced Manuals* (pp. 5.5–5.6), by B. J. Avolio and B. M. Bass, 1991, Binghamton, NY: Bass, Avolio, and Associates. Copyright 1991 by Bass, Avolio, and Associates. Reprinted with permission.

### Authentic Versus Inauthentic (Pseudotransformational) Transformational Leadership

A crucial element for James MacGregor Burns's conception of transformational leadership was his firm belief that to be transforming leaders had to be morally uplifting. Bass (1985) originally expected



the dynamics of transformational leadership to be the same whether beneficial or harmful to others. As noted earlier, this notion of morally "good" and "evil" leaders has also been a dilemma for charismatic leadership theories.

Charismatic leadership has been differentiated as socialized or personalized. Socialized charismatic leadership is based on egalitarian behavior, serves collective interests, and develops and empowers others. Socialized leaders tend to be altruistic and to use legitimate established channels of authority (House & Howell, 1992; McClelland, 1975). Personalized charismatic leadership is based on personal dominance and authoritarian behavior, is self-aggrandizing, serves the self-interest, and is exploitative of others (McClelland, 1975). Personalized leaders rely heavily on manipulation, threat, and punishment and show disregard for the established institutional procedures and for the rights and feelings of others. They are impulsively aggressive, narcissistic, and impetuous (House & Howell, 1992; Popper, 2002). For Howell and Avolio (1993) authentic charismatic/transformational leaders must be socialized leaders.

This notion of personalized versus socialized leaders can apply to both charismatic and noncharismatic leaders. The defining issue is whether the leader works primarily toward personal gains as opposed to focusing also on the outcomes for followers (i.e., costs and benefits for self vs. costs and benefits for others; Bass & Steidlmeier, 1999). For example, Tyco's CEO, Dennis Kozlowski, who was prosecuted for raiding his company of \$600 million to support his lavish lifestyle, represents the extreme of a personalized leader. However, a socialized leader can both achieve personal gains as well as enrich followers. An example is Bill Gates, whose Microsoft Corporation is regularly considered one of the best companies to work for and a company that made many of its employees into millionaires via generous stock options. It is important to note that for most leaders it is not clear-cut. Being personalized or socialized is usually a matter of degree, being more or less selfish or selfless in one's actions (Bass, 1998b).

Originally, the dynamics of transformational leadership were expected to be the same, whether beneficial or harmful to followers (Bass, 1985), although Burns (1978) believed that to be transforming, leaders had to be morally uplifting. Since those early writings, Bass (1998b) has come to agree with Burns. Personalized transformational leaders are pseudotransformational, or inauthentic transformational leaders. They may exhibit many transforming displays but cater, in the

long run, to their own self-interests. Self-concerned, self-aggrandizing, exploitative, and power oriented, pseudotransformational leaders believe in distorted utilitarian and warped moral principles. This is in contrast to the authentic transformational leaders, who transcend their own self-interests for one of two reasons: utilitarian or moral. If utilitarian, their objective is to benefit their group or its individual members, their organization, or society, as well as themselves, and to meet the challenges of the task or mission. If a matter of moral principles, the objective is to do the right thing, to do what fits principles of morality, responsibility, sense of discipline, and respect for authority, customs, rules, and traditions of a society. There is belief in the social responsibility of the leader and the organization. Thomas Paine's writings illustrated the authentic transforming leader in his appeals to reason in "Common Sense" and "Age of Reason," his appeals to principle in "Rights of Man," and his often quoted need for transcendence: "These are the times that try men's souls."

Each of the components of transformational leadership (as well as the elements of transactional leadership) can be scrutinized to determine whether they indicate authentic or inauthentic leadership. For example, the transformational components of idealized influence and inspirational motivation can be used authentically to create follower commitment and motivation to a noble cause that benefits all, or they can be used to manipulate followers and produce an unhealthy dependence on the leader. Table 1.2 displays some of the moral elements associated with components of transformational and transactional leadership to demonstrate how these can lead to authentic or inauthentic transformational leadership.

The element of transformational leadership that usually best distinguishes authentic from inauthentic leaders is individualized consideration. The authentic transformational leader is truly concerned with the desires and needs of followers and cares about their individual development. Followers are treated as ends not just means (Bass & Steidlmeier, 1999).

In recent years, scholars have begun to examine the relationship between transformational leadership and ethical leadership behavior or perceptions of leader authenticity. For example, one study examined the relationship between transformational leadership and the perceived integrity of New Zealand managers, as rated by subordinates, peers, and superiors (Parry & Proctor-Thompson, 2002). The results showed that transformational leaders were rated as having more in-

tegrity and being more effective than were nontransformational leaders. An interesting study of marketing managers from multinational companies in India presented these leaders with vignettes depicting certain unethical business situations (e.g., bribery, endangerment of the physical environment, personal gain, displays of favoritism) and asked the leaders how they might act in these situations. Transformational leaders, particularly those high on inspirational motivation and intellectual stimulation, were more likely to behave ethically in the tempting scenarios (Banerji & Krishnan, 2000).

In an important study, Turner, Barling, Epitropaki, Butcher, and Milner (2002) found that managers/leaders from a Canadian university

TABLE 1.2  
Moral Elements of Transformational and Transactional Leadership

<i>Leadership Dynamic</i>	<i>Transactional Leadership Ethical Concern</i>
Task	Whether what is being done (the end) and the means employed to do it are morally legitimate
Reward system	Whether sanctions or incentives impair effective freedom and respect conscience
Intentions	Truth telling
Trust	Promise keeping
Consequences	Egoism versus altruism—whether the legitimate moral standing and interests of all those affected are respected
Due process	Impartial process of settling conflicts and claims
<i>Transformational Leadership</i>	
Idealized influence	Whether “puffery” and egoism on part of the leader predominate and whether the leader is manipulative or not
Inspirational motivation	Whether providing for true empowerment and self-actualization of followers or not
Intellectual stimulation	Whether the leader’s program is open to dynamic transcendence and spirituality or is closed propaganda and a “line” to follow
Individualized consideration	Whether followers are treated as ends or means, whether their unique dignity and interests are respected or not

*Note.* From “Ethics, Character, and Authentic Transformational Leadership Behavior,” by B. M. Bass and P. Steidlmeier, 1999, *Leadership Quarterly*, 10(2), p. 185. Copyright by Elsevier. Reprinted with permission.



and a British telecommunications company who had higher levels of moral reasoning, as assessed by a self-report, pencil-and-paper measure, were rated by their subordinates as being more transformational. Finally, Brown and Trevino (2003) found that employees of transformational leaders engaged in less employee deviant behavior than followers of leaders who were well liked but not transformational.

Clearly, and as Burns (1978) emphasized, the morality of transformational leadership is critical. Throughout our discussion of transformational leadership, we assume for the most part that we are speaking of authentic transformational leadership. Yet it is clear that much work needs to be done to better understand the dynamics of authentic leadership, in general, and authentic transformational leadership in particular.

## THE UNIVERSALITY OF TRANSFORMATIONAL LEADERSHIP

Bass (1997) argued that transactional and transformational leadership can be found in all parts of the globe and in all forms of organizations. Indeed, research on transformational leadership, including the use of the MLQ, has taken place in every continent and in nearly every industrialized nation. Research from the Global Leadership and Organizational Behavior Effectiveness (GLOBE) research program supports earlier notions that elements of charismatic-transformational leadership are valued leader qualities in all countries and cultures (Den Hartog, House, Hanges, Ruiz-Quintanilla, & Dorfman, 1999; Dorfman, Hanges, & Brodbeck, 2004).

Research evidence from around the world suggests that transformational leadership typically provides a positive augmentation in leader performance beyond the effects of transactional leadership. Furthermore, transformational leadership should be a more effective form of leadership globally because the transformational leader is consistent with people's prototypes of an ideal leader (Bass, 1997). Of course, there are cultural contingencies, as well as organizational factors, that can affect the impact of transformational leadership in particular instances. However, authentic transformational leadership has an impact in all cultures and organizations because transformational leaders have goals that transcend their own self-interests and work toward the common good of the followers (Burns, 1978).