CHAPTER 6

FULL RANGE LEADERSHIP

Some cause happiness wherever they go; others, whenever they go.

Oscar Wilde

In the preface of this book, I referred to the overwhelming amount of research that has supported our claims that transformational leadership is a consistently highly effective form of leadership at all organizational levels and across all organizations. We have seen over the past decade's worth of research that people want to stay with transformational leaders. People have a greater sense of ownership at the highest levels in terms of identification and are willing to provide the extra effort needed to succeed. People are more committed to their work, more highly engaged, and more satisfied. In return, they produce more. This supports working hard to be more transformational at the highest end of the full range of leadership.[52,53]

Yet, although transformational leadership across time, organizations, cultures, and individuals seems to be the most effective form of leadership, it is important to reemphasize that without the more positive forms of transactional leadership such as setting expectations and goals, as well as monitoring performance, leaders and those led would be limited in their ability to succeed. Indeed, what has been most interesting is to see how transformational leadership adds to transactional in predicting performance. What I mean here is that being transactional will move the meter positively in the right direction in terms of a very broad range of performance outcomes. Transactional leaders at the top of their game will not achieve the same level of performance, however, without transformational leadership. Let me unpack this a bit as it has relevance to what we will discuss in the remainder of this chapter.[54]

There are situations where being transactional will achieve exactly the performance you expect, and that may be high performance. Yet, if you continue to be purely transactional in the way we define this leadership style in the current

chapter, you would never inspire followers, never fully develop them, never challenge them to come up with breakthrough insights, and never embed your highest moral values and standards in their behavior and actions. Indeed, going back to our earlier discussion of the second in command, we would find that if the purely transactional leader was pulled from the scene, the individuals they have worked with would likely be less prepared to lead on their own. Why? Transactional leaders can get the job done, but they do not focus like transformational leaders in developing followers to lead. Their attention to performance is very important to optimizing existing performance systems but not to optimizing change and development.

What we have clearly learned is that leaders who can balance transactional and transformational leadership across time, situations, and challenges are the most effective.[55,56,57] The difficulty is that most transactional leaders do not know what it means to be transformational and, therefore, cannot shift their balance of attention and effort up the range to transformational leadership. The way they define leadership is confined to a transactional quid pro quo framework. So, how do you conceive of the highest end of the range of your own leadership? What occupies that space in terms of your thinking about leadership and your behavior? How much of what you do in a leadership role involves executing the task versus developing potential, setting an example for high ethical conduct, and challenging ways of thinking that create totally new insights?

Where we deviated 10 years ago from the field of leadership was in describing that it takes two very different mind-sets to lead as a transactional versus transformational leader. What this means is that you actually think differently when you have the transactional leadership mind-set versus the transformational, and there is now research to support these differences from both the cognitive science and neuroscience literature. Where the brain processes information according to an MRI varies if you are transactional or transformational in your leadership orientation. Consequently, to develop you to traverse the range, we have to promote not only changes in your behavior but also changes in the way you think.

Let me give an example to help illustrate the points above.

You are given a specific task to meet some challenging customer requirements in terms of both quality and time of delivery. Taking a purely transactional perspective, you would proceed by making sure you have the appropriate resources to achieve expectations. Likely, you would focus on scoping the project and setting goals and objectives that would assure you are successful, including in your analysis appropriate contingencies and support systems. People working with you would have a clear idea of the goals set, the means available to achieve them, and the rewards for satisfying the goals.

Someone who is higher up on the full range of leadership could do everything described above under the rubric of transactional leadership. However, transformational leaders might also do the following:

- Highlight the importance and long-term meaning in meeting the customer's expectations and requirements. They often would go beyond simply the immediate goal, placing the challenge in a larger context in terms of relevance to the organization, customers, and employees.
- They could think about how to use this challenging situation as a way of providing development for some of the high-potential employees. They might create leadership roles to allow those employees to stretch their leadership capabilities with support from them.
- As part of the scoping process, they may challenge some basic assumptions such as doing things faster can result in higher quality output if new processes are created that lean out wasted steps.
- Transformational leaders might also emphasize that nothing should be done to compromise the basic ethical and moral values of the organization. They will not succeed if they compromise their ethics, regardless of what goals are achieved.

You might see from the example above that the transactional and transformational leadership orientation entails a different way of thinking and different ways of influencing the followers who work with them. You might also have realized that it is the combination of the two leadership orientations that optimize the full range of performance and development.

Some global distinguishing characteristics of *transformational leadership* are worth stating up front. Transformational leadership involves the process whereby leaders develop followers into leaders. This is a conscious goal; the leader has a development plan in her or his head about each follower. Transformational leadership is fundamentally, morally uplifting. Such leaders stimulate challenge, as opposed to suppressing it when it arises. They are deeply trusted and exhibit the moral perspective to warrant such trust. Their willingness to be vulnerable and to self-sacrifice builds tremendous trust among followers, along with ownership in the form of identification with their mission or cause. Their willingness to self-sacrifice is often associated with similar patterns of self-sacrifice among their followers in a sort of falling dominoes effect. They work to leave behind an organization, community, or even society that is better positioned to succeed than when they first began their work. For these reasons, Burns,[58] Bass,[59] and Sergiovanni[60] referred to transformational leaders as moral agents who focus

themselves and their followers on achieving higher-level missions and purposes. The higher levels of identification result in higher levels of commitment, trust, loyalty, and performance.

How can I describe such leaders to you in more practical terms? They are people who come to their tasks not only willing to listen but also determined to know what others are thinking. They take the time to get to know the people they work with, what these people need to know to perform at their best, and how far they can be stretched, challenged, and supported. They are role models of the expectations they have of others.

Leaders oftentimes have to make difficult decisions where they are doing the least harm to the most people. For example, if cost cutting is required, these leaders do not protect their offices from the ax, but try to look at what is best for the overall organization's success. They frequently struggle with what is the right thing to do, and they keep in the forefront a set of standards that makes the execution of their principles predictable. You get to know what they think is right and wrong through their words and their actions. Many want to emulate them because they are respected for taking a stand on important issues, for championing someone's cause, for taking on difficult challenges others have avoided, for being concerned, and for doing something about those concerns. They encourage those around them to use their full intellectual capital and to not fear questioning those things that are most established nor those issues with which they are most closely aligned (see Box 6.1).

Now, as we look at transactional leadership, we see that transactional leaders address the self-interests of those being influenced by them. Transactional leaders offer inducements to move in the direction they desire, which often is a direction that would also satisfy the self-interests of their followers. They exchange promises of reward for cooperation and compliance from their followers to get the task done. The best transactions are constructive, and evidence cited earlier would suggest these are effective in achieving desired levels of performance. Many examples of this type of leadership behavior may be found in almost any organization, even in my initial interactions with you in formulating a compact of expectations and an understanding of how best to develop leadership potential.

It is understandable to wonder how transactional leadership can form the base for transformational given the differences in these leadership orientations. Here is one connection that might help in understanding how these leadership orientations work together. If you honor all your various transactions with people, over time they come to trust you; it is higher levels of trust versus compliance that transformational leadership uses as its base for achieving exemplary performance. But, of course, leadership is not always that simple, meaning that even though you believe you have been absolutely consistent, some followers, peers, or even your supervisors may not concur with your opinion. So, being consistent

> ### BOX 6.1 Levels of Commitment/Loyalty and Transformational Leadership
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> Pitman (1993) provided evidence to show that the commitment level of white-collar employees in six organizations correlated positively with the transformational leadership ratings of their supervisors. Niehoff, Eng, and Grover (1990) surveyed 862 insurance employees, reporting that commitment to the organization was positively affected by the extent to which top management was inspirational and encouraged innovativeness from employees. Similarly, employee ratings of their shop steward's leadership style predicted members' loyalty, sense of responsibility, and actual participation in union activities (Kelloway & Barling, 1993). In fact, the strongest predictor of levels of loyalty to the union and participation in union activities was the shop steward's transformational leadership. Shamir, Zakay, Breinin, and Popper (1998a, 1998b) reported that, with Israeli Defense Force companies, group morale, cohesiveness, and level of potency were each positively related to trust in the platoon leader, identification with the unit, and willingness to sacrifice for the leader. Den Hartog (2000) reported that 267 Dutch employees who rated their leaders as more transformational were also more emotionally committed to their work. Berson and Avolio (2004) showed that followers at subsequent levels in a large telecommunications company were much more familiar and aligned with the organization's goals when led by leaders evaluated as more transformational.

in the eyes of all your followers who are close and at a distance will be a very difficult challenge that is renewed each time you work with a new group of followers. However, all the evidence points to it being a worthwhile challenge to take on in terms of long-term success.

Further down the range, transactional leadership can also be an active or passive engagement in terms of being a corrective exchange or transaction. Here, the exchange involves a desired change in behavior, learning level, cooperation, or compliance of followers to avoid censorship, reproof, negative feedback, punishment, or disciplinary action. For example, if too many beads are shifted from the left jar to the right in 1 day, then certain privileges are lost by students in Stacey's class. The same logic applies to the number of defects in rejected products, poor customer service, and delivery errors by suppliers.

Both constructive and corrective transactions can be set to be contingent on each follower's performance or, in some cases, the leader's, if follower directed. Some leaders emphasize constructive promises, praises, and rewards that are contingent on achieving expected performance (see Box 6.2). Other leaders manage by exception and pay attention to their followers only when their behavior is off the mark and correction is needed. Even though such constructive transactions are reasonably successful and effective, corrective transactions are less so, particularly in

terms of developing learning potential in followers. How well would you learn if you only had someone who always built a list of things for you that you should not do? What about the long list of things you *should* do, try, be encouraged to explore, and even fail at over time? In all, transactional leadership is not enough for people to achieve their full potential, whether they are leaders or followers, individuals or in groups. And as a culture, this style of leadership creates an environment that is often risk-averse and quite low in innovation, because if your contract is being monitored, you are likely not to innovate and take risks.

One example of creating a low-risk culture comes to mind. I was at a senior management retreat for a large medical supplies company. The company was very conservative and embedded in a culture that constantly tried to avoid mistakes. In that business, it was quite important to avoid making mistakes that would place customers at risk. Yet, the company had taken an extreme position on avoiding any mistakes after being caught by the Food and Drug Administration (FDA) for putting out a product that was not properly tested. This decision had led to a huge fine for the company, several indictments, a dramatic loss in market share, and a very tarnished image with customers. The *event*, as it was called internally, also became the turning point in creating a culture that was paranoid about making any mistakes. The key words in the culture became *control* and *comply,* which do not go too well with a third word—*innovate.* During the second day of the retreat, the CEO was challenging the group to give him feedback: "Help me. . . . Don't you have any passion?" A young, Italian manager spoke up finally and said, "I was told by my regional manager that under no circumstances am I to say *anything* interesting at the

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BOX 6.2   Mission/Purpose and Transformational Leadership

Keller (1992) reported that effective leaders in research and development (R&D) project teams tended to inspire a sense of mission and purpose about the importance of the work being done by the team, they stimulated new ways of thinking and solving difficult problems, and they got members to contribute the extra effort needed to achieve exemplary performance levels. Such transformational leadership was also shown to be more predictive of project quality in research versus development teams.

Keller (2006) did a follow-up longitudinal study with 118 R&D teams from five separate organizations over a 5-year period and replicated and extended these findings supporting his initial ground-breaking research. Specifically, Keller reported transformational leadership predicted 1-year-later technical quality, schedule performance, and cost performance, and 5-year-later profitability and speed to market.

meeting." Here, the company had spent tens of thousands of dollars to bring in its senior managers from around the world, and the employees were being coached to not be innovative, not be creative, and above all else, not say anything interesting. I found *that* interesting and, by the way, not uncommon.[61]

The fact that people come to meetings with their senior managers to not say anything interesting is more the norm than the exception. I find in working with organizations that one of the more valuable roles I play is being the conduit to top management for ideas that lower-level managers will not risk saying. It is incredible to see so much latent potential in organizations that goes untapped because the leadership has not made the organization a safe place to say what you really think.

When I recently asked a group of 90 emerging leaders from America's top technology companies if they would tell their leaders what they really think, on a 1 to 5 scale, they were near 1 in terms of strongly disagreeing with this item. The survey was done in a classroom setting so I could ask them why they were hesitant to speak up, and it primarily came down to two issues. The first issue was that their managers did not care to hear what they thought. The second issue was that they were not going to risk their careers by telling their managers the truth. Unfortunately, we can see from the meltdowns in early 2000 with Enron and WorldCom and later in 2008 with Bear Stearns, Lehman Brothers Holdings, and Washington Mutual that many employees knew full well what was going on but few if any would challenge their organizations going over a cliff.

I recall meeting a young economist at a leadership recognition ceremony in which his sister was receiving an award for outstanding leadership in her community. He was visibly depressed because he felt that he had not stepped up loud enough to challenge the direction that Washington Mutual was headed, which turned out to be dissolution—a hundred-plus-year-old company gone.

When leadership is needed, any leadership is likely to be more successful and effective than avoidance of responsibility to provide leadership. *Laissez-faire leadership* (LF) is the behavior of those individuals in a group who, in the extreme, do not care what happens, avoid taking responsibility, cannot make up their minds, and are satisfied to sit and wait for others to take the necessary initiatives imposed by the tasks at hand. We can call these types of individuals *social loafers*. Our descriptions of Stacey or Sam should suggest that this style is not the one either of them exhibited very often, but they probably exhibited it once in a while, as we all do at various points in time. It is quite human to avoid certain decisions, yet it is ineffective leadership to be seen over time by your peers, supervisors, or followers as primarily avoidant.

Ask yourself now whether you have ever avoided a problem or delayed taking action on a particular decision beyond what others thought was reasonable. I believe we all must admit that we have avoided making a decision; therefore,

the answer is always yes. I am sure that someone has certainly seen all of us at some point exhibiting LF. In terms of building the full range of leadership potential, how often you exhibit a certain set of behaviors along the range ultimately determines how effective you are over time as a leader. The frequency with which you exhibit behaviors depends on your perspective or frame of reference of what you consider important. What is important to you will influence where you place more or less emphasis in terms of your choice of actions and decisions. For example, if you understand the importance of identifying the needs of people who report to you and that doing this can have a positive impact on their development as well as your own, then you are more likely to expend energy and time trying to understand each individual's needs.

Think about the last time you were confronted with a choice of sitting back and waiting for someone else in your group to say what was needed to be said for the group to move forward or for you to take initiative. Why were you reluctant to act? What made you finally do what you did? We all are laissez-faire about certain things, and, in fact, it may be used to our advantage. For example, an article appeared in *The Wall Street Journal* about Lou Gerstner 6 months after he was selected to lead IBM out of its worst slump. The article described Gerstner as laissez-faire. This is a label no one today would ascribe to Lou Gerstner's leadership of IBM and how he left it when he retired. With some reflection, one might say he chose not to act before he was prepared to act, despite the fact that employees, stockholders, investors, and competitors may have seen him as laissez-faire. By the way, he apparently spent the first 6 months closeted with IBM's customers, finding out what they liked, did not like, and needed from IBM. Yet, in his employees' eyes, he may have been seen as avoidant. Realize that part of IBM's problem was the company's avoidance of its customers in terms of really listening to their needs, succumbing instead to its own long history of success.

AND THE RESEARCH SAYS . . .

As I said from the outset of this chapter, prior research has supported the idea that, on average, transformational leadership is far more effective than transactional leadership in generating the higher levels of extra effort, commitment, performance, and satisfaction of those led (see Box 6.3 and 6.4). This has been true almost regardless of the level of leadership position, the type of organization, and the culture in which both are embedded.

Constructive transactional leadership is reasonably effective under most circumstances. *Management-by-exception* (MBE)*,* also a transactional style, is more corrective than constructive. But actively correcting a follower for failure to perform as expected is more varied in effects. For example, in an extreme, life-threatening context, looking for exceptions is a positive characteristic of leaders. In brainstorming new ideas in a marketing research firm, it is likely not seen as a positive characteristic. Finally, corrective leadership that is passive (for example, Please don't fix it if it ain't broken.) tends to be generally ineffective across most conditions and situations.

You must be willing to address a follower's sense of self-worth to engage her or him in being committed and fully involved in the challenges at hand. And that is one thing transformational leadership adds to the transactional exchange. People do not comply with what needs to be done; at the higher end of their potential, they are more committed to achieving it because they believe in what they are doing and, therefore, identify with the effort displaying higher levels of ownership. Identification provides the high octane for achieving exemplary performance.

BOX 6.3   Linkages Between a Full Range of Leadership and Performance[62]

Gasper (1992) conducted a meta-analysis of prior literature on transformational leadership. Results indicated that transformational leadership was the more preferred style among followers and was associated, as noted with single sample studies, with perceived leadership effectiveness, follower satisfaction, and greater willingness to put forth extra effort.

Coleman, Patterson, Fuller, Hester, and Stringer (1995) reported the results of a comprehensive meta-analysis. The average relationship (which can vary from −1.0 through +1.0) across studies for the transformational leadership factors and performance ranged from .45 to .60; for transactional, .44; for MBE active, .22; for MBE passive, .13; and for LF, −.28. These meta-analyses included 27 studies. A similar pattern of results also emerged in the relationships with satisfaction and rated effectiveness.

Lowe, Kroeck, and Sivasubramaniam (1996) conducted a parallel meta-analysis confirming that the transformational leadership factors were more highly correlated with work performance and that this pattern held up across two levels of leadership with both hard (number of units) and soft (performance appraisals) measures of performance. The total number of samples, including both published and unpublished works, was .47. Lowe et al. did find some differences attributable to moderator effects in the relationships observed. For example, some differences were found in comparing public and private organizations and when examining the type of performance measure. For example, in terms of performance measures,

the following results were noted for relationships between the leadership scales and follower ratings versus organizational measures, respectively: idealized/charisma = .81 versus .35; individualized consideration = .69 versus .28; intellectual stimulation = .68 versus .26; contingent reward = .56 versus .08; MBE = .10 versus −.04 (see Figure 6.1).

Judge and Piccolo (2004) set out to replicate and extend the findings of Lowe et al. (1996) by including a wider variety of leadership measures and by testing the augmentation hypothesis advanced by Bass (1985). The augmentation hypothesis indicated that transformational leadership would augment transactional in predicting performance outcomes as was shown in the research at Federal Express reported by Hater and Bass (1988). Evidence for the augmentation hypothesis showed that transformational leadership accounted for unique variance beyond transactional and laissez-faire leadership in predicting performance. Judge and Piccolo reported that the strongest relationships they found were between ratings of transformational leadership and follower satisfaction with the leader (.71), job satisfaction ($\rho = .58$), and group and organizational performance (.26).

More recent research has begun to focus on the various processes through which transformational leadership effect performance outcomes (Avolio, Zhu, Koh, & Puja, 2004; Bass, Avolio, Jung, & Berson, 2003; Bono & Judge, 2003; Kark, Shamir, & Chen, 2003; Liao & Chuang, 2007; Wang, Law, Hackett, Wang, & Chen, 2005). This research shows that the effects of transformational leadership on performance can be indirect and mediated through constructs such as empowerment (Avolio et al., 2004), trust (Pillai, Schriesheim, & Williams, 1999), and identification with the leader (Walumbwa, Avolio, & Zhu, 2008). This emerging research also shows that the transformational leadership/performance link in some cases was fully mediated (Asgari, Silong, Daud, & Samah, 2008) by levels of job satisfaction, follower satisfaction with the leader, and commitment to the organization.

BOX 6.4   Executive Leadership and Performance[63,64]

Agle (1993) examined 250 CEOs, mostly from major U.S. companies. The executives were rated by their direct reports in terms of their idealized leadership qualities, their achievement levels as CEOs, and the performances of organizations under their tenure. Findings indicated that the more charismatic leaders led more effective organizations as seen by their direct reports as well as their stock performance. Ratings of idealized leadership also correlated with sales increase, market share, earnings, and return on investment (ROI).

Figure 6.1   Evidence for Impact on Performance
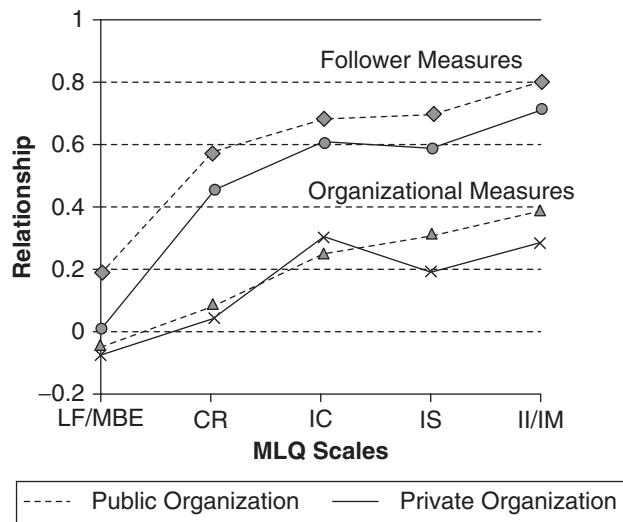
Transformational leadership involves motivating others to do more than they originally intended and often even more than they thought possible. This can happen when a person goes from doing a task for the money to doing it because she or he identifies and takes pride in what is produced. What is good enough to be paid for is not always good enough to take pride in. This gap is what transformational leadership tends to reduce in individuals, teams, and even organizations.

In sum, true transformational leaders raise the level of identification, moral maturity, and perspective of those they lead. Over time, they develop their followers into leaders. They broaden and enlarge the interests of those they lead. Their shadows are much deeper and longer in terms of their effects on others, and by and large they are very positive shadows over time.[65]

REVISITING THE 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 components of transformational leadership briefly mentioned above. Let me reiterate those four components here because, before going on to the next chapter, I will ask you to reflect on how they can be developed in you.

Leadership is *idealized* when followers seek to identify with their leaders and to emulate them. The leadership *inspires* followers with challenge and persuasion by providing meaning and understanding regarding the actions required. At the core is *identification,* which drives people to achieve the vision. The leadership is *intellectually stimulating,* expanding the followers' use of their abilities to question not only other people's perspectives but also their own, even the most deeply rooted ones. Finally, the leadership is *individually considerate,* providing followers with support, mentoring, and coaching. Each of these components is assessed with a survey called the Multifactor Leadership Questionnaire (MLQ; see Figure 6.1 for relationships between full range components and performance).[66] The MLQ comprises all the components of transformational, transactional, and nontransactional leadership that we have referred to as a full range of leadership potential.

Idealized Influence[67,68]

Transformational leaders behave in ways that result in their being role models for followers to emulate (see Box 6.4). They are admired, respected, and trusted. Followers identify with the leader and the cause or mission the leader is advocating and over time come to emulate the leader but in a true idealized sense in that they will question the leader.

Among the things leaders do to earn idealized credit is to consider the needs of others over personal needs, often willingly sacrificing personal gain for the sake of others. Leaders share risks with followers and are consistent rather than arbitrary in their actions. They can be counted on to do the right thing, especially when it is tough to do so. Principles and standards provide the base of consistency for how leaders are perceived, not each behavior. Specifically, leaders can be very difficult and challenging to some and highly empathic and supportive for others all within their range of principled leadership.

Transformational leaders avoid using power for personal gain but will use sources of power at their disposal to move individuals or groups toward accomplishing their mission, vision, and cause. They are the leaders whom people name when they are asked to reflect on their life by describing someone who has had a profound influence on their personal development. An Israeli platoon commander told me that in the Israeli military they referred to this type of leader as someone who leads with you and ahead of you. Often, an idealized leader is perceived as being the central force in moving a group forward and the person who sees what she or he should be doing next: both with them and ahead of them.

Inspirational Motivation

Transformational leaders behave in ways that motivate and inspire those around them by providing meaning and challenge to their followers' work. Team spirit is enhanced. Such leaders display enthusiasm and optimism. They get followers involved in thinking about various attractive future states or scenarios, considering sometimes very different and desirable alternatives. They can inspire others by what they say, by what they do, and at the highest end of the range, by both (see Box 6.5).

BOX 6.5 Transformational Leadership and Sales Performance

Garcia (1995) examined the relationship between transformational leadership and sales performance. The field study was conducted in two large U.S. companies serving a nationwide market. The context in which these salespeople operated could be classified as high-complexity buying centers. Using the MLQ, 101 salespersons were rated by their supervisors. Transformational leadership of the salespeople significantly correlated with the performance rating they received, as well as a sales/quota ratio generated to compare the performance of salespeople across the two organizations. Transformational leadership accounted for 37% of the variance in sales performance effectiveness as rated by the sales managers.

Intellectual Stimulation

Transformational leaders stimulate their followers' efforts to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations with new methods and perspectives. Creativity is encouraged as a high norm for conduct. 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 never criticized simply because they differ from the leaders'. Often, the leader focuses on the *what* in problems rather than on the *who*, where blame might be assessed.

Followers, in turn, stimulate the leader to reconsider tried-and-true assumptions, helping the leader and organization avoid going over cliffs. Nothing is too good, too fixed, too political, or too bureaucratic that it cannot be challenged, changed, retired, or abandoned (see Box 6.6). It is quite likely that those things you refuse to question that are essential to your organizations' survival will be successfully questioned by your competitors who will, no doubt, be delighted you left the questioning to them. Maybe this is also what Andy Grove (1996) of Intel meant when he said in his book that one must run a business by being absolutely paranoid. Of course, to be paranoid

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BOX 6.6 Champions of Innovation and Transformational Leadership

Howell and Higgins (1990) provided results to corroborate Keller's findings with R&D teams. Specifically, Howell and Higgins reported that the champions of innovation who, in a variety of Canadian organizations, were identified by using a rigorous peer nomination and interview process that also displayed the high end of the full range of leadership exhibited by transformational leadership. Such champions generated innovative ideas and approaches, which were synonymous with being more intellectually stimulating.

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is to worry without cause. So, perhaps we should label this healthy, constructive, and adaptive paranoia.

Individualized Consideration

The transformational leader pays special attention to each individual's needs for achievement and growth by acting as coach, mentor, teacher, facilitator, confidant, and counselor. Followers and colleagues are developed to successively higher levels of potential on a continuous basis, paralleling the type of continuous process improvement that is sometimes observed in highly effective total quality/ lean systems. Individualized consideration is practiced as follows: New learning opportunities are created, along with a supportive climate for learning to occur. Individual differences in terms of needs and desires are continuously recognized (see Box 6.7). The leader's behavior and affect demonstrate not only acceptance of individual differences but also a desire to attract them to enhance creativity and innovation (for example, some people receive more encouragement, some more autonomy, others firmer standards, and still others necessary attention in the summer, as described with Stacey's students).

A two-way exchange in communication is encouraged, and management by continuous engagement is the norm in practice. Interactions with followers are personalized (for example, the leader remembers previous interactions, is aware of individual concerns, and sees the individual as a whole person rather than as *just* another student, soldier, employee, or customer). The individually considerate leader listens effectively and could be heard saying, "It's not what you tell them; it's what they hear." We must make sure that what was heard was what the speaker intended us to hear. Such leaders may not always get the concerns right, but you have to give them credit for trying.

> ### BOX 6.7   Transformational Leadership and a Culture of Empowerment
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> Masi (1994) reported a positive relationship with army personnel between transformational leadership and individual empowerment and motivation among followers. Motivation to achieve was also related to transformational leadership. Reports of empowering cultural norms across organizations were modestly, positively related to ratings of transformational leadership. A similar result was found in a study conducted with nurses in Singapore by Avolio et al. (2004) in which the authors found that feelings of empowerment mediated the effects of transformational leadership on levels of organizational commitment.

Such leaders delegate tasks as a means of developing their followers. Delegated tasks are monitored to see whether followers need additional direction or support and to assess their progress; ideally, followers do not feel that they are being checked on at all. Why? How can this be? They trust their leader's intentions. Stated in their terms, "this person is trying to help me by pointing out mistakes, as opposed to pointing a finger at me in some accusatory way." If you asked such leaders, they could most likely tell you fairly specifically where their people are in terms of achieving their full potential and the plan they have in mind to close the gap between the *as is* and the *what could be*.

> *Have you known anyone in your life who displayed the four components of transformational leadership? If so, how did you feel toward the person? How did you perform as a consequence of that person's efforts toward you? How do you perform today as a consequence of their actions?*

COMPONENTS OF TRANSACTIONAL LEADERSHIP

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

Contingent Reward

With this approach, a leader assigns or secures agreements on what needs to be done and promises rewards or actually rewards others in exchange for satisfactorily carrying out the assignment. Such constructive transactions have been found

to be reasonably effective, although not typically as much as any of the transformational components in motivating others to achieve higher levels of development and performance.

Management-by-Exception

The management-by-exception form of corrective transaction tends to be more ineffective, particularly when used in excess. However, in many situations, this style of leadership may be required. We find, for example, in life-threatening or other high-risk settings, such as nuclear plants, healthcare, and firefighting, that corrective leadership in its active form is seen as being much more positive and effective by followers and leaders (see Box 6.8 and Figures 6.2a and 6.2b). In fact, in most environments where risk is high, the interpretation of corrective transactions is much different than in contexts where risk is low or negligible.

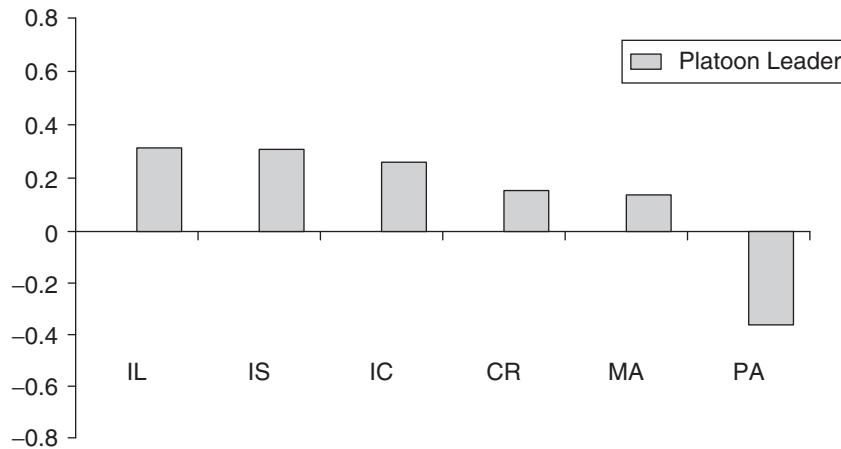### BOX 6.8 Leadership and Platoon Performance

In Figures 6.2a and 6.2b, from a 2-year project codirected by me and Bernie Bass, one can see that the management-by-exception leadership of both platoon leaders and platoon sergeants positively predicted the platoon's readiness. Platoon readiness was evaluated on the basis of its performance with a field exercise at the Joint Readiness Training Center (JRTC). JRTC hosts a 2-week simulated exercise in which platoons are taken through near-combat missions to evaluate their performance. The transformational and transactional leadership of both the lieutenants and the sergeants positively predicted platoon performance over a 3-month period with correlations in the .3 to .6 range. (This project was funded by the Army Research Institute, 1996–1997, Contract #DASW01–96K–008.)

The corrective transaction may be active or passive. When active, the leader arranges to actively monitor deviations from standards, mistakes, and errors in the follower's assignments and to take corrective action as necessary. Such leadership involves a constant vigilance for possible mistakes. When passive, the leader waits for deviations, mistakes, and errors to occur and then takes corrective action. Now, here comes another one of those reflective questions.

Do you think you spend too much or too little time in your leadership role focusing on mistakes? How do you think this affects people's willingness to be creative and innovative, which by definition is a deviation from standards?

Figure 6.2a Platoon Leader Effectiveness in JRTC Predicted by 360º MLQ Ratings of 18 Platoon Leaders in Garrison

Figure 6.2b Platoon Sergeant Effectiveness in JRTC Predicted by 360° MLQ Ratings of 18 Platoon Leaders in Garrison
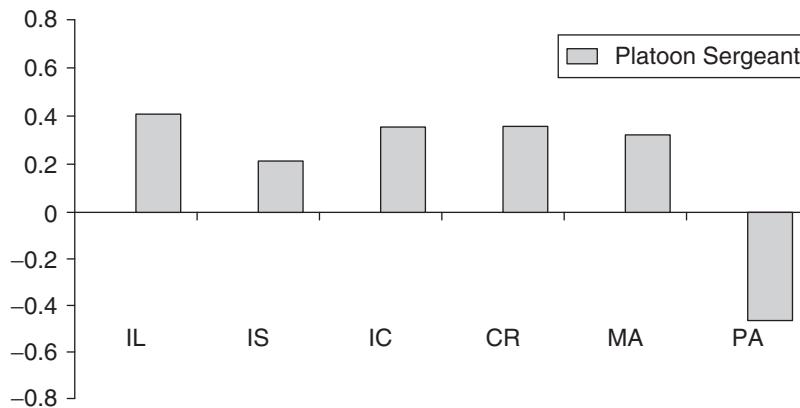
NOTES: IL = Idealized Influence; IS = Intellectual Stimulation; IC = Individual Consideration; CR = Contingent Reward; MA = Management-by-Exception (Active); PA = Passive Corrective; JRTC = Joint Readiness Training Center; MLQ = Multifactor Leadership Questionairre
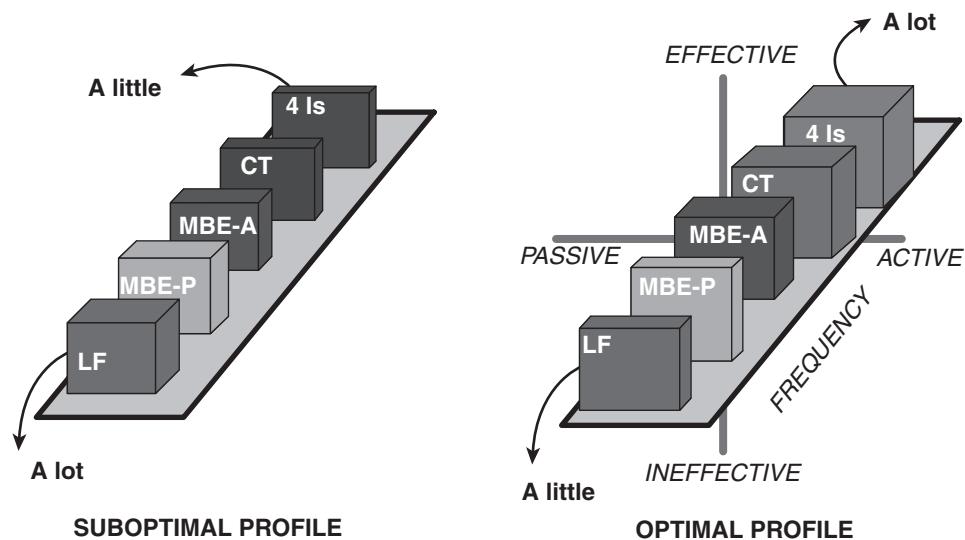
Nontransactional/Laissez-Faire Leadership

Nontransactional/laissez-faire leadership is the near-avoidance or absence of leadership and is, by definition, the most inactive, as well as the most ineffective, according to almost all prior research on this style of leadership. In the very extreme, nothing is transacted between a leader and a follower with this style.

Fundamental to the full range leadership model presented here is that every leader displays each style to some degree. An optimal profile is shown in the right side of Figure 6.3. The third dimension of this model (*depth*) represents how frequently a leader displays leadership. The *active* dimension is self-evident in that I have shared with you examples of active or proactive leadership. The *effectiveness* dimension is based on research results that have shown active transactional and proactive transformational leadership to be far more effective than other styles of leadership or non-leadership. The left side of Figure 6.3 portrays the suboptimal profile where higher frequency of occurrence occurs at the lower end of the full range of leadership.

In the right side of Figure 6.3, the leader displays laissez-faire leadership infrequently, transactional leadership styles of passive and active management-by-exception at higher frequencies, and contingent reward more often. The most frequently observed are the transformational leadership components. In contrast, and as shown in the left side of Figure 6.3, the poorly performing leader leans toward exhibiting more laissez-faire leadership, passive management-by-exception, and much less, if any, transformational leadership. By the way, you could replace *leader* with *team* and, on the basis of results with teams in industry, education, and the military, this statement would be accurate.

In a study of team leadership, Sivasubramaniam, Murry, Avolio, and Jung[69] reported that the collective transformational leadership of self-directed teams

Figure 6.3   Contrasting Leadership Profiles

NOTE:. CT = Constructive Transaction; MBE-A = Management-by-Exception (Active); MBE-P = Management-by-Exception (Passive); LF = Laissez-Fair Leadership.

positively predicted its performance over a 3-month period. Team laissez-faire and management-by-exception leadership negatively predicted performance (see Box 6.9).

Among the components of transformational leadership, *idealized influence* and *inspirational leadership* are most effective and satisfying; *intellectual stimulation* and *individualized consideration* are a bit less so. All four Is of transformational leadership are more effective than constructive transactional leadership. However, constructive transactions remain reasonably effective and satisfying for most situations except where a leader has no control over the ways a follower may be rewarded for satisfactory performance. Actively taking corrective action—that is, managing by exception and arranging to monitor the performance of followers— is generally less effective and satisfying. Waiting for problems to arise or remaining oblivious until a mishap occurs is seen as poor, ineffective leadership and is typically highly dissatisfying for followers. Most ineffective and dissatisfying is laissez-faire leadership, wherein the individual avoids leadership and abdicates responsibilities.

BOX 6.9   Team Transformational Leadership and Performance

Sivasubramaniam, Murry, Avolio, and Jung (2002) contrasted the higher order factor of transformational leadership and corrective transactional leadership in teams to predict how potent the teams perceived themselves to be over time, as well as to predict performance over a 3-month interval. Student teams participating in this study rated themselves at Month 1 and again at 3 months on how they perceived the collective leadership of their respective teams. Leadership ratings taken early on were highly predictive of subsequent leadership ratings for both transformational leadership and corrective management-by-exception. Transformational leadership directly predicted the performance of these groups and also predicted performance indirectly through levels of group potency. A similar pattern emerged for avoidant leadership.

Many research studies have been conducted in business/industry, government, the military, educational institutions, and nonprofit organizations showing that transformational leadership, as measured by the MLQ derived from the full range model, was more effective and satisfying than transactional leadership, although the best of leaders frequently do some of the latter and more of the former. These studies are described in more detail in Box 6.11.

BOX 6.10   Top Level Leadership and Performance

There is relatively little research linking top level leadership styles to performance. What is currently available provides for mixed results. For example, Waldman, Ramirez, House, and Puranam (2001) found that CEO charisma was not related to subsequent organizational performance as measured by net profit margin and shareholder return or return on assets, respectively. On the other hand, Agle, Nagarajan, Sonnenfeld, and Srinivasan (2006) and Waldman, Javidan, and Varella (2004) reported that CEO charisma was associated with subsequent organizational performance.

BOX 6.11   An Integrative Summary of Full Range Leadership and Performance Outcomes

- Transformational leadership among Methodist ministers was associated with greater Sunday church attendance and membership growth (Onnen, 1987).
- Transformational leadership was higher among presidents of MBA teams completing complex simulations with greater financial success (Avolio, Waldman, & Einstein, 1988).
- Transformational leadership was higher among strategic business unit managers whose departments achieved greater future financial success (J. A. Howell & Avolio, 1993).
- Managers who were seen as transformational by their followers earned better performance evaluations from committees composed of their superiors (Hater & Bass, 1988).
- Naval officers who were rated as more transformational by their followers earned early promotion recommendations and better fitness reports from their superiors (Yammarino & Bass, 1990).
- German bank unit performance over longer versus shorter periods was higher in banks led by leaders who were rated by their followers as more transformational (Geyer & Steyrer, 1998).
- University faculty satisfaction was correlated positively with ratings of transformational leadership (F. W. Brown & Moshavi, 2002).
- Self-ratings of transformational leadership positively predicted the performance of West Point cadets over 6 months (Hannah, Avolio, Walumbwa, & Peterson, 2010).
- Ratings of platoon leader transformational leadership positively predicted unit performance in simulated combat conditions (Bass et al., 2003).
- Howell and Boies (2004) concluded that champions of innovation seen as more transformational were supportive of new and innovative ideas and were better able to connect ideas to organizational performance outcomes.

> ### BOX 6.12 Transformational Leadership and Project Unit Performance
>
> Thite (1997) examined the extent to which transformational leadership was better suited for leading technical project teams as compared with transactional leadership. Respondents were from 36 organizations involving 225 teams and 70 project leaders. Results indicated that the most versus the least successful project teams, using company criteria for determining performance, had project leaders who were rated as more transformational and active transactional. All the transformational scales and the contingent reward transactional scale were positively correlated with team outcomes.

As noted above, transformational leadership adds or augments transactional leadership in its effects on follower motivation, satisfaction, and performance (see Box 6.12).[70] In terms of their interplay, constructive and corrective transactions may have only a marginal impact on followers unless accompanied by one or more components of transformational leadership. For getting the most out of transactions, the follower needs to feel valued by the leader, the follower needs to find meaning in what she or he is doing, and the follower needs a sense of ownership in what is being done.

LINKAGES TO DIRECTIVE VERSUS PARTICIPATIVE LEADERSHIP

Transformational leadership can be directive or participative as well as democratic or authoritarian. Sometimes, transformational leadership is misunderstood as elitist and antidemocratic. Since the 1930s, democratic and participative leadership has been pronounced as the modern way to build the intelligent, learning organization. Indeed, most managers have learned that, before making a decision, it pays to consult with those who will implement the decision, although fewer pursue a democratic vote or strive for consensus in a participative discussion with all those involved and affected by their decisions.

There are many good reasons for encouraging shared decision making, empowering followers, and self-managing, not least of which is that it is your job as a leader to develop followers into leaders. The quality of followers you leave behind is part of your legacy. Yet, many circumstances call for a leader to be decisive and directive. Novices may wish direction and advice on what to do and how to do it. Even when no leader is appointed, someone must begin to take initiative, and that

person may soon come to be seen as a leader. In extreme contexts where danger is high, people expect directive leadership, but they also expect you to listen so that you have the optimal level of situational awareness.

Many have confused transformational leadership with democratic or participative leadership. The idealized leader, by providing radical solutions to address her problems, can direct followers who are counting on her to help them get out of a crisis. Perhaps they are at a stage of learned helplessness, not knowing which way to turn, and only a directive transformational leader will make things happen in a positive direction. Again, the inspirational leader can be highly directive in her appeals. The intellectually stimulating leader may directly challenge her followers. The individually considerate leader could rise above the demands for equality from her followers to treat them differently according to their different needs for growth, challenge, and development (see Box 6.13). At the same time, the transformational leader can share in building visions and ideas that could result in a more democratic and collective enterprise. She can encourage follower participation in the change processes involved. In the same way, transactional leadership can be either directive or participative.

BOX 6.13   Peer Ratings of Cadet Transformational Leadership

When peers of military cadet leaders were asked what characterized the most important traits of a good leader, they described traits associated with inspiration, intellectual stimulation, and individualized consideration, such as having self-confidence, having persuasiveness, showing concern for the well-being of others, having the ability to articulate one's ideas and thoughts, providing role models to be emulated by others, holding high expectations for himself and others, keeping others well informed, and maintaining high motivation in himself (Atwater et al., 1994). As noted earlier, these same leaders were also evaluated (by using an interview procedure for assessing moral development developed by Lahey et al., 1991) as being more highly morally developed then their peers at the same institution.

HOW OTHERS DESCRIBE THE HIGH END
OF THE FULL RANGE OF LEADERSHIP

When we have asked in numerous workshops and interviews what constitutes transformational leadership, many respondents have offered the following

descriptions. So, in their words, or perhaps in your own, we can see the following attributes and behaviors associated with the four Is of transformational leadership.

Idealized influence leadership was attributed to leaders who set examples for showing determination, displaying extraordinary talents, taking risks, creating in followers a sense of empowerment, showing dedication to the cause, creating a sense of a joint mission, dealing with crises, using radical solutions, and engendering faith in others.

Inspirational leadership included providing meaning and challenge, painting an optimistic future, molding expectations that created self-fulfilling prophesies, thinking ahead, and taking the first step, often with risk to oneself—the *Ahead of Them* part described earlier in the chapter where we discussed exemplary platoon commanders in the Israeli Defense Forces.

Intellectual stimulation was judged present when the leaders questioned assumptions, encouraged followers to employ intuition, entertained ideas that may have seemed silly at first, created imaginative visions, asked followers to rework the same problems they thought they had solved, saw unusual patterns, and used humor to stimulate new thinking.[71]

Individualized consideration was apparent for leaders who answered followers with minimum delay, showed they were concerned for the followers' well-being, often assigned tasks on the basis of individual needs and abilities, encouraged two-way exchanges of ideas, were available when needed, constantly encouraged self-development, and effectively mentored, counseled, and coached peers and followers.

Another type of leader Bass has labeled the *pseudo-transformational leader*. These are leaders who act like transformational leaders from an impression management perspective, but they are not really transformational leaders. Why? They have no intention of sacrificing their self-interests for the good of others. In fact, they typically do just the opposite, taking advantage of other people's interests for their own good, if not their survival. This description led me to focus on what constituted authentic transformational leadership and authentic leadership in general, which I will take up later in this book under New Developments.

Table 6.1 lists examples of good and bad leaders, along with some distinguishing attributes that look like they are transformational and those that are labeled pseudo-transformational.

Where do these leaders come from in terms of their life streams, and how can we know when they are for real and when they are just full of impression management behavior, hell-bent on deceiving us for self-aggrandizement? Again, that is where authentic leadership will come into play in terms of addressing this question.

Table 6.1 Examples of Pseudo-Transformational Versus Transformational Leaders

Pseudo-Transformational	Transformational
Idi Amin	Andrew Carnegie
Jim Bakker	Charles DeGaulle
Nicolae Ceausescu	Dwight Eisenhower
François Duvalier	Mahatma Gandhi
Jimmy Hoffa	Dag Hammarskjöld
Adolf Hitler	Nelson Mandela
J. Edgar Hoover	Edward R. Murrow
Joseph Goebbels	Abdel Nasser
Howard Hughes	Erwin Rommel
Benito Mussolini	Marshal Tito
Ferdinand Marcos	Bishop Desmond Tutu
Pol Pot[a]	Lech Walesa
Some Distinguishing Attributes	
Self-aggrandizes	Envisions a more desirable future
Dominates	Seeks consensus and is empathic
Exploits others	Respects differences and develops independent followers
Manipulates	Unites though internalization of mission and values
Unites through fear/compliance	Is self-sacrificing and trustworthy

SOURCE: From "Charismatic Leaders and Destructiveness: An Historiometric Study," by J. O'Connor, M. D. Mumford, T. C. Clifton, T. L. Gessner, & M. S. Connelly, 1995, *Leadership Quarterly, 6*(4) 529–555. Reprinted with permission.

NOTE: [a]Not originally included in the O'Connor, Mumford, Clifton, Gessner, and Connelly (1995) article.

In this chapter, I have discussed the basic components of the full range model of leadership and have demonstrated the hierarchical ordering of these components in the full range suboptimal and optimal model profiles. I have shown where the full range model links up to more traditional styles of democratic and participative leadership. Finally, I have made an important distinction between transformational leaders who look like and behave like transformational leaders but who are not because of the perspective they maintain, which is that they come first in their desires to dominate others and most often take advantage of the goodwill of the people who follow them.

SOME THINGS WORTH REPEATING AND REFLECTING ON

- Transactions often form the basis for effective transformational leadership.
- The full range model has received a broad range of empirical support demonstrating the hierarchical ordering of effects of transformational, transactional, and laissez-faire leadership on performance.

- Further work on impression management and moral development will no doubt help differentiate the pseudo-transformational leaders from the authentic ones.
- For your own reflection, consider where your leadership strengths and weaknesses fall with respect to the optimal and suboptimal profiles presented earlier. What did your profile look like this past week?

By using the term *full range,* we intended to stimulate you and our colleagues to think about what was missing in our model that now needed to be included. So, what can you recommend that will make it the full range model of leadership?

A SHORT EXERCISE

I would like for you to think about the significant leaders you have had in your life stream. Now, please describe one specific behavior that represents each of the components of the full range leadership model.

- Can you come up with at least one behavior for each leadership style?
- Now, can you fill in one behavior that represents your style for each component?
- How much emphasis do you think you place on your behaviors at the higher end?
- Ask a trusted peer if your perceptions of your full range are accurate, and if not, why not.