

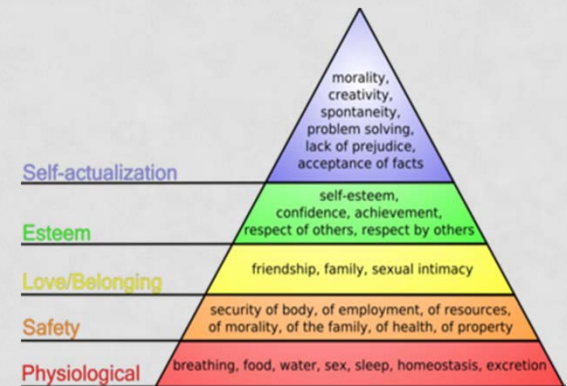
# LEADERSHIP THEORIES

TRANSFORMATIONAL  
TRANSACTIONAL  
SERVANT

INGA BARKER, SONJA CANTRELL, LEE ANN PORTER, AND SHERRI STEPP

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# INTRODUCTION



# WHAT IS LEADERSHIP?

- Leadership is perhaps best described as using your own personal philosophy of how to work effectively with others towards meaningful change.



# LEADERSHIP DEFINED

- Leadership has many different definitions. In fact, in 1974 Stodgill stated that there are as many different definitions of Leadership as there are people who have tried to define the word. We know what it means but the definition is different for people.
- Many of these theories appear concurrently, building upon one another. Even when new theories emerge, the original theory continues to influence further study and the development of new leadership approaches.
- Since there are multiple approaches to leadership and not a singular definition, creating your own makes the most sense.



# THEORY DEFINED

- A theory is an explanation of something, often an explanation of a class of phenomena rather than a single specific event. Theories are often expressed as a causal chain – this happened because that happened and then this in turn will happen. Theories focus on explaining why a phenomenon or relationship exists. A theory can be proved wrong but never right.

# TRANSACTIONAL LEADERSHIP

- Framework/Definition
  - The essence lies in a transaction: two persons exchanging goods, services, or other things in order to realize their independent objectives.
- Contributors/Theorists - James MacGregor Burns; Eric Berne
  - Burns (1978): "Leadership is the reciprocal process of mobilizing, by persons with certain motives and values, various economic, political, and other resources, in a context of competition and conflict, in order to realize goals independently or mutually held by both leaders and followers." (p. 425).
  - Berne (1960): His theory was based in psychology (human behavior) and focused on the transactional analysis of personality and personal growth.

# TRANSACTIONAL LEADERSHIP

Based on the concept of exchange focused on leader and group members in a leader-follower relationship.

A classical style that requires giving something to get something in return (an example-we work and we get paid to do it).

Transactional leadership requires appropriate behavior with goals and instructions clearly explained that focuses on the task at hand.

The leader provides resources and rewards in exchange for motivation, productivity, effective goal, or task accomplishments.

# TRANSACTIONAL LEADERSHIP

- The power and reward depends on the follower's performance:
  - A high task performer = The leader positively reinforces appropriate behaviors to the follower.
  - A low task performer = The leader must exercise legitimate and coercive power while positively reinforcing appropriate behaviors

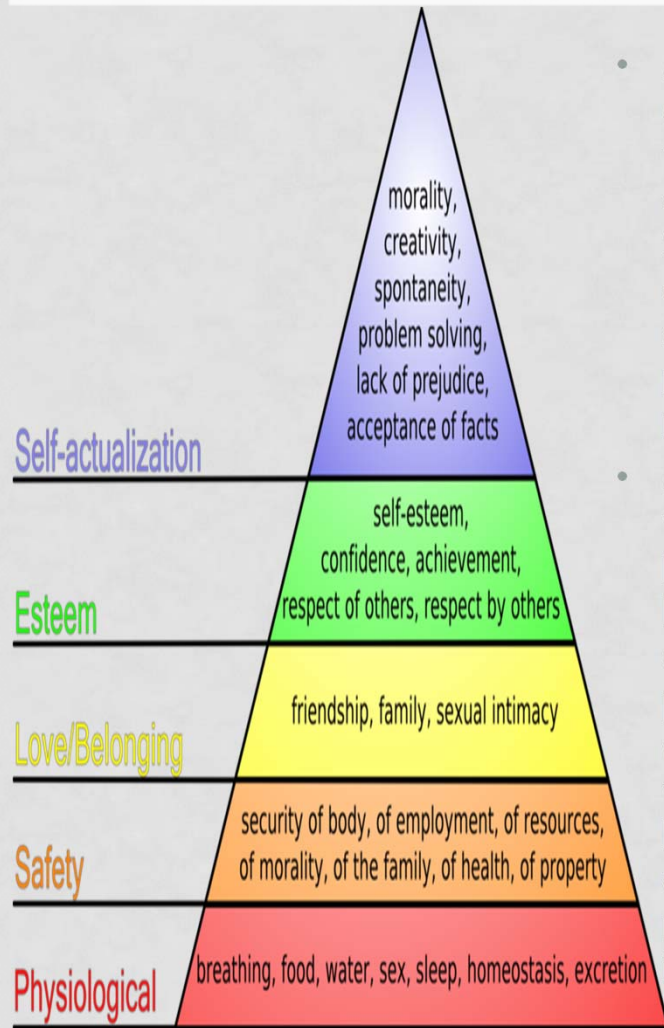


# TRANSACTIONAL LEADERSHIP ENVIRONMENT

Transactional leadership is a process that changes people and organizations by transforming the environment into a flexible and adaptable culture where the focus is on building an appropriate context and culture while enhancing the relationships of people within the system.

In successful environments, leaders are charismatic role models who explain the focus or vision and empowers and supports the followers who are trusted and everyone makes a contribution.

# MODERN PRACTICES OF TRANSACTIONAL LEADERSHIP



- Maslow grouped human needs into five hierarchical categories, typically depicted as a pyramid. At the bottom are the most fundamental, physiological needs, such as hunger and pain avoidance. The next level is the need to feel safe. Social needs the next level, generally stated as a need to feel accepted by others. Self-image needs -- such as a need for self-respect and also the respect of one's peers -- occupy the next level. Finally, the top level is self-actualization, or those needs that deal with personal growth and development.
- Maslow's hierarchy of needs can help leaders hone their styles to suit the needs of their followers. In most situations, business leaders don't have to worry about the most basic needs like hunger and thirst. For the next level, helping improve worker safety, for example, fulfills important needs. The next level, promoting cooperation fulfills social needs, as does letting an employee know she is integral to the company's mission. Then, when a leader has done all she can to meet the needs of the lower levels, she can commit to fostering personal development. Career guidance, for instance, helps employees meet their potential, as does empowering them by offering increased responsibility and authority.

# MODERN PRACTICES OF TRANSACTIONAL LEADERSHIP



- Charles de Gaulle believed in reward and punishment.
- By using this style of leadership, he was able to lead the French free forces in World War II and eventually become France's first president.
- He was able to motivate his followers by appealing to their own self interest.
- Most athletic coaches are transactional leaders. Coaches motivate and encourage their players to work and play hard with the reward of winning the game.





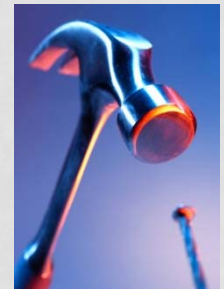
# NEGATIVE ASPECTS OF TRANSACTIONAL LEADERSHIP

- Low expectations and levels of satisfaction
- The leadership style focuses on short term immediate accomplishments
- Failure to deliver the expected output could result in a reduction of pay/bonuses or even dismissal
- Very direct in-your-face approach
- Followers will receive consequences if results are not provided
- Followers need to be closely monitored
- Followers are not encouraged to be creative
- Considered insufficient and may prevent leaders and followers from achieving full potential
- Does not motivate beyond the basics
- Leader only interacts when something goes wrong



# POSITIVE ASPECTS OF TRANSACTIONAL LEADERSHIP

- Clearly defines the roles and expectations from the leader to the followers
- Ensures the culture is maintained
- Motivated by rewards or punishment
- Most effective in situations where problems are simple and clearly defined
- Leadership is responsive and its basic orientation is dealing with present issues
- Leaders are aware of the link between effort and reward
- Leader has a hands-off approach



# TRANSFORMATIONAL LEADERSHIP

- Framework/Definition
  - Transformational leadership allows leaders to shape, alter, and elevate the motives and values and goals of followers so that the two are united in the pursuit of higher goals that bring significant change and represent the collective interests of leaders and followers.
- Contributors/Theorists - James MacGregor Burns; Bernard Bass;
- The term 'transformational leadership' was coined by Burns who defines leadership as "leaders inducing followers to act for certain goals that represent the values and motivations – the wants and needs, the aspirations and expectations – of *both leaders and followers*" (Burns, 1978). Burns (1978) also notes that "transforming leadership ultimately becomes moral in that it raises the level of human conduct and ethical aspiration of both leader and the led, thus it has a transforming effect on both."

# COMPONENTS OF TRANSFORMATIONAL LEADERSHIP

- Idealized Influence
  - Leaders have a sense of vision and purpose and are willing to take risks. Their followers identify with the leaders and admire them.
- Inspirational Motivation
  - Leaders clearly express their vision and goals, demonstrate their commitment to the vision, and motivate others to share in the unity of purpose.
- Intellectual Stimulation
  - Leaders encourage creativity and solicit new ways of doing things. They never publicly criticize their followers.
- Individualized Consideration
  - Leaders create a supportive climate where the followers' needs are acknowledged and differences are respected.

(Bass, 1998)

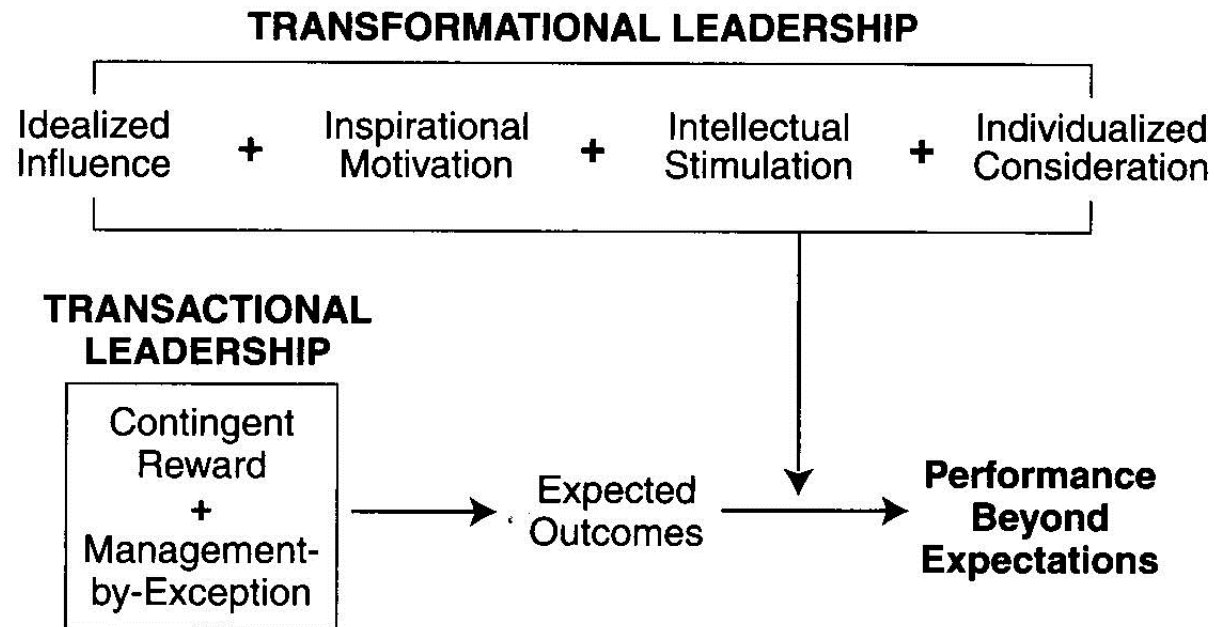
# TRANSFORMATION LEADERSHIP BEHAVIOR

- **Identifying a vision**- Behavior on the part of the leader aimed at identifying new opportunities for his or her unit/division/company, and developing, articulating, and inspiring others with his or her vision of the future.
- **Providing an appropriate model**- Behavior on the part of the leader that sets an example for employees to follow that is consistent with the values the leader espouses.
- **Fostering the acceptance of group goals**- Behavior on the part of the leader aimed at promoting cooperation among employees and getting them to work together toward a common goal.
- **High performance expectations**- Behavior that demonstrates the leader's expectations for excellence, quality, and/or high performance on the part of followers.
- **Providing individualized support**- Behavior on the part of the leader that indicates that he/she respects followers and is concerned about their personal feelings and needs.
- **Intellectual stimulation**- Behavior on the part of the leader that challenges followers to re-examine some of their assumptions about their work and rethink how it can be performed.



# ADDITIVE EFFECT OF TRANSFORMATIONAL LEADERSHIP

**Figure 9.3** *The Additive Effect of Transformational Leadership*



SOURCE: Adapted from "The Implications of Transactional and Transformational Leadership for Individual, Team, and Organizational Development," by B. M. Bass and B. J. Avolio, 1990a, *Research in Organizational Change and Development*, 4, 231-272.

# STRENGTHS/WEAKNESSES OF TL

## Strengths:

1. Widely researched from different perspectives.
2. Intuitive appeal.
3. Treats leadership as process between leaders and followers.
4. Strong emphasis on followers' needs, values, morals.
5. Substantial evidence of effectiveness.
6. Focus on positive change.
7. Followers are encouraged and valued
8. Effective in the long run (economic difficulties)

## Criticisms:

1. Lacks conceptual clarity.
2. The Multifactor Leadership Questionnaire (MLQ) as a measurement of it.
3. Treats leadership as personality trait rather than a behavior.
4. Elitist and antidemocratic (heroic leadership).
5. Potential to be abused. Who determines the "higher" purposes?
6. Potential of draining personnel.
7. Potential for abusing power.
8. Many components—broad.

# MODERN PRACTICES OF TRANSFORMATIONAL LEADERSHIP



- Since this type of leadership style assumes that people are largely motivated by simple rewards, it may not be effective in today's work environment. In fact, experts do not recommend using this approach. Transactional leadership focuses more on management of punishments and rewards.
- Some examples of leaders who have used this style are Adolf Hitler, Fidel Castro and in the business world John deLorean of DeLorean Motor Company.



# MODERN PRACTICES OF TRANSFORMATIONAL LEADERSHIP



- Transformational leadership is a process that changes and transforms individuals. In other words, transformational leadership is the ability to get people to want to change, to improve, and to be led. A transformational leader could make the company more successful by valuing its associates.
- A perfect example of this leadership style was Sam Walton, founder of Wal-Mart. He often visited Wal-Mart stores across the country to meet with associates to show his appreciation for what they did for the company.



# SERVANT LEADERSHIP

"The servant leader is servant first ... It begins with the natural feeling that one wants to serve, to serve *first*. Then conscious choice brings one to aspire to lead. That person is sharply different from one who is *leader* first, perhaps because of the need to assuage an unusual power drive or to acquire material possessions ... The leader-first and the servant-first are two extreme types. Between them there are shadings and blends that are part of the infinite variety of human nature."

--Robert Greenleaf

# HISTORY OF SERVANT LEADERSHIP

"The highest type of ruler is one of whose existence the people are barely aware ... The Sage is self-effacing and scanty of words. When his task is accomplished and things have been completed, all the people say, 'We ourselves have achieved it!'"

--Lao-Tzu, in *Tao Te Ching*, written in Fifth Century B.C.E.

"... the king [leader] shall consider as good, not what pleases himself but what pleases his subjects [followers] ... the king [leader] is a paid servant and enjoys the resources of the state together with the people."

--Chanakya, in *Arthashastra*, written in Fourth Century B.C.E.

## MODERN CONTRIBUTORS: **ROBERT GREENLEAF**



### **Robert Greenleaf**

- Worked at AT&T for 40 years in the field of management research
- Coined the phrase “servant leader” in his essay “The Servant as Leader” in 1970.
- Founded the Greenleaf Center for Servant Leadership

Greenleaf was “an introvert who spent his life as a public teacher, moralist, and a practical mystic, yet invested a career at AT&T training managers who, of necessity, concerned themselves with the day-to-day matters of getting things done. He was a person who cared deeply about our wider society and global culture, arguing that organizational structures should change, but who also believed that authentic change—at any level—happened only when it began in the inner solitude of single individuals.”

He wrote his own epitaph:

**“Potentially a good plumber. Ruined by a sophisticated education.”**

## MODERN CONTRIBUTORS: LARRY SPEARS



### Larry Spears

- Served as President and CEO of The Greenleaf Center after Robert Greenleaf's death in 1990 until 2007
- He continued to study Greenleaf's writings.

"In his works, Greenleaf discusses the need for a better approach to leadership, one that puts serving others—including employees, customers, and community—as the number one priority. Servant-leadership emphasizes increased service to others, a holistic approach to work, promoting a sense of community, and the sharing of power in decision making."



# SERVANT LEADERSHIP CHARACTERISTICS

Servant-leaders typically exhibit the following characteristics:

- Listening
- Empathy
- Healing
- Awareness
- Persuasion
- Conceptualization
- Foresight
- Stewardship
- Commitment to the growth of people
- Building community

## MODERN CONTRIBUTORS: THOMAS SERGIOVANNI



### Thomas Sergiovanni

- Educator for more than 25 years at Trinity University after working at the University of Illinois at Urbana-Champaign
- Encouraged school officials to change how they think and how schools perform.

“When we talk about and write about leadership, we usually emphasize the **hand of leadership**—the actions and behaviors that leaders use ... The hand alone is not powerful enough to account for what leadership is; indeed, the hand may not represent leadership at all ... Both the heart and head of leadership function as mindscapes. The **heart** has to do what a person believes, values, hopes for, and is committed to—a person’s vision ... The **head** of leadership is a source of mindscapes themed to the theories of teaching and learning, the theories of organization and management...”

# SERGIOVANNI: STAGES OF LEADERSHIP

Stage 1, *Bartering*: Leader and led strike a bargain within which leader gives to led something they want in exchange for something the leader wants.

- Transactional—responds to basic physical, security, social, and ego needs.

Stage 2, *Building*: Leader provides the climate and interpersonal support that enhances opportunities for fulfillment of needs for achievement, responsibility, competence, and esteem.

- Transformative—responds to more powerful needs such as esteem, achievement, competence, autonomy, and self-actualization

Stage 3, *Binding*: Leader and led develop a set of shared values and commitments that provides direction and gives meaning and significance to what is done.

- Transformational/Moral—arousing awareness and consciousness, desire for purpose, meaning, and significance in what one does.

Stage 4, *Bonding*: Leader and led are bonded together in community that changes their relationships and changes their commitment in such a way that school improvements are institutionalized into the everyday life of the school.

- Support, belonging, long-term commitment, bonds of trust.

# MODERN PRACTICES OF SERVANT LEADERSHIP



## Southwest Airlines

- **Purpose:** Connect people to what's important in their lives through friendly, reliable, low-cost air travel.
- **Vision:** To become the World's Most Loved, Most Flown, and Most Profitable Airline.
- **Values:**
  - A Warrior's Spirit
  - A Servant's Heart
  - Fun LUV-ing Attitude
  - Work the Southwest Way



# MODERN PRACTICES OF SERVANT LEADERSHIP



## American Family Life Insurance Company

### Our Philosophy

- To combine innovative strategic marketing with quality products and services at competitive prices to provide the best insurance value for consumers.

### Guiding Principles

- Offer quality products and services at competitive prices and use new technology to better serve our policyholders.
- Build better value for our shareholders.
- Supply quality service for our agents.
- Provide an enriching and rewarding workplace for our employees

# SERVANT LEADERSHIP STRENGTHS

- Encourages continuous quality improvement.
- Inspires more effective and innovative teams.
- It is a philosophy, not a title; it can be practiced at any level within an organization.
- It encourages motivation to exceed perceived potential.
- Exemplary treatment of employees leads to exemplary treatment of customers/clients/constituents.
- Philosophy is a long-term way of life and work resulting in positive contributions to society.
- Forces leaders to consciously move away from self-serving practices and work harder to understand, value, and motivate employees.

# SERVANT LEADERSHIP WEAKNESSES

- Not everyone is inclined to be a servant.
- Servant leadership is a way of life; therefore, one must take time to build trust among his followers. It cannot be implemented overnight.
- Some believe we should view employees as “partners” rather than leaders as “servants.”
- Some believe servant leadership is only applicable to politics or community associations or clubs where service is expected—not businesses.
- Employees needs should be considered, but you should not be a servant to them.
- Some believe the terminology of “servant” and “leader” is paternalistic and accentuates gender bias.
- Some believe it is a myth.

THANK YOU!

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