Transformational leadership: A great place to begin

Tony P. Burgess (October, 2016). Cornwall, NY: Cornwall Leadership Institute.

ABSTRACT

This essay provides an introduction to Transformational Leadership Theory and the different styles of leadership on the Full Range Leadership model (Avolio & Bass, 1991). The author argues that a thorough grounding in this well-validated theoretical construct provides a strong foundation: Leaders can continue to build their knowledge by studying the nuances of each style of leadership and by considering how different styles of leadership are appropriate in different aspects of their own work. The author highlights a more nuanced view of the Contingent Reward (CR) style, adding the terms CR-I and CR-E. Finally, the author builds upon previous research to convey the core ideas in new visual displays.

CORNWALL LEADERSHIP INSTITUTE

www.CornwallLeadershipInstitute.com

I am writing this essay for people who are taking steps to get serious about leadership. I have in mind both the new practitioner and the person who has been leading for years. I believe that leaders are more effective to the degree to which they thoughtfully weave together practice and theory—experience and new knowledge—over time in a spiral of continuous learning.

Introduction

The study of leadership has grown exponentially over the last several decades, so much so that it can be challenging to discern where to begin. A search for books with "leadership" in the title on Amazon.com serves up 189,863 choices.[1] Amidst the plethora of perspectives on what leadership is and what makes an effective leader, there are few leadership theories that have been validated, which is to say "proven to predict performance outcomes" (Avolio, 2011, p. 203). Transformational Leadership Theory has been rigorously tested across a wide-range of contexts (military, corporate, nonprofit, global, etc.) and is well grounded in scientific evidence, perhaps more so than any other leadership theory (Bass, 1999; Lowe & Gardner, 2001). Several meta-analyses (analysis of all the studies to date on the topic) have found that transformational leaders are more effective than non-transformational leaders (e.g., Judge & Piccolo, 2004; Lowe, Kroeck, & Sivasubramaniam, 1996). Bass' conceptualization of the theory, first published in 1985, has remained consistent with the initial propositions, as it has evolved. And because transformational leadership is especially effective in times of crises, uncertainty, volatility, and turbulence, the theory may be more relevant now than it was 30 years ago (Bass, 1998, p. 28 & p. 53). The theoretical model, as we will see, is a balance between specific and general—and it

---

[1] Search on Amazon.com October 13, 2016.

serves well as a foundational theory upon which to build and integrate other leadership theories and principles. In short, Transformational Leadership Theory is a great place to begin.[2]

Origins of the Theory

The roots of Transformational Leadership Theory begin with James Downton (1973) who first used the term "transformational leadership." From there, the roots of the theory can be traced through Robert House's "1976 Theory of Charismatic Leadership" to James MacGregor Burns' Pulitzer Prize winning book *Leadership.* Burns (1978) contrasted transactional leadership with what he called "transforming" leadership and described it this way:

> The relations of most leaders and followers are transactional—leaders approach followers with an eye to exchanging one thing for another: jobs for votes, or subsidies for campaign contributions. Such transactions comprise the bulk of the relationships among leaders and followers…Transforming leadership, while more complex, is more potent. The transforming leader recognizes and exploits an existing need or demand of a potential follower. But, beyond that, the transforming leader looks for potential motives in followers, seeks to satisfy higher needs, and engages the full person of the follower. The result of transforming leadership is a relationship of mutual stimulation and elevation that converts followers into leaders and may convert leaders into moral agents (p. 4).

> And:

> [Transforming leadership] occurs when one or more persons *engage* with others in such a way that leaders and followers raise one another to higher levels of motivation and morality. Their purposes, which might have started out as separate but related, as is the case of transactional leadership, become fused. Power bases are linked not as counterweights but as mutual support for common purpose…[T]ransforming leadership ultimately becomes *moral* in that it raises the level of human conduct and ethical aspiration of both leader and led, and thus it has a transforming effect on both (p. 20).

---

[2] Transformational Leadership Theory is not without critics. For example, see Yukl's critique (1999) as well as Van Knippenberg & Sitkin (2013) who recommend we go back to "the drawing board."

Burns was writing about political leadership, but his insights transcended that particular context and caught the attention of a number of scholars who began exploring transformational leadership. These include, for example, influential scholars like Warren Bennis, Burt Nanus, Noel Tichy, Jay Conger, Bruce Avolio, Boas Shamir, James Kouzes, and Barry Posner. One scholar in particular, Bernard Bass (1925-2007), would spend the rest of his life conceptualizing, researching, and teaching what became known as Transformational Leadership Theory and the Full Range Leadership model.

The Full Range Leadership Model

In their conception of Transformational Leadership Theory, Avolio and Bass (1991) describe a range of styles of leadership from laissez faire to transactional to transformational.

Laissez Faire	Transactional	Transformational
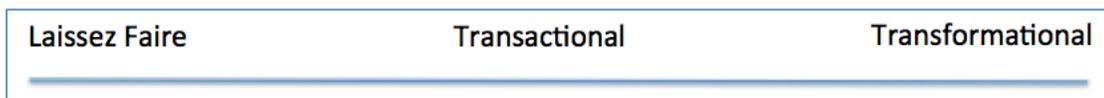
Figure 1: Full Range Leadership (Avolio & Bass, 1991)

- *Laissez Faire* leadership is essentially non-leadership; the leader avoids taking action.

- *Transactional* leadership "refers to the exchange relationship between leader and follower to meet their own self-interests" (Bass, 1999, p. 10). It includes clarifying expectations and standards and then providing either rewards or corrective action accordingly.

- *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" (Bass & Riggio, 2006, p. 4).

In general, transformational leadership is more effective than transactional leadership, which is—in turn—more effective than laissez faire leadership (Bass & Bass, 2008, p. 624). However, a key, often overlooked point is that the most effective leaders use all of the styles to some extent, utilizing the style that's most appropriate to the situation. Transformational leadership is not always the "right" style for every context.

In fact, as Avolio describes it, "leadership at the base of leadership effectiveness" is *transactional* (1999, p. 13). Transactional leadership provides the base upon which leaders can build higher-order styles. Transactional leadership centers on clarifying requirements and expectations—either in a directive style, from the leader to the followers, or in a participative style involving the followers—and then either rewarding or correcting team members accordingly. People want to know the mission of the organization. They want to know what is expected of them. Avolio's research findings support this: "leaders who set clearly defined expectations and agreed-on levels of performance" are more effective than those who do not (1999, p. 13). Avolio argues that the first building block of effective leadership is "first and foremost an articulation of the expectations you have of yourself and of others you are attempting to influence over time" (1999, p. 13). Clear expectations and consistent reinforcement of those expectations over time build trust and are essential.

Avolio and Bass break down *transactional leadership* into subcomponents: Management By Exception (MBE), both passive and active—which is corrective—and Contingent Reward (CR)—which is constructive.

Transactional
─────────────

MBE-P   MBE-A   CR

Figure 2: Components of Transactional Leadership (Avolio & Bass, 1991)

Management by Exception (MBE) is a corrective transaction, meaning the leader corrects—or holds to account—followers who do not meet agreed upon expectations. In the carrot and stick approach to motivation, MBE is the stick. "The corrective action may be negative feedback, reproof, disapproval, or disciplinary action" (Bass & Bass, 2008, p. 624). MBE is further broken down to "active"—which means that the leader actively monitors followers and takes corrective action as necessary—and "passive"—which means that the leader turns attention to the follower only after a mistake or some deviation from standard has occurred. In certain contexts such as high-risk or emergency situations when lives are on the line, MBE-A may be an effective leadership style and will be interpreted in a positive light (Avolio, 1999, p. 47; Bass, Avolio, Jung, & Berson, 2003). Although the preponderance of the research has found MBE-P to be a less effective style (only surpassed in ineffectiveness by the Laissez Faire style), there are times when it is appropriate, or even required. For example, consider a leader with a large number of followers—most who have proven to be competent and trustworthy—operating in a geographically distributed environment. The leader may actively monitor (MBE-A) her less experienced followers while choosing to use a more passive monitoring approach (MBE-P) with the others.

Contingent Reward (CR), on the other hand, is constructive—the carrot. "The leader assigns or gets agreement on what needs to be done and promises rewards or actually rewards others in exchange for satisfactorily carrying out the assignment" (Bass, 1998, p. 6). Although CR was initially considered purely transactional, subsequent research has taken a more nuanced view of CR (Avolio, Bass, and Jung, 1999; Antonakis, 2001; Goodwin, Wofford, and Whittington, 2001). For example, rewards can be categorized as psychological or material. Psychological rewards include "positive feedback, praise, and approval," and material rewards include "a raise in salary, an award, or citation for merit" (Bass and Bass, 2008, p. 623). Connecting this insight to the research of Deci on motivation (1995), we could say that rewards that activate extrinsic motivation (e.g., material rewards) tend to be transactional while rewards that activate intrinsic motivation (e.g., psychological rewards) "may be a bridge to transformational leadership, especially where recognition is more individualized" (Bass, Jung, Avolio, Berson, 2003, p. 215). Psychological (intrinsic) rewards infer an emotional human connection between the follower and the leader and a growing identification between the follower and the leader and/or the organization—which moves one into the transformational style of leadership. I will refer to these as CR-I (Intrinsic) and CR-E (Extrinsic) to differentiate the two.

In summary, there are a number of leadership styles on the full range.[3] The most effective leaders use all the styles; even the lower-order styles are appropriate in certain situations. Transactional leadership may be viewed as the base foundation of leadership

---

[3] Bass and Avolio's conceptualization of the full range leadership model was not intended to be all-inclusive; in fact, as Avolio describes it, "we were intellectually stimulating the field to add more as the range would no doubt expand over time" (Bruce Avolio, personal communication, October 8, 2016).

effectiveness; alone, however, its impact is short-term and fails to have a transformative impact on followers and organizations. "In all, transactional leadership is not enough for people to achieve their full potential, whether they are leaders or followers, individuals or in groups" (Avolio, 1999, p. 37). "[T]he best of leaders are both transformational and transactional but they are likely to be more transformational and less transactional than poorer leaders" (Bass, 1998, p.99).

Transformational Leadership (The "4 I's")

Transformational leadership, at its essence, is leadership that moves followers to go beyond simply meeting expectations—to reach their full potential and to be extraordinary. To inspire and develop followers in this way, leaders must frequently exercise a transformational style of leadership that builds upon—does not replace—transactional leadership and which consists of four components (the "4 I's"): Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Concern.

Transformational Leadership
(The "4 I's")

Idealized
Influence
II

Intellectual
Stimulation
IS

Inspirational
Motivation
IM

Individualized
Concern
IC
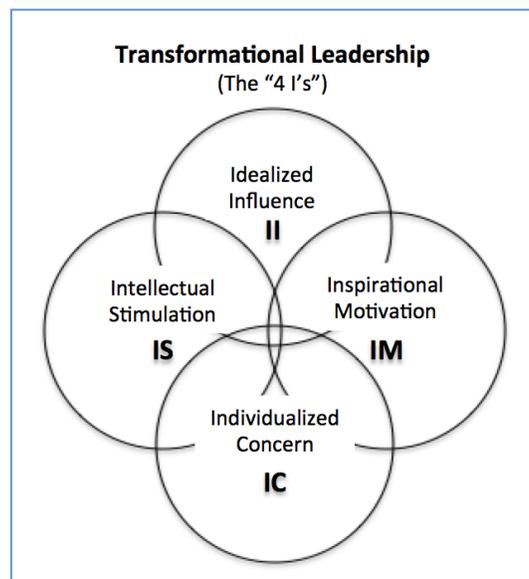
Figure 3: The "4 I's" (adapted from Avolio & Bass, 1991)

Bass, Avolio, and colleagues have stated that transformational leaders "behave in ways to achieve superior results by employing one or more of the Four I's" (Bass & Avolio, 1994, p. 3). Yet, to go beyond practicing a transformational style of leadership to being labeled a transformational leader, a person needs to employ all four I's to a high degree (Bruce Avolio, personal communication, October 8, 2016). Bass, Avolio, Jung, and Berson (2003, p. 208) provide a succinct description of the four components of transformational leadership:

> ***Idealized Influence (II)****.* These leaders are admired, respected, and trusted. Followers identify with and want to emulate their leaders. Among the things the leader does to earn credit with followers is to consider followers' needs over his or her own needs. The leader shares risks with followers and is consistent in conduct with underlying ethics, principles, and values.

> ***Inspirational Motivation (IM).*** Leaders behave in ways that motivate those around them by providing meaning and challenge to their followers' work. Individual and team spirit is aroused. Enthusiasm and optimism are displayed. The leader encourages followers to envision attractive future states, which they can ultimately envision for themselves.

> ***Intellectual Stimulation (IS).*** Leaders stimulate their followers' effort to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways. There is no ridicule or public criticism of individual members' mistakes. New ideas and creative solutions to problems are solicited from followers, who are included in the process of addressing problems and finding solutions.

> ***Individualized Consideration (IC).*** Leaders pay attention to each individual's need for achievement and growth by acting as a coach or mentor. Followers are developed to successively higher levels of potential. New learning opportunities are created along with a supportive climate in which to grow. Individual differences in terms of needs and desires are recognized.

It is important to clarify that these components are not prescriptive behaviors. Rather, they are better understood as descriptions of a style of leadership that, over time, has transforming effects.

Another way to envision the model is with performance thresholds: one threshold that leaders must cross to achieve base performance expectations, and another that leaders must cross to achieve extraordinary performance. Leaders build a foundation with transactional leadership (MBE-P, MBE-A, CR-E), which moves their followers across the base performance threshold. Leaders use CR-I and then the "4 I's" to move their followers across the extraordinary performance threshold where transformation begins.
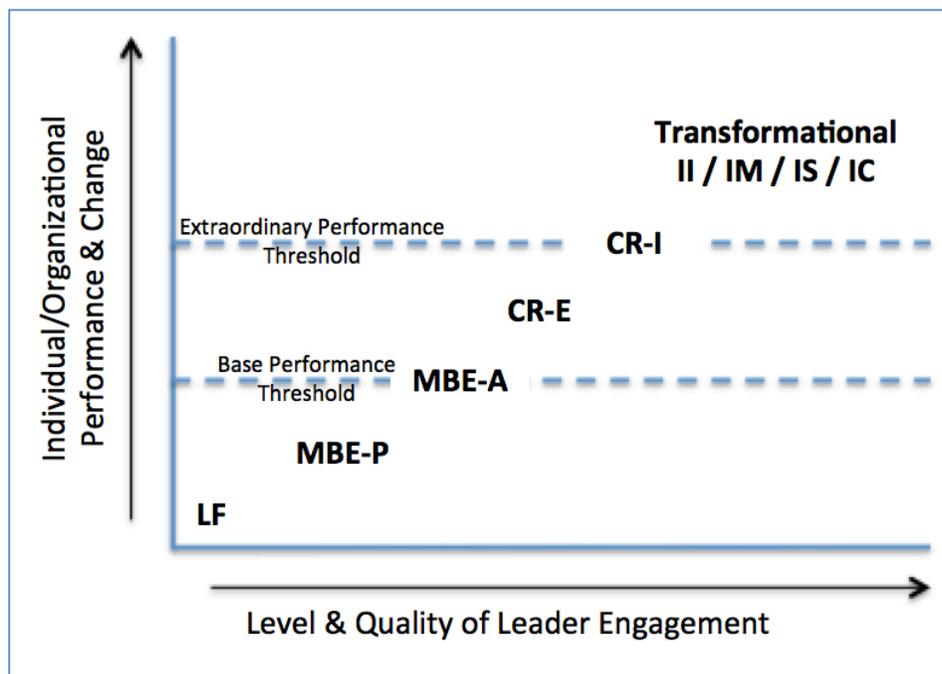

Figure 4: Full Range Leadership Performance Thresholds

As Bass and Riggio put it, "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" (2006, p. 11).

What are the Positive Outcomes of Transformational Leadership?

Based on the empirical research, leaders who practice one or more of the components of transformational leadership over a period of time significantly increase the likelihood that they will "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" (Bass, 1998, p. 4). Moreover, followers of transformational leaders are more satisfied than followers of transactional leaders (Bass & Riggio, 2006). Another key finding in the research is that followers of transformational leaders exhibit higher levels of commitment— both to the work and to the organization (Bass, 1998; Avolio, 2011). These followers believe in what they are doing and this "identification," as Avolio puts it, "provides the high-octane for achieving exemplary performance" (Avolio, 1999, p. 40). There are a number of additional positive findings in the research—for example, higher levels of creativity, innovation, and ability to overcome adversity (Bass & Riggio, 2006)—but based on my assessment, the outcomes best supported by the research are higher levels of commitment, satisfaction, and performance.
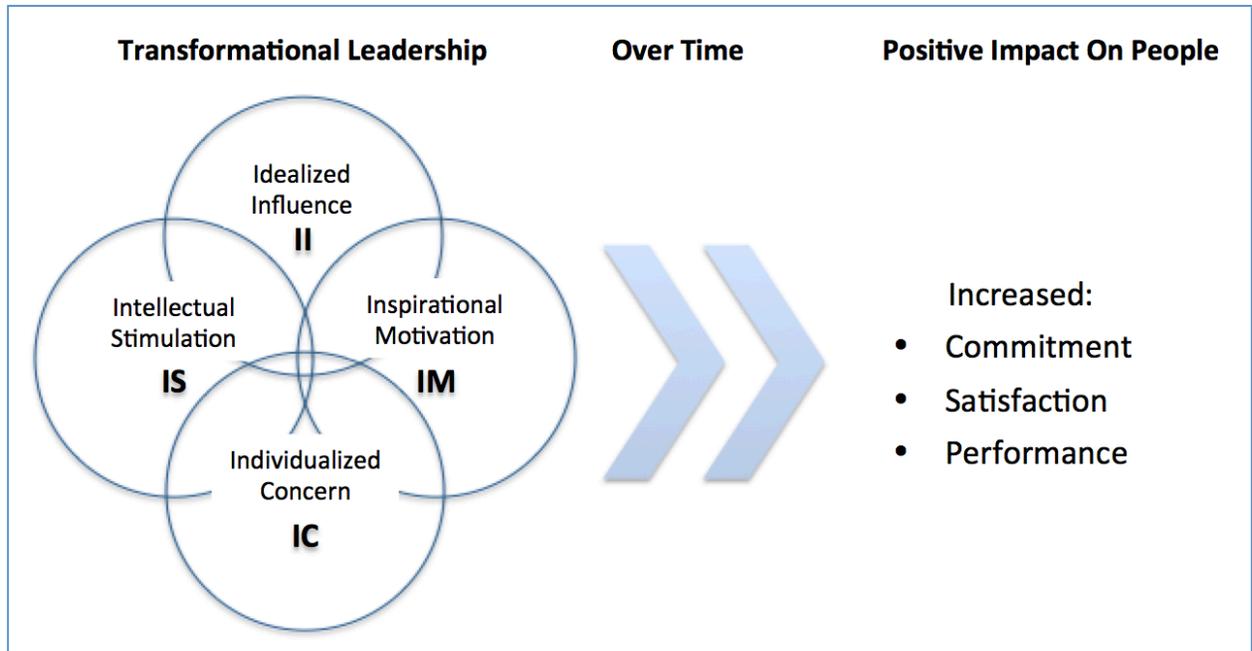
Figure 5: Positive Impact of Transformational Leadership

The "key to success," as Bass and Riggio put it, is for leaders to "challenge followers to perform beyond normal expectations, to stimulate them to be creative and innovative, and to develop their collective leadership capacity" (2006, p. 2). Notice the last part of the sentence. Another essential outcome of transformational leadership is that followers are developed; over time, they become leaders. And leaders, according to Burns, are transformed into moral agents (Burns, 1978). When leaders cross the "extraordinary performance threshold" depicted in Figure 4 above, they begin to have a life changing—a transforming and morally uplifting—effect on their followers, on themselves, and on their organizations.

Conclusion

There are more books on leadership than most of us could read in a lifetime. Leadership theories abound. Where, then, should people who want to get serious about leadership begin their study? In this essay, I have made the case for Transformational Leadership Theory as a great place to start. A thorough grounding in this well-validated theoretical construct provides a strong foundation. Leaders can continue to build their knowledge by studying the nuances of each style of leadership and by considering how different styles of leadership are appropriate in different aspects of their own work.

In describing how to train and educate leaders, Bass tells us that participants must gain an appreciation for the range of potential leadership behaviors used by effective leaders, but that learning to lead must go beyond skill training. "It must be internalized…" (Bass, 1998, p. 99). Transformational Leadership Theory is as much about who you are as a leader as it is about what you do. And, as such, it is not a prescriptive list of leadership rules. Harkening back to the "be" component of the U.S. Army's "Be, Know, Do" model (HQDA, 2006, p. 1-1), leaders who "are" transformational are role models to their followers. They know how to utilize the full range of leadership styles. They consistently do the right thing and put the needs of the mission and their followers above their own needs. They act as catalysts for creating shared visions of a positive future. They bring to bear the full talent of their followers in making progress on difficult problems. They spur on their teams to be creative and innovative with a focus on achieving the best possible outcomes for the organization and their team members. They challenge and support each individual to reach their full potential and foster a culture that facilitates a relentless pursuit of excellence in a supportive and positive way.

References

Antonakis, J. (2001). *The validity of the transformational, transactional, and laissez-faire leadership model as measured by the Multifactor Leadership Questionnaire (MLQ 5X)*. Unpublished doctoral dissertation, Walden University, Minneapolis.

Avolio, B.J. (1999). *Full leadership development: Building the vital forces in organizations*. Thousand Oaks, CA: Sage Publications.

---. (2011). *Full range leadership development (2d Edition).* Thousand Oaks, CA: Sage Publications.

Avolio, B.J., & Bass, B.M. (1991). *The full range of leadership development: Basic and advanced manuals*. Binghamton, NY: Bass, Avolio & Associates.

Avolio, B. J., Bass, B. M., & Jung, D. (1999). Reexamining the components of transformational and transactional leadership using the Multi-factor Leadership Questionnaire. *Journal of Occupational and Organizational Psychology, 7,* 441–462.

Bass, B.M. (1985). *Leadership and performance beyond expectations*. New York: Free Press.

---. (1998). *Transformational leadership: Industrial, military, and educational impact*. Mahwah, NJ: Lawrence Erlbaum Associates.

---. (1999). Two decades of research and development in transformational leadership. *European Journal of Work and Organizational Psychology*, 8, 9-32.

Bass, B.M., & Avolio, B. J. (Eds.). (1994). *Improving organizational effectiveness through transformational leadership*. Thousand Oaks: Sage Publications.

Bass, B.M., Avolio, B. J., Jung, D. I., & Berson, Y. (2003). Predicting unit performance by assessing transformational and transactional leadership. *Journal of Applied Psychology, 88*(2), 207-218.

Bass, B.M., & Bass, R. (2008). *The Bass handbook of leadership: Theory, research, and managerial applications*. New York: Free Press.

Bass, B.M., & Riggio, R.E. (2006). *Transformational Leadership (2d Edition).* New York: Taylor & Francis Group, LLC.

Burns, J.M. (1978). *Leadership*. New York: Harper & Row.

Deci, E.L. & Flaste, R. (1995). *Why we do what we do: Understanding self-motivation*. New York: Penguin Books.

Downton, J.V. (1973). *Rebel leadership: commitment and charisma in the revolutionary process*. New York: Free Press.

Headquarters, D.A. (2006). *Field manual (FM) 6-22, army leadership*. Washington D.C.: Department of the Army.

House, R.J. (1976). A 1976 theory of charismatic leadership. University of Toronto: Working Paper.

Goodwin, V.L., Wofford, J.C., & Whittington, J.L. (2001). A theoretical and empirical extension to the transformational leadership construct. *Journal of Organizational Behavior*, Vol. 22, 759-774.

Judge, T. A., & Piccolo, R.F. (2004). Transformational and transactional leadership: A Meta-analytic test of their relative validity. *Journal of Applied Psychology*, Vol. 89, No. 5, 755–768.

Lowe, K. B., & Gardner, W. L. (2001). Ten years of the leadership quarterly: Contributions and challenges for the future. *The Leadership Quarterly*, 11(4), 648-657.

Lowe, K.B., Kroeck, K.G., & Sivasubramaniam, N. (1996). Effectiveness correlates of transformational and transactional leadership: A meta-analytic review of the MLQ literature. *The Leadership Quarterly*, 7(3), 385-425.

Van Knippenberg, D. & Sitkin, S.B. (2013). A critical assessment of charismatic—transformational leadership research: Back to the drawing board? *The Academy of Management Annals*, Vol. 7, Iss. 1.

Yukl, G. (1999). An evaluation of conceptual weaknesses in transformational and charismatic leadership theories. *The Leadership Quarterly*, 10(2), 285-305.