



# Module 3

# Transformational Leadership

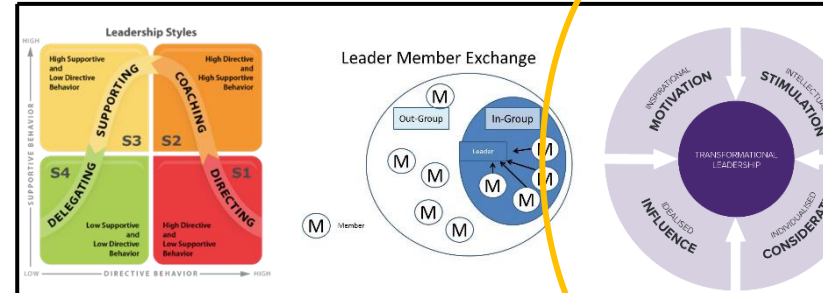
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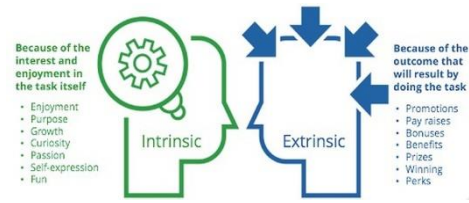
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# Overview

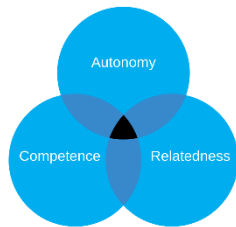
We will zoom in on three leadership styles



We will dive in 2 types of motivation and their implication



We will go deeper into self-determination theory



# Learning objectives

After completing this module, you should be able to:

- Explain the nature of, and the benefits and criticism of transformational leadership
- Understand the differences between transformational and transactional leadership, and how to use them.

# Transformational leadership (TL)

## Description



- TL is a **process** that **changes** and **transforms** individuals
- TL involves an exceptional form of **influence** that moves followers to accomplish more than what is usually expected
- Emotions, values, ethics, standards, and long-term goals are **core elements** of TL



# Transformational leadership

## The 4 “I”s



### Idealized influence

- Charisma
- Acting as strong role models
- High standards of moral and ethical conduct
- Making others want to follow the leader's vision



### Inspirational motivation

- Communicating high expectations
- Inspiring followers to commitment and engagement in shared vision
- Using symbols and emotional appeals to focus group members to achieve more than self-interest



### Intellectual stimulation

- Stimulating followers to be creative and innovative
- Challenging their own beliefs and valuing those of leader and organization

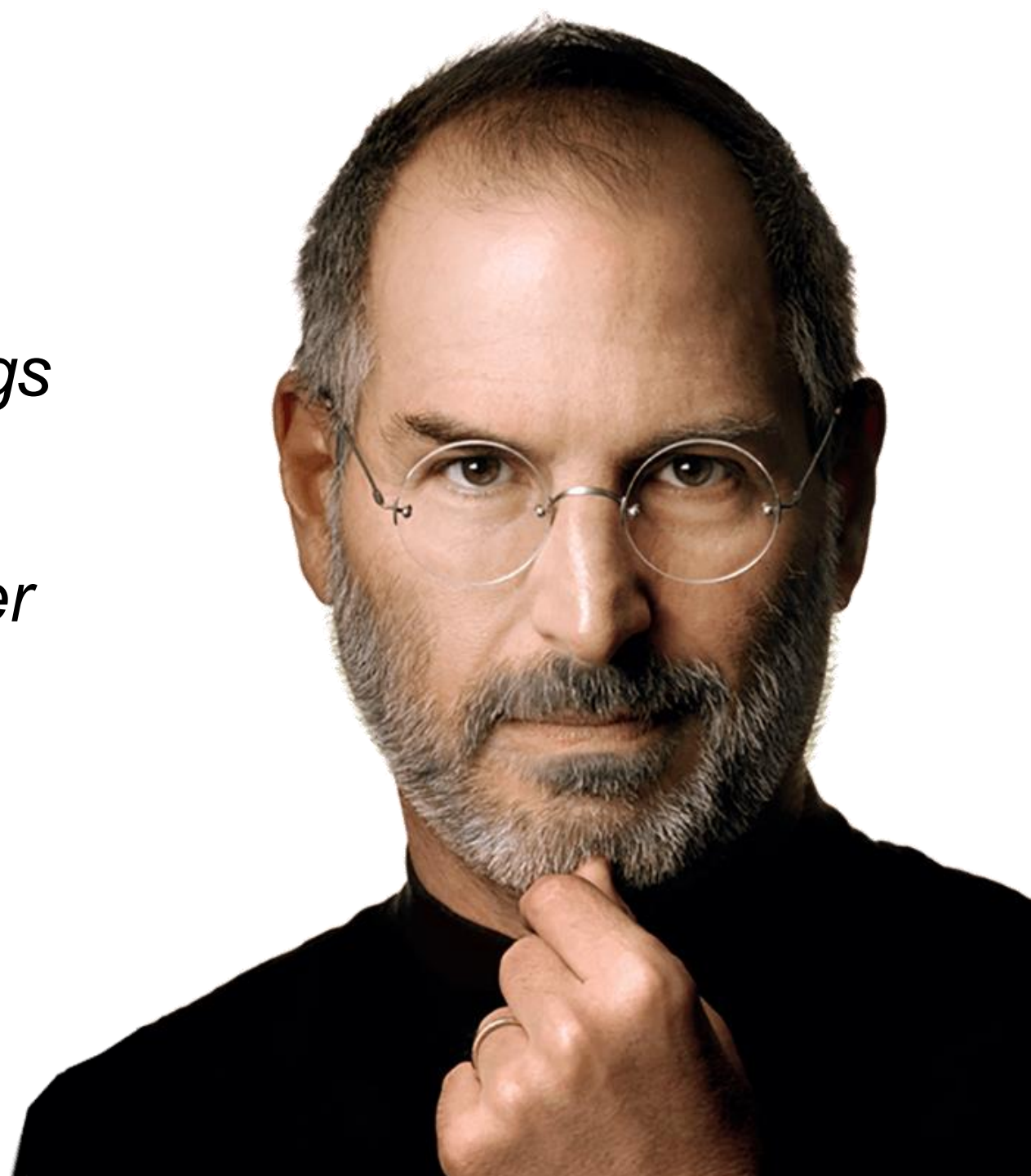


### Individualized consideration

- Listening carefully to the needs of followers
- Acting as coaches to assist followers in becoming fully actualized
- Helping followers grow through personal challenges

*“Management is about persuading people to do things they do not want to do, while leadership is about inspiring people to do things they never thought they could.”*

- Steve Jobs -



# Transactional leadership

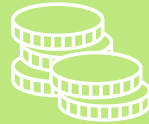
## Description



- Transactional leadership primarily focuses on the **exchange dimension** between leaders and followers.
- Transactional leaders are leaders who guide or motivate their followers in the direction of established goals by individual rewards.

# Transactional leadership

## Description



### Contingent reward

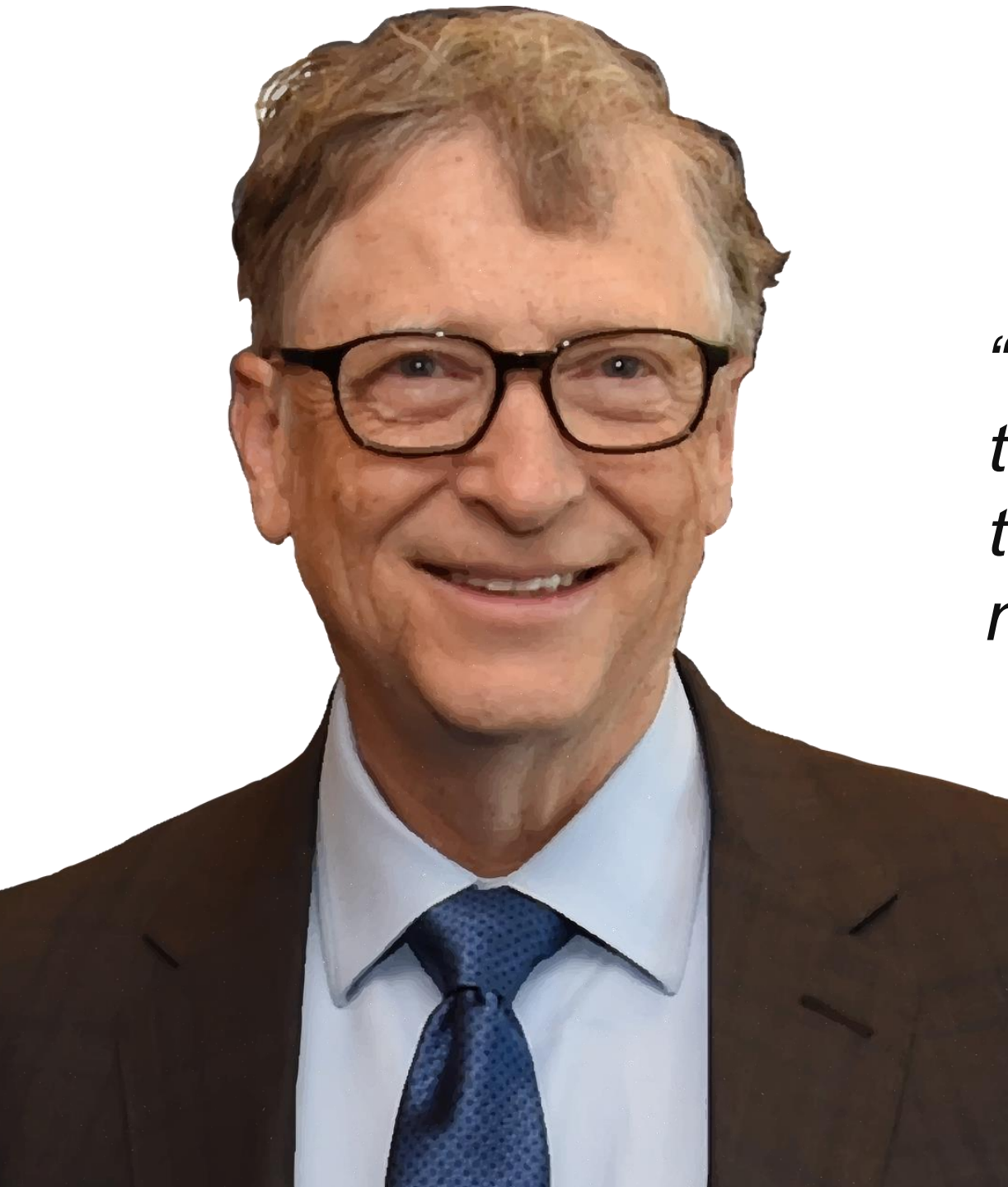
- Exchange process between leaders and followers
- Effort by followers is exchanged for specified rewards
- Agreement between leaders and followers on what must be done and what the payoffs will be



### Management by exception

- Corrective criticism, negative feedback, and negative reinforcement
- Active: Watches follower closely to identify mistakes/rule violation
- Passive: Intervenes only after standards have not been met or problems have arisen





*“I believe that if you show people the problems and you show them the solutions they will be moved to act.”*

- Bill Gates -

# The additive effect of transformational leadership



# Leadership continuum



## Laissez-Faire Leadership

- Absence of leadership
- A hands-off, let-things-ride approach
- Refers to a leader who abdicates responsibility, delays decisions, gives no feedback, and makes little effort to help followers satisfy their needs

# Transformational leadership

## Strengths



- Intuitive appeal
  - People are attracted to because it makes sense to them.
- Process-focused
  - TL treats leadership as a process occurring between followers and leaders
- Emphasizes follower
  - TL emphasizes followers' needs, values, and morals
- Effectiveness
  - Evidence supports that TL is an effective form of leadership

# Transformational leadership outcomes

Research findings (Meta-analysis by Hoch et al. [2018])



## **Transformational leadership enhances:**

- Job performance (k=74, mean correlation=0.25)
- Job satisfaction (k=55, mean correlation=0.37)
- Organizational commitment (k=43, mean correlation=0.39)
- Trust in manager (k=23, mean correlation=0.56)
- Satisfaction with supervisor (k=44, mean correlation=0.68)
- Extra effort (k=22, mean correlation=0.71)
- Engagement (k=14, mean correlation=0.44)
- Leader effectiveness (k=53, mean correlation=0.69)

# Transformational leadership

## Criticism



- TL treats leadership more as a **personality trait or predisposition** than a **behavior** that can be taught
  - training people in this approach becomes more difficult
- TL is **elitist** and **antidemocratic**
  - leader is acting independently of followers; is putting him-/herself above the followers' needs
- Suffers from **heroic leadership** bias
  - neglects reciprocal influence; followers can influence leaders
- Has the potential to be **abused**

# Transformational leadership

## Application



- Provides a general way of thinking about leadership that stresses ideals, inspiration, innovations, and individual concerns
- Sensitizes managers that transformational leadership style motivates employees to perform beyond expectations





**Questions or comments?**



# References



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

Hoch, J. E., Bommer, W. H., Dulebohn, J. H., & Wu, D. (2018). Do ethical, authentic, and servant leadership explain variance above and beyond transformational leadership? A meta-analysis. *Journal of Management*, 44(2), 501-529.

Northouse, P.G. 2018. *Leadership Theory and Practice*, second edition. Thousand Oaks, CA: Sage Publications, Inc.