

# Charismatic Leadership

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## INTRODUCTION

The term charisma comes from a Hellenistic word *χάρισμα* or *kharisma*, meaning a 'gift' or 'divine favor' or 'supernatural power'. In ancient times, it was believed that certain individuals such as prophets or religious leaders or healers were given gifts from the gods to help them in their earthly tasks. These were called *charismata*. The term was adopted by the Christians of the New Testament period to similarly describe Godly gifts given to the faithful. Most commonly referenced among the gifts were notions of prophecy connected with visionary experiences and the ability of prophets to speak in the person of God (or the Holy Spirit). Among the oldest known literary references to *charismata* are those found in the Bible:

Now there are varieties of gifts (*charismata*).... But to each one (individual) is given the manifestation of the Spirit for the common good. For to one is given the word of wisdom through the Spirit, and to another the word of knowledge, to another faith, and to another gifts of healing, and to another the effecting of miracles, and to another prophecy.... But one and the same Spirit (God) works all these things, distributing to each one individually as He wills. (1 Corinthians, 12, 4–11)

Despite the term's long history, it was not used to describe a category of secular leadership until the writings of the German sociologist Max Weber (1864–1920). He was the first to apply the term 'charismatic' to leaders in the secular as well as religious world. His typology of three types of authority in society (the traditional, the rational-legal, and the charismatic) established charismatic leadership as an important term to describe forms of authority based on perceptions of an

extraordinary individual. In contrast to authority derived from traditions or rules which conferred legitimacy on individuals, the holder of charisma was 'set apart from ordinary men and is treated as endowed with ... exceptional powers and qualities ... [which] are not accessible to the ordinary person but are regarded as of divine origin or as exemplary, and on the basis of them the individual concerned is treated as a leader' (Weber, 1947, pp. 358–359). As the reader can discern, Weber preserved the essence of the earliest meaning of the term – an individual in a leadership role imbued with extraordinary powers.

While Weber did not provide a comprehensive theoretical model of this form of leadership, his writings (Willner, 1984) do provide us with elements of the character and the course of charismatic leadership: (1) the condition under which it typically arises (distress); (2) one requirement for its maintenance (mission successes); (3) its likely outcome over time (institutionalization); and (4) some of the means by which charismatic leaders exercise their authority (powers of mind and speech, heroism, magical abilities). Because of Weber's sociological perspective, however, his exposition of the personal attributes and relational dynamics between the leader and followers was minimal. Sometime later, organizational theorists would focus much of their research on these particular gaps.

## BEYOND WEBER: CONTRIBUTIONS FROM POLITICAL SCIENCE AND SOCIOLOGY

It was not until the 1960s that political scientists and sociologists began to explore Weber's ideas on charismatic leadership seriously. There was

particular interest in applying his ideas to understanding the influence of historical figures such as Churchill and Hitler as well as popularly elected leaders from the newly emerging democracies on the African continent. These explorations focused on answering three central questions:

- Could and should charisma be extended beyond its original religious context?
- Was there a universal 'charismatic personality' or were there differing attributes among charismatic leaders?
- Where was the locus of 'charisma' – was it to be found in the leader's extraordinary qualities, in the larger social context, or in the relationship with followers?

Addressing the first question, two political scientists, Karl Loewenstein (1966) and C.J. Friedrich (1961), argued against extending the concept beyond its religious antecedents. Loewenstein felt that true forms of charismatic leadership were not to be found in the modern world but only in cultures with 'magico-religious' or primitive ambience. Friedrich stressed that the term centered on a transcendental call by a divine being. Charismatic authority, he argued, had to remain linked to this original meaning. Their point of view never gained momentum and was resolved by the widespread acceptance by both political scientists and sociologists that the term should include both secular as well as religious leaders.

The second point of debate concerned the charismatic leader's 'personality'. One camp suggested that a universal set of characteristics could be identified for all charismatic leaders. The other – in particular, political scientists Dow (1969) and Willner (1984) – argued that the search for a universal set of qualities common to charismatic political and religious leaders would not yield decisive results. They pointed to variations in individual personalities that were so great (comparing Gandhi to Hitler to Churchill to Kennedy, for example) that a single charismatic personality type seemed highly improbable. Instead, Willner (1984) argued that charismatic leadership was more effectively explained as a relational and perceptual phenomenon: 'It is not what the leader is but what people see the leader as that count in generating the charismatic relationship' (pp. 14–15). Because societies and groups differ in their definitions of what constitutes extraordinary qualities, the content of leadership images, projected and perceived, would necessarily differ from group to group. It was therefore impossible, Willner contended, to construct a universal 'charismatic personality'. This line of thinking became the dominant position in the field.

Regarding the third question of where the locus of charisma resided, some (Blau, 1963; Chinoy, 1961; Friedland, 1964) believed that the social and historical context was the critical determinant in the emergence of charismatic leadership. They felt strongly that times of turmoil and revolution were needed to precipitate charismatic leadership. Others (Dow, 1969; Marcus, 1961) argued that charisma resided within the attributes of the charismatic leader – for example, with their visions or ideologies. As the leading proponent of this point of view, Willner's research (1984) showed that charismatic leadership did not need to be the product of a turbulent environment. From an in-depth review of six case studies of charismatic political leaders, she concluded 'Only two, Hitler and Roosevelt, seem to conform sufficiently closely to the preconditions of crisis and psychic distress specified in the conventional formula' (p. 46).

From her research, Willner identified four factors that, aided by personality, appear to be catalytic in the attribution of charisma to a leader: (1) the invocation of important cultural myths by the leader; (2) performance of what are perceived as heroic or extraordinary feats; (3) projection of attributes 'with an uncanny or a powerful aura'; and (4) outstanding rhetorical skills (1984, p. 61). From the field's perspective, Willner's research was pivotal in understanding charismatic leadership, for it highlighted the relational and perceptual dynamics with followers. While context retained the potential to influence these dynamics significantly, it was not the casual factor or a necessary catalyst.

In addition to these three areas of debate, the political scientist James McGregor Burns was examining charismatic leadership through another lens that would become highly influential within the field and beyond. He wanted to explain the follower relationships and their outcomes. In his 1978 book *Leadership*, Burns had concluded that leaders could be separated generally into two types: the 'transformational' and the 'transactional' (see Diaz-Saenz, Chapter 22, this volume). The transformational leaders were the same leaders described as charismatic by fellow academics. Since most readers will be familiar with Burns' basic ideas, we include only a brief summary here. For Burns, leadership at its essence could be boiled down to the notion of an exchange. Both the leader and the follower had something to offer one another. It was in the nature of what was exchanged, however, that his model came into play. For Burns, transformational or charismatic leaders offered a transcendent purpose as their mission – one which addressed the higher-order needs of their followers. In the process of achieving this mission, both

the leaders and the led were literally transformed or actualized as individuals – hence, the term ‘transforming’. Burns (1978) explained: ‘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). At the other end of the spectrum was transactional leadership. Significantly more common of the two forms, transactional leadership was based on a relationship with followers which consisted of mundane and instrumental exchanges: ‘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 [instrumental] transactions comprise the bulk of the relationships...’ (p. 4).

Burn’s conceptualization would later influence the thinking of many scholars in the organizational leadership field. For example, Bernard Bass (1985) built much of his model of ‘transformational leadership’ around Burn’s ideas. Interestingly, the central idea of leadership as an exchange was already present in the organizational and psychology literature. For example, it is central to the leader–member exchange (e.g. Graen & Scandura 1986), operant conditioning (Podsakoff et al., 1982) and path-goal models (House & Mitchell, 1974). In each, the relationship between leader and led is dependent upon a series of trades or bargains that are mutually beneficial and are maintained so long as the benefits to both parties exceed the costs (Bass, 1970) (In Burns’ terms, these exchanges would be ‘transactional’ not ‘transformational’). Missing is the element of higher-order needs being met and the elevation of both the leader and led to a more evolved state of being. This was the critical contribution that Burns brought to the field. Up to that moment in time, the notion of leaders who manage meaning, infuse ideological values, construct lofty goals and visions, and inspire was missing entirely from this literature of leadership exchange. What is intriguing about the influence of Burns then is not so much the notion of leadership as an exchange but the idea that certain forms of leadership create a cycle of rising aspirations which ultimately transform both leaders and their followers.

As we will see, Burns’ ideas would have great appeal to organizational theorists grappling with the twin issues of organizational change and empowerment in the 1980s. The ‘transformational leader’ model spoke to both these issues. After all, these were leaders concerned about transforming the existing order of things as well as directly addressing their followers’ needs for meaning and personal growth.

## CONTRIBUTIONS FROM ORGANIZATIONAL BEHAVIOR

Interest in research on charismatic leadership among political scientists waned by the late 1970s. A decade later, another group of scholars became intrigued by the subject. These were social psychologists and organizational behavior faculty who resided primarily in business schools. They would undertake the most extensive attempts at investigating charismatic leadership. Several major theories were proposed along with dozens and dozens of empirical investigations of charismatic leadership in organizations. These studies involved a wide range of samples such as middle and lower-level managers (Bass & Yammarino, 1988; Conger & Kanungo, 1994; Hater & Bass, 1988; Koene et al., 1991), senior executives (Agle & Sonnenfeld, 1994; Conger, 1989), US Presidents (House et al., 1991), educational administrators (Koh et al., 1991; Roberts & Bradley, 1988; Sashkin, 1988), military leaders (Koene et al., 1991; Howell & Avolio, 1993), and students who were laboratory subjects (Howell & Frost, 1989; Kirkpatrick, 1992; Puffer, 1990; Shamir, 1992). In addition, the subject was explored using a wide variety of research methods. For example, there have been field surveys (Conger & Kanungo 1992, 1994, 1997; Hater & Bass 1988; Podsakoff, et al., 1990), laboratory experiments (Howell & Frost, 1989; Kirkpatrick, 1992), content analyses of interviews and observation (Conger, 1989; Howell & Higgins, 1990), and analyses of historical archival information (House et al., 1991).

What is more remarkable than this flowering of research is the relative uniformity of findings despite some differences in theoretical approaches. As Shamir et al. (1993) noted, findings across the board demonstrate that leaders who engage in the behaviors that are theorized to be charismatic actually produce the charismatic effects that the theory predicts. In addition, many of these studies have shown repeatedly that leaders who are perceived as charismatic receive higher performance ratings, are seen as more effective leaders than others holding leadership positions, and have more highly motivated and more satisfied followers than others in similar positions (e.g. see Agle & Sonnenfeld, 1994).

The research of organizational theorists can be organized into distinct topic areas of charismatic leadership: (1) the leader’s behavior; (2) the followers’ behavior and motives; (3) the leader’s and followers’ psychological profiles; (4) contextual influences; (5) forces that institutionalize various outcomes of the leader–follower relationship; and (6) liabilities of the relationship with charismatic leaders.

### **Leader behaviors**

Both the greatest amount of theoretical development as well as empirical research to date have been in the area of leader behaviors. This is due in large part to the backgrounds of the majority of researchers. Most have a strong behavioral orientation. Essentially, there are three groups of researchers who have carved out their own models—though each has a measure of overlap with the others in the attributes they identify. They are also the ones who have built the most comprehensive theories as well as conducted the greatest amount of empirical research in the field. They are (1) Bernard Bass, Bruce Avolio, and their colleagues; (2) Robert House, Boas Shamir, and their colleagues; and (3) Jay Conger and Rabindra Kanungo.

#### ***Bass and Avolio***

As noted earlier, Bass and his colleague Avolio would borrow from Burns the notion of 'transformational leadership' and develop a similar model for organizational leaders. As Bryman (1992, pp. 97–98) has pointed out, their model goes further conceptually than the Burns' original model. Bass conceptualized the transactional and transformational dimensions as separate, whereas Burns defined them as two ends of a spectrum. For Bass, therefore, a leader could be both transformational and transactional. In addition, Bass was determined to more precisely identify the actual behaviors that these leaders demonstrated, whereas Burns was content with more of a 'big picture' overview.

At the heart of Bass's model of transformational leader is the notion that these leaders are able to motivate subordinates to performance levels that exceed their own and their leader's expectations. Transformational leaders accomplish this by raising the importance of certain goals, by demonstrating the means to achieve them, and by inducing subordinates to transcend their self-interests for the goals' achievement. In the process, they are also stimulating and meeting subordinates' higher-order needs, which in turn generates commitment, effort, and ultimately greater performance.

Bass and Avolio (Bass, 1985; Bass & Avolio, 1993) built their model of transformational leadership around four behavioral components of the leader: (1) charisma or idealized influence; (2) inspiration; (3) intellectual stimulation; and (4) individualized consideration. Charisma is defined in terms of both leader's behavior (such as articulating a mission) and followers' reactions (such as trust in the leader's ability) (Bass & Avolio, 1993). However, the emphasis is on charisma's role in enabling the leader to influence followers

by arousing strong emotions and identification with the leader. Identifying with the leader reduces follower resistance to change, while emotional arousal creates a sense of excitement about the mission. Bass (1985) argues, however, that charisma alone is insufficient for transformational leadership: 'Charisma is a necessary ingredient of transformational leadership, but by itself it is not sufficient to account for the transformational process.' (p. 31).

While Bass originally treated inspiration as a subfactor within charismatic leadership, his more recent writings describe it as a separate component designed to motivate. Much of this dimension centers on communication, in that the transformational leader: 'Communicates high expectations, uses symbols to focus efforts, and expresses important purposes in simple ways.' (1990, p. 22)

The component of individualized consideration is similar to the early Ohio State notions of consideration. It includes providing encouragement and support to followers, assisting their development by promoting growth opportunities, and showing trust and respect for them as individuals. Its role is to bond the leader and the led and to build follower self-confidence and heighten personal development.

Intellectual stimulation, the final dimension, is a process whereby the leader increases follower awareness of problems by challenging them with new ideas and perspectives and by influencing followers to creatively rethink their traditional ways of approaching organizational tasks.

In Bryman's work *Charisma and Leadership in Organizations* (1992), the methodological shortcomings of the Bass model have been well highlighted. Since both of the measures to capture transformational leadership (the LBDQ and the MLQ) are based on subordinate ratings, there are potential problems of contamination by implicit leadership theories. Bass and Avolio, for example, discovered that descriptions of the transformational leader are significantly closer to subordinates' images of the ideal leader than transactional leadership. There are also issues about whether respondent's ratings of their leader's behavior are affected by their knowledge of the leader's effectiveness. In addition, there is little appreciation for situational variables or differences. For example, while the research findings show considerable similarity across studies, there is some variance. Yet the implication for situational differences remains unexplored (Bryman, 1992, pp. 128–129).

Bryman (1992) also points out that Bass' measure of charisma itself may be a bit flawed. For example, vision is treated as a component of inspirational, rather than charismatic leadership. Yet the bulk of the literature in the field sees



vision as a component of charismatic leadership. In addition, Max Weber believed that the basis for charismatic leadership was a perception by followers that their leader was extraordinary. At best, only two of Bass' 10 items could be considered to convey this quality.

As one might imagine, there has also been some confusion as to the essential differences between the Bass transformational leadership model and other models of charismatic leadership. For one, the role of charisma in the Bass model is very important. In their empirical studies (e.g. Avolio & Yammarino, 1990; Bass, 1985), the component of charisma generally has the strongest correlation of any of the model's dimensions with subordinates' ratings of leadership effectiveness and their own satisfaction. It is clearly the most influential.

In addition, as Bryman (1992) notes, the Bass model is built around the leader articulating a vision that excites followers and engaging in behaviors that build intense loyalty and trust. These dimensions overlap considerably with those postulated by charismatic leadership theories. A comparison of the Bass model with other charismatic theories is presented in the next chapter. Such a comparison reveals that, in essence, there is little real difference in behavioral components. In the literature itself, we also see the two terms used interchangeably and sometimes authors describe them as one or even use the label 'charismatic/transformational leadership' (e.g. House & Shamir, 1993; Hunt, 1991).

#### *Conger and Kanungo*

This model builds on the idea that charismatic leadership is an attribution based on followers' perceptions of their leader's behavior. For example, most social psychological theories consider leadership to be a by-product of the interaction between members of a group. The leadership role behaviors displayed by a person make that individual (in the eyes of followers) not only a task leader or a social leader and a participative or directive leader but also a charismatic or non-charismatic leader.

The Conger and Kanungo (1999) framework for charismatic leadership is built around a three-stage model of leadership which involves moving organizational members from an existing present state toward some future state. This dynamic might also be described as a movement away from the status quo toward the achievement of desired longer-term goals. In the initial stage, the leader must critically evaluate the existing situation or status quo. Deficiencies in the status quo or poorly exploited opportunities in the environment lead to formulations of future goals. But before devising appropriate organizational goals, the leader must

assess what resources are available and what constraints stand in the way of realizing future goals. In addition, the leader must assess the inclinations, the abilities, the needs, and level of satisfaction experienced by followers. This evaluation leads to a second stage: the actual formulation and conveyance of goals. Finally, in stage three, the leader demonstrates how these goals can be achieved by the organization. It is along these three stages that behavioral components unique to charismatic leaders can be identified. Conger and Kanungo note that in reality the stages rarely follow such a simple linear flow. Instead, most organizations face ever-changing environments, and their leadership must constantly be revising existing goals and tactics in response to unexpected opportunities or other environmental changes.

In terms of the actual behaviors of charismatic leaders, Conger and Kanungo distinguish charismatic leaders from non-charismatic leaders in stage one by their sensitivity to environmental constraints and by their ability to identify deficiencies and poorly exploited opportunities in the status quo. In addition, they are sensitive to follower abilities and needs. In stage two, it is their formulation of an idealized future vision and their extensive use of articulation and impression management skills that sets them apart from other leaders. Finally, in stage three, it is their deployment of innovative and unconventional means to achieve their vision and their use of personal power to influence followers that are distinguishing characteristics. A more detailed explanation of each stage follows.

Charismatic leaders are very critical of the status quo. They tend to be highly sensitive to both the social and physical environments in which they operate. When leaders fail to assess properly constraints in the environment or the availability of resources, their strategies and actions may not achieve organizational objectives. They will be labeled ineffective. For this reason, it is important that leaders are able to make realistic assessments of the environmental constraints and resources needed to bring about change within their organizations.

In the assessment stage, what distinguishes charismatic from non-charismatic leaders is the charismatic leaders' ability to recognize deficiencies in the present context. In other words, they actively search out existing or potential shortcomings in the status quo. For example, the failure of firms to exploit new technologies or new markets might be highlighted as a strategic or tactical opportunity by a charismatic leader. Likewise, a charismatic entrepreneur might more readily perceive marketplace needs and transform them into opportunities for new products or services. In addition, internal organizational deficiencies may be perceived by

the charismatic leader as platforms for advocating radical change.

Because of their emphasis on shortcomings in the system and their high levels of intolerance for them, charismatic leaders are always seen as organizational reformers or entrepreneurs. In other words, they act as agents of innovative and radical change. However, the attribution of charisma is dependent not on the outcome of change but simply on the actions taken to bring about change or reform.

After assessing the environment, charismatic leaders can be distinguished from others by the nature of their goals and by the manner in which they articulate them. They are characterized by a sense of strategic vision. Here the word vision refers to an idealized goal that the leader wants the organization to achieve in the future. In order to be perceived as charismatic, leaders not only need to have visions and plans for achieving them but also they must be able to articulate their visions and strategies for action in ways so as to influence their followers. Here articulation involves two separate processes: articulation of the context and articulation of the leader's motivation to lead. First, a charismatic leader must effectively articulate for followers the following scenarios representing the context: (1) the nature of the status quo and its shortcomings; (2) a future vision; (3) how the future vision, when realized, will remove existing deficiencies and fulfill the hopes of followers; and (4) the leaders' plan of action for realizing the vision.

In articulating the context, the charismatic's verbal messages construct reality such that only the positive features of the future vision and only the negative features of the status quo are emphasized. The status quo is usually presented as intolerable, and the vision is presented in clear specific terms as the most attractive and attainable alternative. In articulating these elements for subordinates, the leader often constructs several scenarios representing the status quo, goals for the future, needed changes, and the ease or difficulty of achieving goals depending on available resources and constraints. In their scenarios, the charismatic leaders attempt to create among followers a sense of disenchantment or discontentment with the status quo, a strong identification with future goals, and a compelling desire to be led in the direction of the goal in spite of environmental hurdles.

Besides verbally describing the status quo, future goals, and the means to achieve them, charismatic leaders must also articulate their own motivation for leading their followers. Using expressive modes of action, both verbal and non-verbal, they manifest their convictions, self-confidence, and dedication to materialize

what they advocate. Charismatic leaders' use of rhetoric, high energy, persistence, unconventional and risky behavior, heroic deeds, and personal sacrifices all serve to articulate their high motivation and enthusiasm, which then become contagious among their followers. These behaviors form part of a charismatic leader's impression management.

In the final stage of the three stage leadership process, effective leaders build in followers a sense of trust in their abilities and expertise. The charismatic leader does this by building trust through personal example and risk taking and through unconventional expertise. Generally, leaders are perceived as trustworthy when they advocate their position in a disinterested manner and demonstrate a concern for followers' needs rather than their own self-interest. However, in order to be charismatic, leaders must make these qualities appear extraordinary. They must transform their concern for followers' needs into a total dedication and commitment to a common cause they share and express them in a disinterested and selfless manner. They must engage in exemplary acts that are perceived by followers as involving great personal risk, cost, and energy (Friedland, 1964). In this case, personal risk might include the possible loss of personal finances, the possibility of being fired or demoted, and the potential loss of formal or informal status, power, authority, and credibility. The higher the manifest personal cost or sacrifice for the common goal, the greater is the trustworthiness of a leader. The more leaders are able to demonstrate that they are indefatigable workers prepared to take on high personal risks or incur high personal costs in order to achieve their shared vision, the more they reflect charisma in the sense of being worthy of complete trust.

Finally, charismatic leaders must appear to be knowledgeable and experts in their areas of influence. Some degree of demonstrated expertise, such as reflected in successes in the past, may be a necessary condition for the attribution of charisma (Weber, [1924] 1947). They demonstrate an expertise in devising effective but unconventional strategies and plans of action (Conger, 1985).

#### *House, Shamir et al.*

In one of the field's earliest writings on charismatic leadership in organizations, Robert House (1977) published a book chapter entitled 'A 1976 Theory of Charismatic Leadership'. It outlined not only the leader behaviors that were possibly associated with charismatic leadership but also certain personal traits and situational variables. In it, House argued that these leaders could be distinguished

from others by their tendency to dominate, a strong conviction in their own beliefs and ideals, a need to influence others, and high self-confidence. Through emotionally appealing goals and the demonstration of behaviors that aroused followers' own needs for achievement, affiliation, and power, the charismatic leader was able to motivate high levels of task accomplishment. In addition, House theorized that these leaders simultaneously communicated high-performance expectations as well as confidence in their followers' ability to meet such expectations. These actions, in turn, enhanced follower expectations that their efforts would lead to accomplishments. Through role-modeling, charismatic leaders demonstrated the values and beliefs they wished for followers to endorse in order for the mission to be successful.

Like most models in the early stages of theory development, it had several important shortcomings. As Yukl (1994) notes, House's description of the influence process was rudimentary, especially in light of the profound influence he argued that these leaders had over their followers. Secondly, his theory was based largely around dyads – the leader and 'the follower' – rather than collectives, which are the basis of organizations. Finally, absent from his theory were certain components that would appear in later theories such as the notion of self-sacrifice, unconventional behavior, and the use of non-traditional strategies and tactics (Conger, 1989; Conger and Kanungo, 1987).

Since that time, House along with several colleagues (House & Shamir, 1993; House et al., 1991; Shamir et al., 1993) have made revisions to his earlier theory. The most important and significant revision was by Shamir et al., (1993) in an article entitled 'The Motivation Effects of Charismatic Leadership: A Self-Concept Based Theory'. Focused on explaining the profound levels of motivation typically associated with charismatic leadership, they postulated that these motivational effects could best be explained by focusing on the self-concept of the followers. Citing supporting research (e.g. Prentice, 1987), they point out that as human beings we behave in ways that seek to establish and affirm a sense of identity for ourselves (known as the self-concept). What charismatic leaders do is to tie these self-concepts of followers to the goals and collective experiences associated with their missions so that they become valued aspects of the followers' self-concept.

In terms of details, their theory hypothesizes that charismatic leadership achieves its motivational outcomes through at least four mechanisms: (1) changing follower perceptions of the nature of work itself; (2) offering an appealing future vision; (3) developing a deep collective identity among

followers; and (4) heightening both individual and collective self-efficacy. The processes that Shamir et al., (1993) describe as producing these effects follow in the paragraphs below.

Charismatic leaders transform the nature of work (in this case, work meant to achieve the organization's vision) by making it appear more heroic, morally correct, and meaningful. They in essence de-emphasize the extrinsic rewards of work and focus instead on the intrinsic side. Work becomes an opportunity for self- and collective-expression. The reward for individual followers as they accomplish mission tasks is one of enhanced self-expression, self-efficacy, self-worth, and self-consistency. The idea is that eventually followers will come to see their organizational tasks as inseparable from their own self-concepts – that 'action is not merely a means of doing but a way of being' (Yukl, 1994).

To accomplish this change in perceptions of work, the charismatic leader uses several means. One of the most important mechanisms, as described by Shamir et al. (1993), is the leader's vision, which serves to enhance follower self-concepts in three ways. First, by offering an optimistic and appealing future, the vision heightens the meaningfulness of the organization's goals. Secondly, the vision is articulated as a shared one, which promotes a strong sense of collective identity. Presumably the vision is also unique and, by stressing that the vision is the basis for the group's identity, the charismatic leader distinguishes his followers from others and further encourages followers to transcend their individual self-interests for those of the collectives. Thirdly, the leader's expression of confidence in followers' abilities to achieve the vision heightens their sense of self-efficacy. They feel capable of creating a reality out of what is currently a lofty and utopian set of ambitions.

Integral to Shamir et al.'s motivational theory is the charismatic leader's ability to create a deep collective identity. As just noted, the shared vision is one of the principal means. In addition, the charismatic leader actively promotes perceptions that only by banding together can group members accomplish exceptional feats. Furthermore, the leader uses his own behavior to increase identification with the collective through the deployment of rituals, ceremonies, slogans, symbols, and stories that reinforce the importance of a group identity. The significance of creating this collective identity is in the follower outcomes that it is able to produce. Specifically, the authors cite research (Meindl & Lerner, 1983) indicating that a shared identity among individuals increases the 'heroic motive' and the probability that individual self-interests will be abandoned voluntarily for collective and altruistic undertakings. As a result, as

charismatic leaders cultivate a collective identity in their followers' self-concepts, they are heightening the chances that followers will engage in self-sacrificial, collective-oriented behavior. The group identification in essence strengthens the shared behavioral norms, values, and beliefs among the members. All of this ensures a concerted and unified effort on the part of followers to achieve the mission's goals.

Finally, Shamir et al. argue that charismatic leaders achieve their extraordinary levels of follower motivation by focusing their efforts on building follower self-esteem and self-worth. They accomplish this by expressing high expectations of their followers and simultaneously great confidence in the followers' abilities to meet these expectations (Yukl, 1994). This in turn enhances the perceived self-efficacy of followers. From the research of Bandura (1986), we know that the sense of self-efficacy can be a source of strong motivation. For example, it has been shown that individuals with high self-efficacy are more willing to expend greater work effort and to demonstrate persistence in overcoming obstacles to achieve their goals. By also fueling a collective sense of self-efficacy, the charismatic leader feeds perceptions of the group that they together accomplish tremendous feats. In addition, when collective self-efficacy is high, members of an organization are more willing to cooperate with each other in joint efforts to realize their shared aims (Yukl, 1994).

In this revised theory, what we see is a shift from House's earlier conceptualization where charismatic leadership was viewed more as a dyadic process to one that is a collective process. As Yukl (1994) has noted, the recent theory also places more emphasis on the reciprocal nature of the influence process under charismatic leadership. For example, charismatic leadership is likely to be far more motivational when the leader chooses a vision that is congruent with the followers' own values and identities. Likewise, followers are more likely to select as their leader an individual who espouses their core values, beliefs, and aspirations despite the fact that these may not always be clearly articulated by followers themselves.

Finally, a charismatic leadership model proposed by Sashkin (1988) under the label of 'Visionary Leadership' was presented in our book on *Charismatic Leadership* in 1988. Although his model has received little research attention, it does highlight the importance of visioning behavior, a core element in charismatic leadership. Besides visioning behavior, Sashkin identified five other behaviors: causing attention of others on key issues through unconventional and creative actions; effective interpersonal

communication; demonstrating trustworthiness; showing self-respect and respect toward others; and taking personal risk.

### ***Follower dynamics***

Earlier research on charismatic leaders by political scientists and psychoanalysts (e.g. Downton, 1973; Kets de Vries, 1988; see Gabriel, Chapter 29, this volume) proposed that the followers of charismatic leaders were more likely to be those who were easily molded and persuaded by such dynamic leaders because of an essentially dependent character. Followers were drawn to a charismatic leader who exudes what they lack: self-confidence and conviction. For example, in a study of the charismatic, religious leader Reverend Sun Moon, Lodahl (1982) found that followers had greater feelings of helplessness, cynicism, distrust of political action, and less confidence in their sexual identity than a sample of college students. Other studies (e.g. Freemesser & Kaplan, 1976; Galanter, 1982) found followers of charismatic political and religious leaders to have lower self-esteem, a higher intolerance for indecision and crisis, and more experiences of psychological distress than others (see Tourish, Chapter 16, this volume).

But these studies were almost entirely conducted on populations of individuals disaffected by society or in contexts of crisis where individuals are needy by definition. In the corporate world, the situation is likely to be quite different. For example, in a large corporation, the subordinate of a charismatic leader may not have chosen voluntarily to belong to that leader's unit. More commonly, bosses are hired or promoted into positions, and the subordinates are already in place. So for subordinates, there is often little freedom to select who will lead them. Likewise, a leader may find himself inheriting a staff of confident, assertive employees. In the case of entrepreneurial companies founded by charismatic leaders, followers may be drawn to such contexts because of the challenge and opportunity. They may be seekers of the risk and uncertainty associated with a new venture—quite in contrast to followers who are dependent seekers of certainty.

Conger (1989) noted that there have been two popular explanations for why followers are attracted to charismatic leaders. The first centered on psychoanalytic notions of the ego. Essentially, the argument goes that followers are attempting to resolve a conflict between who they are and what they wish to become. They accomplish this by substituting their leader as their ideal, or in psychoanalytic terms, their ego ideal. Some



psychoanalysts (e.g. Downton, 1973) trace this type of need back to an individual's failure to mature in adolescence and young adulthood. Because of absent, oppressive, or weak parents, individuals may develop a state of identity confusion. Associating emotionally with the charismatic leader is a means of coping with this confusion and achieving maturity. Given that the leader is in essence a substitute parent and model, a powerful emotional attachment is naturally formed by followers. Wishing to garner the leader's attention and affection, followers enthusiastically comply with his wishes. The assumption underlying this scenario of follower—leader dynamics is that followers are fulfilling a pathological need rather than a healthy desire for role models from whom to learn and grow.

The second school of thought is that followers are attracted to the charismatic leader because of a more constructive identification with the leader's abilities, a desire to learn from them, a quest for personal challenge and growth, and the attractiveness of the mission. This, of course, is what the theories in the previous section have largely argued. With Bass (1985), it is the opportunity to fulfill higher-order needs. In the Shamir et al. theory (1993), it is an opportunity to have one's self-esteem, self-worth, and self-efficacy enhanced.

Conger (1989) found in his study of charismatic leaders in business that subordinates often described the importance of an attraction to their leader's self-confidence, their strong convictions in the mission, their willingness to undertake personal risks, and their history of prior accomplishment. As a result, subordinates often felt a sense of fulfilling their own potential as they met their leader's high expectations. In addition, as others have found (e.g. Bass, 1985), the leader's vision offered attractive outcomes that were motivating in themselves. But Conger felt that simple identification and an attractive vision did not fully explain the commitment and motivation that followers demonstrated for their charismatic leaders.

Instead, Conger discovered that the personal approval of the charismatic leader became a principal measure of a subordinate's self-worth. A dependency then developed to the point that the leader largely defined one's level of performance and ability. As Shamir et al. (1993) have also noted, the leader's expression of high expectations set standards of performance and approval while a continual sense of urgency and the capacity to make subordinates feel unique further heightened motivation. Taken together, these actions promoted a sense of obligation in followers to continually live up to their leader's expectations. As the relationship deepens, this sense of obligation grows. The leader's expression of confidence in a subordinate ability in essence creates a sense of

duty and responsibility. Subordinates can only validate the leader's trust in them through exceptional accomplishments.

Over the long term, a dilemma naturally occurs for many followers. As the subordinate self-worth is increasingly defined in his relationship to the leader, a precarious dependence is built. Without the leader's affirmation, subordinates can feel that they are underperforming and even failing. In addition, there are fears of being ostracized. As one subordinate explained to Conger:

There's a love/hate element [in our relationship]. You love him when you're focused on the same issues. You hate him when the contract falls apart. Either you're part of the team or not – there's a low tolerance for spectators. And over a career, you're in and out. A lot depends upon your effectiveness on the team. You have to build up a lot of credibility to regain any ground that you've lost.

The dark-side dynamics of this dependence will be discussed further in a later section.

There have also been studies of follower performance under charismatic leadership. One study (DeGroot et al., 2000) applied meta-analysis to assess the relationship between charismatic leadership style and leadership effectiveness, subordinate performance, subordinate satisfaction, subordinate effort, and subordinate commitment. Results indicate that the relationship between leader charisma and leader effectiveness is much weaker than reported in the published literature when leader effectiveness is measured at the individual level of analysis and when common method variance is controlled. Results also indicate a smaller relationship between charismatic leadership and subordinate performance when subordinate performance is measured at the individual level ( $r = 0.31$ ) than when it is measured at the group level ( $r = 0.49$  and robust across studies). The researchers found an effect size at the group level of analysis that is double in magnitude relative to the effect size at the individual level. This suggests that the effects of charismatic leadership are stronger when the leader has similar relationships with each subordinate or uses a single style to relate to each group. When the leader exhibits variable amounts of charisma to subordinates, or at least when the effect is measured at the individual level, the extent of effective leadership is reduced. These results also suggest that charismatic leadership is more effective at increasing group performance than at increasing individual performance. Other moderators were tested, but they did not account for a significant portion of variance in the observed distribution of correlations, suggesting a need for further research into other potential moderators. Meta-analysis examining

the effects of charismatic leadership on subordinate effort and job satisfaction revealed lower correlations when multiple methods of measurement were used, with little convergence toward stable population estimates. If charismatic leadership behavior is to produce higher performance outcomes from subordinates, further research is needed to examine how this occurs.

### ***The role of context***

Until very recently, interest in the role of context and situational factors has been limited. This is due largely to the backgrounds of those researching leadership. 'Micro-theorists' (those with a psychological or social psychological orientation) have dominated the field to date. Few researchers with a more 'macro' or sociological perspective have been active in studying leadership. As a result, environmental or contextual investigations have rarely been applied to leadership studies outside of the fields of political science and religion. As such, our knowledge in this area remains poor, and what does exist is largely theoretical and speculative.

The most common speculation has been that periods of stress and turbulence are the most conducive for charismatic leadership (this argument is derived from the work of political scientists looking at charismatic leadership in political and religious contexts: see Cell, 1974; Toth, 1981). Max Weber (1968), for example, specifically focused on times of 'crisis' as facilitating environments. The basic assumption is that times of stressful change either encourage a longing among individuals for a leader who offers attractive solutions and visions of the future or that charismatic leaders have an easier time of promoting a transformational vision during times of uncertainty when the status quo appears to no longer function (Bryman, 1992).

To date, the most important empirical study to examine situational factors in organizational contexts was conducted by Roberts and Bradley (1988). Using a field study, they looked at a school superintendent who was appointed a state commissioner of education. In her role as superintendent, she was perceived by her organization as a charismatic leader, yet as commissioner that perception failed to convey. In Roberts and Bradley's search to explain why the individual's charisma did not transfer, they discovered several essential differences between the two contexts.

In terms of the larger environment, the individual's first context, a school district, was one in crisis – confirming the hypothesis that crisis may indeed facilitate the emergence of charismatic leadership. In contrast, the leader's second

context, at the state level, was not in a similar state of distress. The public's perception was that their state schools were basically sound and simply in need of incremental improvements. The individual's authority also differed in the two situations. As a superintendent, she had much more control and autonomy. At the state level, as commissioner, quite the opposite was true. Her number one priority was political loyalty to the governor. She no longer possessed the freedom to undertake actions as she deemed necessary; instead, they had to be cleared through the governor's office. Her relationships were also different. Whereas the district organization had been small, with limited stakeholders and localized geographically, the situation at the state level was at the opposite end of the spectrum. The agency was far greater in size, complexity, and bureaucracy. The numerous committees and associations in which she had to participate meant that she had little time to build the deep, personal bonds that she had established at the district level. As a result, her impact at the state level was no longer personal and perceptions of her as a charismatic leader did not materialize.

From the Roberts and Bradley study, we might conclude that context shapes charismatic leadership in at least two ways. First, an environment in crisis is indeed more receptive to leadership in general and is more likely to be open to proposals common to charismatic leaders for radical changes such as those embodied in the superintendent's vision. Secondly, there are structural and stakeholder characteristics of organizations which influence an individual's latitude to take initiative and to build personal relationships which determine perceptions of charismatic leadership. The position of superintendent provided structurally far more autonomy to act than that of commissioner. The less geographically dispersed and more limited number of stakeholders fostered deeper working relationships at the district level and also inspired affection and trust in her leadership. These in turn heightened perceptions of her charisma.

With findings like the study of Roberts and Bradley in mind, we can think of the contexts of organizations as divided into an outer and an inner context, the outer being the environment beyond the organization and the inner including the organization's culture, structure, power distribution, and so on. Using this simple framework, it is useful to divide our discussion around these two contextual dimensions. We will start with the external environment.

On the issue of whether crisis is the critical external condition, Conger (1993) hypothesized that there could actually be much more variability in environmental conditions than we might think. He argued that charismatic leadership is not

necessarily precipitated by conditions of crisis and distress. In earlier research looking at charismatic business leaders (Conger, 1989), he found charismatic leaders who were entrepreneurs who operated in environments not so much of crisis but of great opportunity, munificence, and optimism. Instead of crisis being the sole contextual condition, there may instead be at least two conducive environments, one demanding a major reorientation of the existing order because of a perceived state of distress and the other involving the emergence or creation of a new order based on a 'munificence entrepreneurial' context.

In addition, Conger argued that more of an interplay exists between the leader and the context. In other words, context is not the key determinant, but rather that the leader and the context influence one another – the relative weight of each's influence varying from situation to situation. For example, Willner (1984) found that while examining charismatic leaders in the political arena some were able to induce or create through their own actions the necessary contextual conditions of a crisis. We might be able to find charismatic leaders who are able similarly to foster perceptions of munificence and great entrepreneurial opportunity.

Conger also went on to propose that the more conducive the contextual conditions, the less the magnitude or the fewer the number of charismatic attributes perhaps required for a leader to be perceived as charismatic. Similarly, the greater the intensity or number of 'charismatic attributes' of the leader, the need for an existing context say of extreme crisis or entrepreneurial opportunities may diminish as the leader is able to create these perceptions through his own actions. For example, an ability at articulating unforeseen opportunities or looming problems in a credible manner may facilitate perceptions of a crisis and/or great opportunity. But this is still an area of great speculation in need of research attention.

Beyond the limited efforts focusing on the external environments of charismatic leadership described above, there has been only one major theoretical work focusing on contextual conditions within organizations that may influence charismatic leadership. Pawar and Eastman (1997) proposed four factors of organizations that might affect receptivity to transformational leadership. Given our earlier discussion of the overlap between transformational and charismatic forms of leadership, it is worth examining their hypotheses as they may relate to charismatic leadership.

The four factors that Pawar and Eastman identified are (1) the organization's emphasis on efficiency versus adaptation, (2) the relative dominance of the organization's technical core versus its boundary-spanning units, (3) organizational

structures, and (4) modes of governance. Their model is built around the central notion that transformational or charismatic leadership is essentially about leading organizational change. Organizational contexts that are more conducive to change are therefore more favorable for charismatic leadership.

They begin with the notion that organizations are seeking one of two basic goals – efficiency or adaptation. The challenge is that the goals of efficiency and adaptation have conflicting purposes – the former requires organizational stability, while the latter is centered on change. In reality, as we know today, most business organizations attempt both simultaneously, and this highlights one of the dilemmas of Pawar and Eastman's theory. It is built around idealized polarities which provide a simple elegance in terms of theory building but may not reflect the complexities of reality. Nonetheless, they hypothesize that an efficiency orientation requires goal stability and, necessarily, administrative management or transactional leadership to achieve its goals. During adaptation periods, on the other hand, the leader's role is to overcome resistance to change and to align the organization to a new environment through a dynamic vision, new goals and values. Therefore, organizations with adaptive goals are far more open to charismatic leadership. The authors caution, however, that while adaptive periods are more receptive to leadership, there must be a *felt need* by organizational members for transformation, otherwise they may accept more administrative management.

The second contextual factor – the relative dominance of the technical core versus boundary-spanning units – refers to the fact that an organization's task systems are either more inwardly oriented or more externally oriented. In this case, Thompson (1967) had argued that organizations divide their task systems into two parts: (1) a technical core which performs the work of input processing through the operation of technology and (2) boundary-spanning functions which interface directly with the external environment. Isolated from an ever-changing external world, the technical core develops routines and stability in how it approaches its tasks (Thompson, 1967). In contrast, the boundary-spanning functions are forced to adapt continually to environmental constraints and contingencies and, as a result, can never develop highly standardized or routine approaches (Thompson, 1967). Pawar and Eastman postulate that organizations where boundary-spanning units dominate over the technical core will be more open to transformational and charismatic leadership, since they are more receptive to change.

Employing Mintzberg's (1979) typology of organizational structures, Pawar and Eastman

propose that only certain structures will be receptive to leadership. Mintzberg's five 'ideal type' structures are (1) the adhocracy, (2) the simple structure, (3) the machine bureaucracy, (4) the professional bureaucracy, and (5) the divisional structure. Of these five, only two are hypothesized by Pawar and Eastman to be conducive to transformational or charismatic leadership. They are the simple structure and the adhocracy. Specifically, both are felt to be more receptive to organizational change through the promotion of a vision. In the simple structure, the leader or entrepreneur-leader is the source of the organization's vision, and commitment is facilitated by employee loyalty to the leader. In an adhocracy structure, the vision is developed through professionals who possess the power, knowledge, and willingness to work collectively (Mintzberg, 1979).

It is argued that the three other structures have internal forces which mitigate against an openness to innovative leadership. For example, the machine bureaucracy is dominated by standardized tasks and work processes. Senior managers are obsessed by a control mindset, and lower-level managers are intent only on implementing operational directives from above. As such, there is little concern with innovation and change, which are potentially threatening to a tightly orchestrated status quo. In the professional bureaucracy, professionals dominate to such an extent that management is simply a support function and marginalized to the role of facilitation. In addition, the professionals in these systems are far less committed to the organization than to their own work and profession. As a result, a collective vision is unlikely to be developed either by these self-centered professionals or by a marginalized group of top managers. The divisional structure is also not conducive. Built around two layers in which a headquarters operation governs quasi-autonomous divisions, the focus of the corporate headquarters is to specify operational goals and to monitor the divisions' accomplishment of them. The divisions then are concerned with attaining operational goals. Pawar and Eastman argue that since divisional structures are concerned with operational goals, neither group is likely to show great interest in developing a vision.

The final factor influencing receptivity to leadership in the Pawar and Eastman model is the mode of internal governance. They start with the assumption that membership in organizations is built around furthering individual members' self-interests (Burns & Stalker, 1961; Thompson, 1967). Yet the aim of transformational and charismatic forms of leadership is for followers to transcend their own self-interests for collective goals. Under Wilkins and Ouchi's (1983) three modes of governance (the market, the bureaucratic, and the clan), the nature of transactions between an

organization and its members will differ. Under the market mode, transactions based on the exchange of commitments between the organization and its members are determined by market or price mechanisms. Because an external market shapes commitments, the organization has little incentive to socialize its members to defer self-interests. In the bureaucratic mode, a contract for commitments is built around employees accepting organizational authority in return for wages. The organization then monitors compliance through formal monitoring and exchange mechanisms. These become the devices that curb members' self-interests. Under the clan mode, organizational members are socialized in such a way that their own interests and the organization's are aligned as one. In other words, employees still hold their self-interests, but they believe they can fulfill them through achieving the collective's interests. As such, cultural values and norms shape self-interests. It is therefore the clan mode that is most receptive to transformational leadership since it allows for a merging of individual self-interests with the collective's goals.

### ***Institutionalization***

The institutionalization or routinization of charisma was an issue that intrigued Weber greatly. He believed that charisma was essentially an unstable force. It either faded or was institutionalized as the charismatic leader's mission was accomplished:

If [charisma] is not to remain a purely transitory phenomenon, but to take on the character of a permanent relationship forming a stable community, it is necessary for the character of charismatic authority to be radically changed....It cannot remain stable, but becomes either traditionalized or rationalized or both. (Weber [1924] 1947, p. 364)

He argued there were strong incentives on the part of charismatic leaders and their followers to transform their movements into more permanent institutions. With successes, the followers began to achieve positions of authority and material advantage. The desire naturally arose to institutionalize these, and so traditions and rules grew up to protect the gains of the mission.

Institutionalization is one area where little research has been conducted in the organizational literature. We know almost nothing about the routinization of charismatic leadership. The only major study was conducted by Trice and Beyer in 1986. They examined two charismatic leaders,

where in one case charisma had routinized and in another it had not. Their conclusions were that five key factors were largely responsible for the successful institutionalization of charisma: (1) the development of an administrative apparatus separate from the charismatic leader that put into practice the leader's mission; (2) the incorporation of the leader's mission into oral and written traditions; (3) the transfer of charisma through rites and ceremonies to other members of the organization; (4) a continued identification by organizational members to the original mission; and (5) the selection of a successor who resembles the charismatic leader and is committed to the founder's mission. In the case where charisma did not routinize, these factors were largely missing.

From the standpoint of the business world, however, it does appear that charisma is a relatively fragile phenomenon in terms of institutionalization. There are several examples from the management literature where succession dilemmas prevented the routinization of charismatic leadership (e.g. Bryman, 1992, 1993; Conger, 1989). The charismatic leaders in Conger's 1989 study have all since departed from their original organizations due to either promotions, moves to new organizations, retirement, or in one case, death. From informal observations, it is clear that there is little indication of any significant routinization of their charisma in their various organizations. In a 1993 article, Conger noted that one of the group—an entrepreneur—had had some success in that elements of his original mission, values, and operating procedures did institutionalize. But that individual has since left that organization, and a few years ago it was acquired by a much larger firm which has superimposed its own mission, values, and procedures. Today there is little evidence of that initial routinization of the leader's charisma. The leaders in Conger's study who were acting as change agents in large, bureaucratic organizations had practically no long-term impact in terms of institutionalizing their charisma.

As Bryman (1993) argues, succession is one of the most crucial issues in routinization. When an organization possesses a charismatic leader, it creates what Wilson (1975) has called as 'charismatic demand'. The dilemma, of course, is that it is highly unlikely that a charismatic leader will be found to replace the original one. Though Bryman (1993) has found one example in a study of a transportation company, such situations appear extremely rare. Instead, what often happens is that a charismatic leader is replaced by a more managerially-oriented individual. Examples of this would be Steven Jobs, who was succeeded by John Sculley and Michael Spindler, the succession of Lee Iacocca at Chrysler by Robert Eaton

(Bryman, 1993), and Walt Disney's replacement by Roy Disney (Bryman, 1993). Biggart (1989) does note that among direct selling organizations we often see an attempt to overcome succession problems by either promoting a national sales executive into the leadership role or to 'invest the mission in one's children' (p. 144). Looking at Amway and Shaklee, Biggart discovered that the founder's children assumed active roles in the company in turn fostering a 'charismatic presence'. But he also found that their roles were largely bureaucratic and that the companies had done little to institutionalize the founder's charisma beyond the presence of their children. Given the enormous demands for continual adaptation, owing to competition and strong needs to develop rational and formalized structures, business organizations may simply not be conducive to long-term institutionalization of a leader's charisma.

Even if routinization were to be successful, it is no guarantee of continued performance success. As Conger (1993) noted, part of the dilemma is that successors may not possess the strategic skills or other abilities crucial to the firm's future leadership. For example, while the retailer Walmart has apparently institutionalized Sam Walton's values and operating beliefs, a critical issue is whether it institutionalizes his visionary insights into the world of retailing. Just as importantly, Walton's vision was most likely time-bound. So even if his strategic competence were to be institutionalized, it is the product of a specific era in retailing and therefore may be unable to anticipate the industry's next paradigm shift. The original mission of a charismatic leader is highly unlikely to be forever adaptive.

Even elements as simple as institutionalized rituals may themselves become counterproductive over time. Conger (1993) cited the example of IBM, which very effectively institutionalized many of Thomas Watson Sr's values and traditions. Several of these would prove maladaptive only decades later. For instance, Watson's original strong emphasis on sales and marketing would ensure that future company leaders were drawn from these ranks. The price, however, would be in terms of senior leaders' failure to adequately understand the strategic importance of certain new technologies and software systems. A tradition of rewarding loyalty through internal promotions added to the problem. It encouraged inbreeding around the company's worldview and simply reinforced notions of IBM's mainframe mentality and its arrogance. Even simple traditions would lose their original meaning and transform themselves into bureaucratic norms. For example, IBM's traditional corporate dress code of dark suits and white shirts is illustrative. This requirement was intended by Watson to make his salespeople feel



like executives. If you dressed like an executive, you would feel like one was Watson's original thinking. Indeed, the dress code did build pride in the early days of IBM. Many decades later, however, this norm would transform into a symbol of rigidity and conformity. It bureaucratized itself as Weber would have guessed.

In conclusion, we have little knowledge about this crucial area of charismatic leadership. A limited number of case studies and no systematic longitudinal research have offered us at best tantalizing tidbits of insight.

### LIABILITIES OF CHARISMATIC LEADERSHIP

While the literature has largely been glowing about the effects of charismatic leadership in organizations, there has been some interest in the negative outcomes associated with this form of leadership. For example, Khurana (2002), in his study of the hiring and firing of CEOs at over 850 of America's largest companies, found that corporate board members and executive search consultants placed a strong emphasis on the charisma of CEO candidates. As a result, both groups artificially limited the number of candidates considered to their companies' detriment. The CEO labor market proved to be a closed ecosystem in which selection decisions were based on highly stylized criteria that more often had little to do with the problems a firm was confronting. As a result, the charismatic candidates often failed once in the CEO role. At the same time, the charismatic candidates possessed extraordinary leverage to demand high salaries and power. Since the pool of high-profile charismatic CEOs is limited, such scarcity naturally drove up wages.

Jane Howell (1988) proposed a simple, dichotomous model of socialized and personalized charisma which attempted to address the issue of the liabilities of certain charismatic leaders. In conjunction with Robert House (Howell & House, 1993), the theory was refined to propose a set of personality characteristics, behaviors, and effects that distinguished two forms of charismatic leadership.

Specifically, socialized charismatics are described as articulating visions that serve the interests of the collective. They govern in an egalitarian, non-self-aggrandizing manner, and actively empower and develop their followers. They also work through legitimate, established channels of authority to accomplish their goals. On the other hand, personalized charismatic leaders are authoritarian and narcissistic. They have

high needs for power driven in part by low self-esteem. Their goals reflect the leader's own self-interests, and followers' needs are played upon as a means to achieve the leader's interests. In addition, they disregard established and legitimate channels of authority as well as the rights and feelings of others. At the same time, they demand unquestioning obedience and dependence in their followers. While portraying these two forms as dichotomous, Howell and House do acknowledge that a charismatic leader might in reality exhibit some aspects of both the socialized and the personalized characteristics. This latter view is probably closer to reality than their ideal model. As such, a scalar model might be more accurate.

Drawing upon actual examples of charismatic leaders, Conger (1989, 1990) examined those who had produced negative outcomes for themselves and their organizations. He found that problems could arise with charismatic leaders around (1) their visions, (2) their impression management, (3) their management practices, and (4) succession planning. On the dimension of vision, typical problems occurred when leaders possessed an exaggerated sense of the market opportunities for their vision or when they grossly underestimated the resources necessary for its accomplishment. In addition, visions often failed when they reflected largely the leader's needs rather than constituents or the marketplace or when the leader was unable to recognize fundamental shifts in the environment that demanded redirection.

In terms of impression management, charismatic leaders appear prone to exaggerated self-descriptions and claims for their visions that can mislead. For example, they may present information that makes their visions appear more feasible or appealing than they are in reality. They may screen out looming problems or else foster an illusion of control when things are actually out of control. From the standpoint of management practices, there are examples of overly self-confident and unconventional charismatic leaders who create antagonistic relations with peers and superiors. Some such as Steven Jobs are known to create 'in' and 'out' groups within their organizations that promote dysfunctional rivalries. Others create excessive dependence on themselves and then alternate between idealizing and devaluing dependent subordinates. Many are ineffective administrators, preferring 'big picture' activities to routine work. Finally, as discussed in the section on institutionalization, charismatic leaders often have a difficult time developing successors. They simply enjoy the limelight too much to share it. To find a replacement who is a peer may be too threatening for leaders who tend to be so narcissistic.

Recently, Daniel Sankowsky (1995) has written about the dilemma of charismatic leaders who are prone to a pathology of narcissism (see Kets de Vries & Balazs, Chapter 28, this volume). Specifically, he has proposed a stage model showing how dark-side charismatics implicate their followers into a cycle of exploitation. First, these leaders offer a grandiose vision and confidently encourage followers to accomplish it. Followers, however, soon find themselves in an untenable position. Because of their leader's optimism, they have underestimated the constraints facing the mission as well as the resources they need but currently lack. As a result, performance inevitably falls short of the leader's high expectations. Wishing to comply with their leader's wishes, however, followers continue to strive. Soon their performance appears substandard as they fall behind. While initially the leader will blame the outside world for undermining the mission, their attention will eventually turn to the followers. Conditioned to accept their leader's viewpoint and not to challenge it, followers willingly receive the blame themselves from their leader. The reverse of the many benefits ascribed to charismatic leaders then occurs. Instead of building their followers' self-worth and self-efficacy, they gradually destroy it and create highly dependent individuals.

## CONCLUSIONS

Charismatic leadership is a rich and complex phenomenon. As this chapter suggests, our understanding of the topic has advanced significantly since Max Weber proposed the first formal theory of charismatic leadership. While political scientists and sociologists grappled with some of the more critical questions of why certain leaders are seen as charismatic, it was the field of organizational behavior that advanced theory and research to the greatest degree. That said, there are important areas of the topic which are only partially understood to this day. Significantly more research and theory building are required, especially to deepen our understanding of the interaction effects between context and charismatic leadership, institutionalization and succession dynamics, and the liabilities of this important form of leadership.

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