

Transforming Leadership: Matching Diagnostics to Leader Behaviors

Walter O. Einstein

University of Massachusetts Dartmouth

John H. Humphreys

Eastern New Mexico University

Executive Summary

Critics of transformational leadership theory have criticized Bass' (1985) construct as to its practical implementation for everyday, frontline managers. This article proposes a new, practical model for matching situational diagnostics with appropriate leader behaviors. The authors expand on Hersey and Blanchard's situational model and relate it to the leadership work of Bass, and others, providing guidance for leaders holding no position power (e.g., leading a cross functional team) as well as those with such power. The model describes what behaviors a leader might effectively employ, after careful diagnosis, and how those behaviors might be employed in four key leadership situations.

About the Authors: Dr. Walter O. Einstein specializes in management development and is a Professor of Management in the Chariton College of Business at the University of Massachusetts. He teaches organizational studies and strategic management to both undergraduate and graduate students. His numerous publications and personal consulting papers center around practical applications of theory based management and leadership skills. He holds a Systems Management Master's degree from the University of Southern California (1974) and the Ph.D. in Organizational Behavior from Syracuse University (1981). Dr. Einstein retired from the United States Air Force, he was Vice Commander of the 416th Strategic Bomb Wing at Rome NY. He lives in Dartmouth, MA with his wife Jacqueline. Dr. John H. Humphreys is an Assistant Professor at Eastern New Mexico University where he teaches organizational studies and Strategic Management to both undergraduate and graduate students in the School of Business. After a successful career as a manager and senior executive at a large mid-western financial institution Dr. Humphreys earned his Ph.D. at the Nova Southeastern University Graduate School of Business and Entrepreneurship in 2000. His recent publications center around transformational leadership and the unique characteristics of leaders. He lives in Portales, New Mexico.

Introduction

In the last three decades, the work of Hersey and Blanchard (1969 through 1996), Burns (1978), and Bass, with his colleagues (1985 through 1997), have evoked much scholarly activity aimed at elucidating the work and empirically testing its efficacy (Avolio, Waldman, & Einstein, 1988; Avolio, Waldman, & Yammarino, 1991; Bass, 1985, 1996, 1997; Bass & Avolio, 1989, 1990, 1994); Bass, Waldman, Avolio, & Bebb, 1987; Einstein, 1995; Graeff, 1983; Howell & Avolio, 1993; Lowe, Kroeck, & Sivasubramaniam, 1996; Vecchio, 1987; Waldman, Bass, & Einstein, 1987; Yammarino, Spangler, & Bass, 1993).

To date, however, there have been few attempts to explicitly combine the leadership model of Hersey and Blanchard with the transactional/transformational leadership ideas of Burns and Bass, et. al. in such a way as to provide behavioral guidance for leader/managers in practical situations. Certainly in the 21st Century workplace, with the emphasis on cross-functional teams and participative environments, adaptation of these important works to such contexts is warranted. Although criticized by some in academia (Blank, Weitzel, & Green, 1986; Graeff, 1983), Hersey and Blanchard's Situational Leadership Model (SLM) has been widely adopted by practitioners (Butler & Reese, 1991). SLM has been a major component of leader training in such Fortune 500 companies as IBM, Mobile Oil, and Xerox and is accepted in all branches of the military (Robbins, 1989). University Associates (1986) suggests that SLM ... "has become the most widely accepted managerial philosophy in the United States, Canada, Mexico, Europe, Africa, and the Far East."

Moreover, there is evidence that transformational leadership can lead to substantial organizational rewards (Bass, 1990; Deluga, 1988; Tichy & Ulrich, 1984; Yammarino & Bass, 1990; Yammarino, Spangler, & Bass, 1993). Transformational leader behaviors have been positively correlated to leader effectiveness ratings, follower satisfaction and effort, and overall organizational performance (Avolio, Waldman, & Einstein, 1988; Bass, Avolio, & Goodheim, 1987; Gaspar, 1992; Hater & Bass, 1988; Howell & Avolio, 1993; Kessler, 1993; Nischan, 1997; Patterson, Fuller, Kester, & Stringer, 1995; Seltzer & Bass, 1990; Waldman, Bass, & Einstein, 1987; Wofford, Goodwin, & Whittington, 1998). In addition, findings have been reported that suggest that transformational leader behavior is associated with employee commitment, trust in leader, and positive organizational citizenship (Bycio, Hackett, & Allen, 1995; Podsakoff, MacKenzie, Moorman, & Fetter, 1990).

Therefore, it is the purpose of this article to: (1) present a diagnostic model that integrates Hersey and Blanchard's situational model with the leadership work of Bass, et. al.; and (2) propose a new model which outlines specific leadership behaviors which, flowing from the diagnostic model, might be employed by leader/managers in situations involving formal leaders with position power and informal leaders without such power.

We will propose particular leadership behaviors as they apply to situations where:

- The leader has position power (formal authority) and, after diagnosis, chooses to exert control over followers;
- The leader has position power and, after diagnosis, chooses not to exert control over followers;

- The leader does not have position power (e.g., is “project leader” in a team environment) and, after diagnosis, chooses to exert control over followers; and
- The leader does not have position power and, after diagnosis, chooses not to exert control over followers.

Transformational Leadership

Leadership is about influence, which is often defined as the ability to change another’s behavior. The goal of leadership is to exert influence with the involvement of others; e.g., they willingly agree to change; leadership involves the use of power and influence to affect a person or group whether the person wielding the influence has the ultimate authority (position power) to do so or not.

Effective leaders, therefore, should be consciously focused on the analysis of power relationships. Transformational leaders analyze these relationships by diagnosing leader-follower relations, understanding the job demands, and then matching the maturity level (readiness) of followers to the situation (Bass, 1985). Thus, they are in control of the situation and can identify successful ways of dealing with people by selecting a style of leadership called “contingent reward” (Bass, 1985), transferring control, and moving toward an interdependent state called “responsible to.” This movement from contingent reward leader behavior to the mutual state of “responsible to” is the basis for the augmentation effect described by a plethora of previous research examining transforming leadership (Avolio, Waldman, & Einstein, 1988; Geyer & Streyrer, 1998; Yammarino, Spangler, & Bass, 1993). Transformational leaders begin the leader/follower relationship with a sense of “responsibility for” the growth and development of followers. They seek to enhance the relationship by arousing and maintaining trust, confidence, and desire. The goal is to transform followers toward a relationship that shifts the dependent “responsibility for” into a relationship that is interdependent, and people are “responsible to” each other. A transformational leader's bottom line goal is to bring followers up to the level where they can succeed in accomplishing organizational tasks without direct leader intervention. Unfortunately, many traditional leaders entrap themselves and their followers by making themselves indispensable. Transforming leadership requires the leader to develop and maintain trust, by being consistent and authentic in behavior toward followers (and others), build confidence by sharing in the success of goal achievement(s), and heighten desire by raising the level of individual need. Transformational leaders exercise their skill by way of a three-step process involving:

- Diagnosing the leadership situation with respect to the power dynamics, the priorities of the situation (task or people), and follower willingness (motivation);
- Maintaining control while transacting the basic contingent reward relationship between leader and follower(s); and,
- Transferring control while transforming followers into interdependent, effective, mature people who perform beyond normal expectations and have self-control (i.e., control is transferred as followers’ job capacity increases).

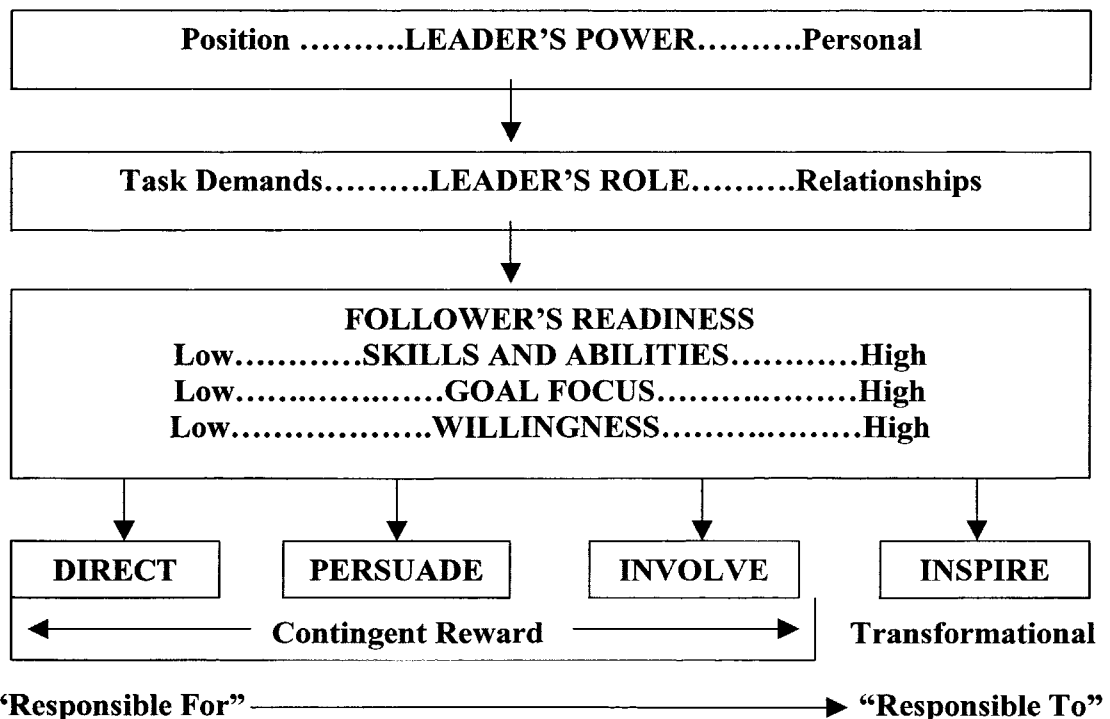
Diagnosing The Leadership Situation

The first step in employing effective transformational leadership involves diagnosing the situation in terms of three critical issues: power, priorities, and people (Einstein, 1995). These alliterated symbols refer to the current power

relationship, the leader's role in priorities, and the readiness of the people (followers). Figure 1 presents the diagnostic model:

LEADER/FOLLOWER POWER RELATIONSHIPS. Position power, coming from the organization, gives the leader the organizational right (authority) to demand compliance from others. Typically, the leader has the formal position power to hire, fire, to impose decisions, as well as to veto the proposals of followers. With position power the leader controls people by allocating rewards (contingent reward) or by dishing out retribution (contingent punishment). Position power is a finite resource; e.g., the more one must use it, the less powerful it is, because people don't like to be intimidated, and will at some point start to rebel.

Figure 1.
A Diagnostic Model of Leadership Styles



Source: Einstein, W. O. (1995). The challenge of leadership: A diagnostic model of transformational leadership. *The Journal of Applied Management and Entrepreneurship*,1(2), 120-133.

Personal power, however, rests with the individual regardless of formal bureaucratic position. Its basis is some combination of expertise on the part of the leader and willingness on the part of the follower to be led. It also stems from the extent to which a leader can use followers' internalized values or beliefs that they have the political skill and/or expertise to find paths leading to valued rewards. Personal power is a renewable resource; e.g., the more one uses it successfully, the more strongly the mutually agreed upon power relationships become.

Managers frequently overlook personal power because they have position power to rely upon as their primary control mechanism. The bottom line of power is simply that leaders who exert some combination of position power and personal power can influence people more easily.

Given the diagnosis model (Figure 1), it seems clear that the successful leader must build personal power to expand the range of styles available and move the follower(s) toward a "responsible to" relationship, since the less personal power one has the more one must rely on position power.

LEADER'S ROLE ISSUES. The leader's mission is to balance priorities between accomplishing tasks central to the organization's existence and making people responsive to those job demands. For a leader to approach priorities in this way is particularly important because it focuses the leader's thinking on where leadership control should be directed. The mission of the leader is to make decisions about tasks, take care of people, and set priorities between these two. As the leader proves successful in task accomplishment, the priority for tasks shifts to the follower(s), and effective use of contingent reward enables the leader to shift to a persuasive style. As personal power builds, a bond begins to form between the leader and the follower(s).

FOLLOWER'S JOB CAPACITY. The third element of the leader's diagnosis has to do with an analysis of the follower's capacity to accomplish the assigned task(s). This area of diagnosis is where the least research has been done under the heading of transformational leadership. The leading work on the concept of readiness has been accomplished by Hersey and Blanchard (1969 through 1996), who state that readiness, in relation to one's job consists of two combined factors: (1) the readiness factor (innate ability, education, training, and experience), which reflects a person's capability for performing the job; and (2) the psychological maturity factor, which is associated with an individual's self-confidence, desire for achievement, and willingness to accept responsibility.

We believe there are two other critical factors to consider in the diagnosis of the "willingness" part of "psychological maturity": (1) the degree of understanding and commitment followers show toward organizational goals; and (2) the extent of followers' willingness to perform organizational tasks. When a person possesses high capability, high desire for achievement, high commitment, high responsibility, and understands and accepts organizational goals, that person possesses high job capacity.

The second step for the effective transformational leader, based on an appropriate diagnosis, is to help the followers answer the contingent reward question: "What's in it for me?" The leadership style with which the leader accomplishes this step is dependent upon the diagnosis just discussed. For example, if the diagnosis shows that job demands are ambiguous, the follower's capacity to perform is low, and the leader has sufficient position power, then a high degree of direction and leader control may be necessary. By directing followers toward what must be done, there is a greater chance that tasks will be successfully completed and rewards will follow. The leader may consequently use a directive, telling style of leadership. As job demands become relatively straightforward and followers begin to develop clearer "responsible to" behaviors (as determined by effective diagnoses), the leader may employ a more persuasive, involving, or inspiring style.

At its best, the leader is able to diagnose which style will get the best results given the power, priorities, and people with which the leader has to work. Effective leaders shift from directing, to persuading, and then make the control shift of being involved but no longer in control, and finally to an inspiring style where transformations can take place.

Matching Behaviors And Style: A New Model

Thus far we have discussed the concepts of Hersey/Blanchard and Bass as seen through a model proposed by Einstein (1995) as they relate to the selection and employment of leadership styles which match a leader's diagnosis of a given situation (Figure 1). Hersey/Blanchard (1969a, 1969b, 1996) set forth the original life cycle theory of leadership as a situational model in a 2x2 matrix that has its roots in the work of the 1945 Ohio State Leadership studies (Shartle, 1950) (Also see Bass, 1981, chapter 21, 358-392.) and follow-up work of the Managerial Grid @ (Blake & Mouton, 1964). The Hersey/Blanchard model presents various leadership styles as appropriate to various situations a leader might face with various subordinates. Picking the appropriate style follows a life-cycle approach in the relationship between the leader and the subordinate(s). Figure 1. presents the similar situational approach in an easy to follow format where the diagnostics are used to guide a leader to the most appropriate style for the situation faced.

Figure 2

Leader behaviors matching leader's style within and outside supervisory group

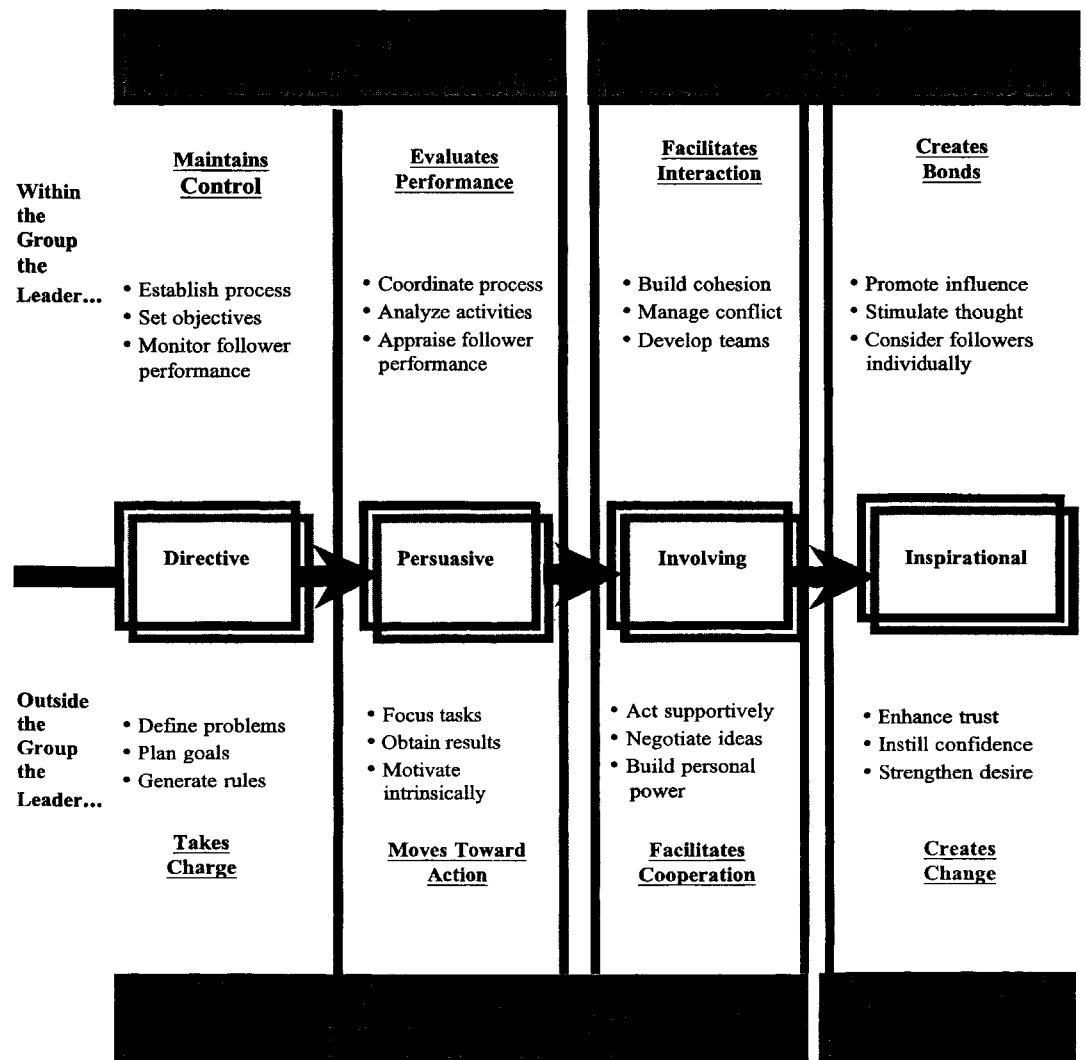


Figure 2 provides an overview of an expansion of the material just discussed, which can be used to help leaders to manage their leadership responsibilities not only within their supervisory group, but outside this group as well. Three concepts are presented: (1) leadership behaviors demonstrated within the group when the leader has position power at his/her disposal (upper half of the model) versus those behaviors outside the group, where the leader does not have position power (lower half of the model); (2) behavioral styles, presented on a continuum from Directive to Inspirational, with a mid-point, between Persuading and Involving, which signals a shift in control from “responsible for” toward “responsible to” behaviors; and (3) a notation indicating the point at which Contingent Reward style leadership moves from Transactional to a Transformational style.

Leader In Control: Within The Group

If a diagnosis determines the necessity for a leader to employ a Directive style, certain behaviors will be more successful than others. Specifically, as a Directive leader, one should maintain control since the priority is to accomplish required tasks with people who lack certain aspects of job capacity. It is therefore necessary to help members establish an orderly process to accomplish organizational tasks, while simultaneously seeking ways to improve the diagnosed deficiencies in their capacities. Leaders in such situations:

- Establish process. Provide direct supervision, set up rules to make repeated actions more routine, and provide a forum for people to suggest alterations or improvements to the rules.
- Set job objectives. Assign specific tasks; assure the objectives are measurable; provide mechanisms for ensuring feedback that will compare performance with past and expected future accomplishment; and provide the necessary direct support to make sure that the objectives are attainable, realistic, and timely. As the leader/follower relationship moves toward a “responsible to” relationship, the leader implements a more shared process.
- Monitor performance. It is well understood that people desire and require feedback in order to regulate their own performance. Feedback is an essential ingredient in any situation where the leader wishes to maintain control while simultaneously fostering personal growth in followers.

Careful diagnosis may indicate that leader control is necessary but, because of the perceived job capacities of the followers, the appropriate behaviors should be persuasive and evaluative rather than directive and controlling. In such situations, leaders will:

- Coordinate process. This style affords more flexible interpretation of rules and more informal talk among followers about accomplishing tasks. In this environment, the leader can spend more time as a coach and less time as boss. Feedback is still an important commodity, with the primary source of data coming from co-workers.
- Analyze activities. Setting objectives becomes a shared process as followers take on a greater role. As job capacity increases, so does the personal stake in setting objectives. The leader is building an environment where capable people support the activities they help create.
- Appraise performance. In this context, the leader is not so much concerned with formal appraisals but, rather, in the leader being on hand to understand what’s going on and what intrinsic rewards might be appropriate for each of the followers.

Group In Control: Within The Group

When diagnoses indicate that the group being supervised might be willing and able to exert more control over situations, the leader may choose to employ an involving style and attempt to facilitate their interaction. In such situations, the leader will:

- Build cohesion. Cohesion is developed in collaborative organizational climates, which are grounded in trust (Larson and LaFasto, 1989). Trust flows from a climate that includes: “(1) honesty - integrity, no lies, no exaggerations; (2) openness - a willingness to share; and a receptivity to information, perceptions, ideas; (3) consistency - predictable behavior and responses; and (4) respect - treating people with dignity and fairness” (p. 85).

- Manage conflict. In 1981, Fisher and Ury saw conflict as a “growth industry.” Today, with more emphasis on collaborative climate building, the ability to manage conflict is tantamount to being an effective leader when one’s diagnosis indicates the need for an Involving Leadership Style. Roy Lewicki, et.al. (1996), outline five strategies for reducing conflict: (1) reduce tension by injecting humor (when appropriate), by separating the parties, or by facilitating a “graduated reciprocation in tension reduction” interaction, during which each person in conflict makes small, usually public, concessions and invites the other party to reciprocate.” (pp. 158-159).

- Develop teams. Larson and LaFasto (1989) provide a succinct overview, empirically based, of team development issues. Leaders, working with these elements, will strive toward developing and maintaining: clear, elevating goals, results-driven structures, competent team members, unified commitment, and principled leadership.

When the diagnoses indicate that the group can handle it, a leader might engage in inspirational behaviors aimed at creating bonds. Such behaviors would include promoting follower influence, stimulating intellectual inspiration, and being individually considerate (clearly and specifically equitable as opposed to equal). This material is covered at length in the works of Avolio, Waldman, and Einstein (1988), Avolio, Waldman, and Yammarino (1991), Bass (1985), Bass and Avolio (1990), and Einstein (1995). We obviously believe the ideas to be of great importance but space constraints, and our focus in this paper, do not allow for extrapolation here.

Leading Groups Outside One’s Span Of Control

Much of a leader’s time is spent in activities outside the group over which she/he has legitimate hierarchical authority (position power). Whereas, in previous discussions, the leader has had both personal and position power at her/his disposal, in these circumstances the leader must evoke power on the basis of personal characteristics outside the realm of organizational authority (personal power).

The diagnostic process is essentially the same with the exception that the leader has no position power. For example, a leader may see it necessary to apply directive control with a group with low job capability, but must do so using different behaviors. However, the process is exactly the same: diagnosis is crucial. The use of contingent rewards is still important, but in these instances, the leader must rely almost exclusively on intrinsic rewards offered to followers. Leaders, consistent with diagnoses, should still move from Directive to Persuasive to Involving to Inspirational (along with the corresponding shift from a “responsible for” towards a

“responsible to” relationship) styles of leadership. The differences in leader behaviors may be subtle, but are nonetheless of great importance (see Figure 2, at the bottom, under the heading “Outside the Group the Leader”).

Leader In Control: Outside Chain Of Command

The leader of a project team (or other such group outside his/her “chain of command”) is in charge of a project that is strictly time-bound, the success of which is often crucial to the survival of an organization. After diagnosis of the project team members, the leader determines that it is necessary to exert some control. This leader has two styles available, depending upon the diagnosis of the team members and the preferred style: Directive or Persuasive. If the leader sees a directive style as being most appropriate, the focus will be on providing the group a definition of the problems or mission, planning the goals related to the problem solution or mission accomplishment, and generating the ground rules for successful completion of the project. In other words, the leader, using personal power, takes charge of the group. The success or failure of the mission will depend upon the correct diagnosis of the situation and the amount of personal power attributed to the leader by the followers in the situation.

If, given the same situation, a determination is made, through diagnosis, that a Persuasive style is better suited, the leader will, after defining the problems and developing the goals and ground rules, win acceptance from the group of these rules and goals, help the group focus on the task, and, using personal power, and intrinsic rewards (superordinate goals, sense of accomplishment, etc.) as motivators, win support from the group as leader and move them toward action.

Group In Control: Outside The Chain Of Command

Where diagnosis of the situation, the organizational climate, and leader/follower relations warrant, leaders may determine that the best style mandates more intensive group involvement. In such situations, the leader will attempt to facilitate cooperation by: acting supportively, employing communication skills such as active listening (Rogers, 1957), and “principled leadership” behaviors (Larson & LaFasto, 1988, p.188); negotiating ideas, using the strategic skills outlined in Lewicki, et. al. (1996); and, through the development and use of such skills, building personal power. Unlike position power, personal power is given to leaders by followers, and, when used appropriately, becomes stronger with use.

In situations where change initiation and management is a primary issue and where diagnosis of leader/follower relationships, climate, and personal style preferences warrant, the leader may attempt a Transformational style of leadership. Previous research has indicated causal relationships between transformational leadership and innovation/change (Bass, 1985; Conger & Kanungo, 1987; House, 1977; Howell & Avolio, 1993; Howell & Higgins, 1990; Oberg, 1972). Treating people as individuals

and providing opportunities and support for intellectual stimulation are at the heart of Bass’ (1985) transformational leadership model, and instill confidence and strengthen desires of followers to do their best.

Conclusion And Implications

Bass asserts that for organizations to achieve long-term superior performance, a new type of leader must emerge. These transformational leaders will have the ability to “broaden and elevate the interests of their employees, generate awareness and acceptance of the purposes and missions of the organization, and stir the employees to look beyond their own self-interests for the good of the overall entity” (Bass, 1990). We believe it is crucial that as management thinking moves into the 21st Century, effective leadership (both contingent reward and transformational) must be developed at all levels of the organization. Exactly how practicing managers determine and deliver the appropriate transforming leader behaviors, however, has not been as clear.

In this article, the authors provided a diagnostic model of leadership styles. In addition, a new model was proposed that outlined specific leadership behaviors that, when used with the diagnostic model, could provide guidance to leaders. A classic example of how this model works is portrayed in the 1949 movie “Twelve O’Clock High,” a story from World War II and how a failing bomber group was brought back to success by a leader (Gregory Peck, playing the commander of the 918th Bomb Group in England) Brigadier General Savage was sent to the failing 918th to determine why the group suffered so high a casualty. By first showing a directive leadership style where he obtained control by virtue of his position power, he was able to establish processes and set objectives that enabled the group to survive the bombing raids more successfully. Then, as the group responded to his effective approach Savage shifted to a persuasive style of leadership. Evaluating their performance he was able to coordinate their activities, analyze the positive results and positively appraise the crew’s performance. Followed by more successes he was able to involve all members of the unit to work together for the eventual success of the organization. A happy Hollywood ending, but a true story Gregory Peck was playing a character largely inspired by much-decorated World War II Major General Frank A. Armstrong, Jr. Naturally, there are many examples from business that parallel these successes of effective leadership; among the most prominent of these is Lee Iacocca’s approach at Chrysler.

As a leader, Lee Iacocca quickly provided strong, active direction concerning internal control and communication systems. After a careful diagnosis, it was apparent that there was little time for a high degree of participative management, and by a large measure followers were not capable enough to handle the self-control needed to become involved in the company’s tasks without direct leader control and delegation was impossible. Iacocca’s first acts of directive leadership were effective in the short-term, especially since he had the ability and knowledge to make good decisions and had sufficient personal power or charisma to get his ideas implemented. Even in the longer-term, styles associated with transactional leadership can result in the maintenance of expected performance. Each time the diagnosis shows a different relationship among the diagnostic variables of power, priorities, and people the really effective transactional leader shifts to an appropriate style of leadership to fit the situation. But that’s as far as it goes. Furthermore, this mode of leadership maintains the status quo in that followers become dependent on the leader; if the leader leaves the group, followers either become lost or lethargic in terms of accomplishing organizational goals.

Using the diagnostic model, leaders can evaluate the leader-follower relationship (power), the job demands versus relationship building (priorities), and the readiness of the followers (people) in order to select an appropriate style of leadership that fits the situation. Then leading the group toward independence from the leader to a shared "responsibility to," the leader can move beyond contingent reward to leadership behaviors that are truly transforming. By applying the characteristics of transformational leadership, leaders can guide their followers toward extra effort and performance beyond expectations (Bass, 1990).

Further, the new model, when used in conjunction with effective diagnosis, provides guidance to leaders in situations where they have position power as well as those where such power is lacking. We believe that this issue, where the leader has no position power and is charged with effecting and/or managing change, is rich in research possibilities. Research in organizations should now begin to not only test the efficacy of these models, but perhaps more importantly, examine the informal leadership behaviors necessary to create and manage change in environments where innovation is simply a business imperative. How do such leaders enhance trust, instill confidence, and strengthen desires in their "followers"? To what extent can organizations that have been successful at managing change attribute their success to such informal leaders? What specific behaviors do such leaders exhibit? Howell, et. al. (1990) provide some insights that may be developed more fully.

Another area of research that may bring us closer to understanding how leaders succeed is to evaluate the nature of a leader's temperament, character, and intelligence. Keirse & Bates (1978) and Keirse (1998) among others have sought to answer these questions. In the meantime we are confident that the models proposed here will find their use in the offices and shops around America. There is a natural desire in people to find answers to perplexing problems in guides, checklists, and diagnostic tools.

For the past several years, leadership researchers and management practitioners have made a strong argument that American history is in desperate need of more leadership. Much of the discussion in this article has to do with ways that leaders can play their role more effectively. In particular, we have tried to point out how a leader can make effective changes in the organization by acting transformationally. Transformational leadership is not more leadership; it is better leadership. It is the new wave of understanding various issues that will help us to develop and train effective leaders in the future.

A main point to remember from this article has to do with the diagnosis of the group and even individual group members. That diagnosis includes evaluating the leader-follower relationship (power), the job demands (priority), and the skills, goal focus, and willingness of the worker (person). Being able to use that diagnosis so that a leader can select an appropriate style of leadership that fits the situation will inevitably help the organization to succeed. Then moving the group toward independence from the leader and a shared "responsibility to" is really what separates the transactional leader from one who is transformational. We have developed these ideas to help managers move away from being the struggling manager who simply tries to maintain the status quo to one who understands the dynamics of effective transformational leadership. By applying the characteristics of a transformational leader, a leader can move the group toward extra effort and performance beyond expectations. We see the dimensions of transformational

leadership to be additive to those of a transactional leader. In that way the mark of a true transformational leader is the extent to which the leader shifts or transforms followers to the point where people in the organization are strong enough to stand on their own without the leader. Although our examples have dealt with leaders at high levels, we believe that transformational leadership has a place at all levels of management. Can you accept the challenge?

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