Chapter 1

New Models
of Leadership

FOR A HALF-CENTURY, the study of leadership has centered on autocratic versus democratic approaches; on questions about the locus of decision-making—directive versus participative; on questions about the focus—tasks versus relationships; or on questions about the behavior—initiation versus consideration. At the same time, springing from the same source has been the attention to the promotion of change in individuals, groups, and organizations. Promoting change and dealing with resistance to it was seen to call for democratic, participative, relations-oriented, considerate leadership. Nevertheless, in many contingencies such as in emergencies or when leading inexperienced followers, more direction, task-orientation, and initiation were seen to be the more effective way to lead.

Changing Approaches to Leadership

Higher-Order Change in Effort and Performance

Often, the desired change which was the target was primarily an increase in quantity or quality of performance, a substitution of one goal for another, a shift of attention from one action to another, or a reduction in the resistance to particular actions or the implementation of deci-

sions within a contextual framework. A higher order of change is also possible. We may see an accelerated increase in effort and/or a change in the rate in which a group's speed and accuracy are improving. Such higher-order changes also may be revolutionary. They may involve large changes in attitudes, beliefs, values, and needs. Quantum leaps in performance may be seen such as when a group is roused out of its despair by a new leader who articulates revolutionary new ideas about what may be possible. A new paradigm is introduced. More quantity is no longer enough; quality must improve dramatically. Leaders may help bring about a radical shift in attention. For instance, groups oriented toward traditional beliefs will be shifted so that they come to value modern approaches. The contextual framework may be changed by leaders. They may influence a perceptual change in followers reversing what is figure and what is ground. Finally, as Burns (1978) suggested, leadership may result in increasing the maturity level of followers' needs. Followers may be elevated from concerns for security and affiliation to concerns for recognition, achievement, and self-actualization.

The first order of change—changes of degree—can be handled adequately by the current emphasis on leadership as an exchange process, a transactional relationship in which followers' needs can be met if their performance measures up to their contracts with their leader. But the higher order of change calls for something distinguishable from such an exchange relationship—transformational leadership. Thus, we see another important distinction for leadership theory and research— transactional versus transformational leadership. Questions about this distinction are what we want to address here. What are the differences between? For what reasons do each emerge or disappear? Which is more effective and/or satisfying for followers? Under what conditions is one type of leadership more advisable to employ than the other? New answers to new questions will be pursued here using a new paradigm or new pattern of inquiry.

Limitations of Cost–Benefit Exchange Theories

The study of leadership as an experimental social science and in organizational psychology has proceeded from trait to situational theories and thence to their interaction in contingency theories. The leader–group relationship has been replaced in importance by the individual leader/follower dyad. From the practicing organizational leader's view, a par-

allel historical change in attitude toward leadership has taken place. In the first part of this century, leadership was mainly a matter of how and when to give directions and orders to obedient subordinates. The strong directed the weak. Valuing equalitarianism, the opposing Human Relations Movement emphasized participative and consultative group processes, and shared leadership. The dialectic merged into a synthesis. The behavior of leaders was now to be seen as initiating structure and/or showing consideration for human relationships. Leader decision-making was directive and/or participative. Leader focus was on the task to be done and/or the human relations to be maintained. These are now what experimental social science studies as its dependent variables as it contemplates leader/follower dyads and group leadership in situational contexts and combinations of leaders and followers. Throughout, the approach has built on the economic cost–benefit assumptions about motivation, energization, and direction of perception and behavior. For behaviorists, cues, available repertoires, and reinforcements (or rewards and punishments) have been the building blocks. For perceptual and cognitive theorists, expectations of achieving valued goals have been the grist for their mills. For example, the currently popular path–goal model of leadership effectiveness explains leadership effectiveness as an extension of the expectancy theory of motivation and cost–benefit formulations. Subordinates' satisfaction and work motivation are seen to depend on their expectancy that their effort will result in their better performance which in turn will result in desired outcomes for them. When the superior initiates structure, this enhances and reinforces the subordinates' expectancy that their efforts will succeed. Consideration by the superior is a desired benefit reinforcing the subordinate performance. Unfortunately, empirical tests in different work situations have yielded mixed support for the path–goal model (Schriesheim & Von Glinow, 1977).

Some of What Is Missing

By limiting survey and experimental leadership research to the effects of leadership on first-order changes, what has been excluded from experimental social science, partly for the sake of scientific advancement, and partly because results could be explained in terms of simple cost-benefit exchanges, may be the more important phenomena of leadership —leadership that accomplishes second-order changes. Currently these phenomena largely remain outside what is usually incorporated in test-

able leadership models. Yet, experimental psychology itself has long abandoned the purely cost–benefit approach to motivation. The path of least effort was not the path a rat necessarily chose to reach the goal box. As early as 1918, R. S. Woodworth had declared that "capacity was its own motivation." Nevertheless, the study of leadership has been dominated by logical positivism and operationalism, and it is the economic cost–benefit exchange models of leadership that have been most likely to be tested in laboratory or field. Exchanges are easier to sense, observe, record, and measure. They are logically compelling as long as we can posit that man is a rational and economic being. But exchange theories and experiments fail to account for what may be some of the more important phenomena of leadership such as the effects on leader–follower relations of symbolism, mysticism, imaging, and fantasy.

Consider the Jim Jones tragedy in Guyana where a combination of coercion and misguided ideals led to mass suicide. Consider the millions who hear repeated policies in person from Pope John Paul that are diametrically opposed to their own self-interest, yet adore his leadership performance. Consider Lee Iacocca's success in rescuing a near-bankrupt Chrysler Corporation by convincing all its respective constituencies—suppliers, employees, government, shareholders, management—of the need to transcend their own immediate self-interests for the chancy promise of corporate survival. Consider how the elevation of Walter Wriston to chief executive officer of Citicorp resulted in its remarkable growth. Consider those who as adults accomplished leadership missions they had continuously proclaimed as children: Charles de Gaulle, to restore the glory of France; Lyndon Johnson, to become President of the United States; Alexander the Great, to conquer the known world.

Exchange theories direct us toward situational emphasis. They fail to account for the DeGaulles, Johnsons, and Alexanders and the many others who emerge as leaders with particular styles no matter where the leaders find themselves. From age 6 to 60, Lyndon Johnson had to dominate and be acknowledged as a leader among his peers and associates. He sought power in whatever situations he placed himself. (Caro, 1982). There are alternatives to exchange theories available. For psychoanalytic theory, for example, the immediate situation confronting a person's leadership efforts are far less of consequence than a balanced id and superego which give opportunity for the ego to pursue its ideals.

Most important of all, consider the relatively modest statistical associations we find in repeated studies of the antecedent conditions: external environment, organizations, team, personality of leader and

follower, differential power and information, and so on; and the two dependent leader behaviors usually studied, decision styles or task-versus-relations orientation with their consequences in unit satisfaction and effectiveness. The effects are there to see but so often leave us after exhaustive investigation with more error than explained variance. A correlation of .40 means we still account for only 16 percent of the variance leaving 84 percent unexplained. We can either applaud the 16 percent explained or remain dissatisfied with the 84 percent unexplained. In this book, we begin in a dissatisfied state believing that there is much in the unexplained portion of variance in leadership which can be explained if we are willing to go deeper and higher in entertaining conceptualizations about it. Physics talks about strong and weak forces. Social and organizational psychology have offered leadership theories and research about weak forces. By incorporating into organizational psychology more of what has been in the domain of sociology, political science, and psychohistory, we hope to direct more attention of experimental social science and organizational psychology to the strong forces.

Alternative Approaches to Motivation

Alternative views about motivation are available which may better explain the sharp reversals in direction and changes in rate of second-order changes. Two of these are homeostasis and opponent process theory. Instead of motivation being a matter of seeking rewards and avoiding punishments, the homeostatic model sees subordinates or followers as being in a steady state to which they will strive to return if they are forced to deviate from it. Starting with this view, we would look at leaders in the context of their group's reactions to deviations from the steady state, their leadership performance in such circumstances, and the leader–subordinate processes by which a new higher (or lower) steady state is achieved.

The level of motivational response is seen by Berlyne (1967) as a matter of stimulus intensity. No overt response is evoked until the stimulus increases in intensity beyond a given threshold. Response is activated only if the stimulus event evokes a stronger hedonic disturbance. If the stimulus event becomes too strong, the disturbance is stressful and the individual will attempt to psychologically withdraw from the situation. But the disturbance may linger long after the event as a consequence of a slower opponent process which arises opposing the original stimulus arousal process (Landy, 1978). Sheridan et al. (1982) deduce

from this the likelihood that the intensity of leadership acts may be much more influential than the frequency with which the acts occur. Yet it has mainly been the frequency of leader behavior that has been studied quantitatively rather than its intensity.

Furthermore, to the degree that leaders engage in the arousal of emotions in their followers, much of the effects of the leaders may be better understood as disinhibition of current follower tendencies rather than as merely further stimulation of such tendencies. Such leadership triggers release of followers from controls which may have been holding them back from being creative, taking risks, and broadening their horizons.

Need to Qualify Theories of Motivation to Work

Minimally, we need to qualify considerably the simple carrot-and-stick formulations of exchange theories. Expectancy theories of motivation to work such as Vroom's (1964) postulate that effort is a function of the value of goals and the expectancy of attaining them through the required effort. It follows that the easier the goals to attain, the greater the expectancy in doing so. Greater effort is induced by easier goals. Nevertheless, Locke (1968) argues just the opposite with empirical evidence to support his position. Harder goals stimulate more effort. Need achievement theorists such as Atkinson (1964) take a third position. Challenging but not too difficult goals are most stimulating, particularly among those with strong needs to achieve. Shapira (1975) seems to have resolved the issue by showing that it all depends on whether the goal is of intrinsic or extrinsic value to the individual. The higher and more frequent the extrinsic payoff, the more we will be willing to continue the easy task of playing a slot machine although the activity itself lacks intrinsic interest or intellectual challenge for us. We will stop if convinced there will be little or no payoff. On the other hand, we will work inordinate amounts of time to work at a difficult and challenging task such as solving an intriguing, intrinsically interesting puzzle despite the lack of any extrinsic payoff. Deci (1975) argues further that adding extrinsic rewards to intrinsically valued work may reduce the intrinsic value of the work. Amateurs who turn professional may lose their intrinsic interest in the activity which now becomes more a matter of extrinsic reinforcement.

According to Maslow's (1954) theory of work motivation, people have a hierarchy of needs. Only if lower-level needs such as safety and

security have been fulfilled will they be ignored in favor of higher-level social and personal needs such as the need for affiliation and recognition. Self-actualization, the need to become what one has the capacity to become, is at the highest level of need.

In addition, there are the many well-recognized Freudian phenomena which further distort any simple exchange possibilities. Instead of effort to achieve leader-promised gains, depending on the maturity and level of the subordinate one may see independent or counterdependent actions, projections, and denials, fantasy-substitutions for effort, displacements, and reaction formations.

We argue, therefore, that subordinate motivation to work cannot be fully accounted for by any notion of a simple swap of desired material and psychic payments from a superior in exchange for satisfactory services rendered by the subordinate. This exchange is common and apparent in leader–subordinate relationships but it fails to account for an important portion. Expanded views of motivation and leadership must be added on to the basic postulate that effort is a function of the value for us of outcomes and our confidence (subjective probability) that we will obtain them.

A Broader View of Leadership Sought

The need for a broader view of leadership has been voiced by many others. Hambrick and Mason (1983) noted that when the question is asked, "Why do organizations act as they do," analysts concentrate on explanations in terms of market share, life cycle of products, competition, and portfolios. The strategic processes are seen as flows of information and decisions by reified organizations. Hambrick and Mason suggested that both the strategies and effectiveness of organizations can be better understood as "reflecting the values and perceptions of powerful actors in the organizations." They uncovered evidence to show that when firms were led by younger rather than older top managers, they were more likely to grow and to exhibit more volatile sales and earnings. They also noted that newcomers brought in from the outside to head the organization will make more changes in structure, procedures, and people than executives promoted from within the organization. The education and financial position of the top executives was also seen to be likely to strongly influence the direction of the organization. Yet, research in social and organizational psychology on leadership has focused on the readily observable, usually short-time, leader–subordinate rela-

tions and ignored the much more important aspects of leadership to be seen in the charismatic movers and shakers of our time (McCall, 1977). Equal dissatisfaction has been expressed about the practice of organizational leadership in the military setting:

> we have been lavish in our rewards to those who have demonstrated excellence in sophisticated business and management techniques. These talents are worthwhile to a leader, but, of themselves, they are not leadership. [Meyer, 1980, p. 4]

Good management, General Eugene Meyer, a former U.S. Army Chief of Staff, noted, may sometimes even be at cross-purposes with good leadership.

> Strong personal leadership is as necessary today as at anytime in our history. That which soldiers are willing to sacrifice their lives for—loyalty, team spirit, morale, trust and confidence cannot be infused by managing. The attention we need to invest in our soldiers far exceeds that which is possible through any centralized management system. To the degree that such systems assist efficient operation, they are good. To the degree that they interfere with essential relationships between the unit and its leader, they are disruptive. Management techniques have limitations which leaders need to identify and curb to preclude destructive side effects. [p. 6]

For Meyer, "overmanagement can be the death of an Army," but undermanagement will deprive units of essential resources. Therefore, "leaders need to be able to identify either extreme."

Robert K. Mueller (1980), Chairman of the Board of Arthur D. Little, Inc., has seen the need in industry for leaders who can

> initiate structure in group expectation and show us how to master and motivate institutions and individuals within a complex environment experiencing excessive internal and external stresses and changes. [p. 19]

For Mueller (1980) such "leading-edge" leadership deals with "fuzzy futures." It is able to simplify problems and to jump to the (correct) crux of complex matters while the rest of the crowd is still trying to identify the problem. He sees the need for research on this "rapid reification." Second, he sees the need for leadership research on how "to integrate and relate a charismatic component with the logical and intuitive attributes which is vital to leading-edge leadership." [p. 21]

As seen by Zaleznik (1977), leaders of the sort called for by Mueller arouse intense feelings and generate turbulent one-to-one relationships. They are inspirational and concerned with ideas rather than process. They heighten expectations and engender excitement at work. They "react to the mundane as to an affliction." They are committed to their own destinies and are likely to be dramatic and unpredictable.

Asked what qualities their client companies are seeking in candidates for a top job, executive recruiters comment that ''they're hearing our old friend 'charisma' a great deal more than they used to.'' ''The need for vision'' also seems in increasing demand (along with) new and much-sought-after skills in motivating people'' (Kiechel, 1983, p. 135). ''Vision'' heads the list, according to Bennis (1982), of the characteristics of chief executive officers who can translate their intentions into reality. They have ''the capacity to create and communicate a compelling vision of a desired state of affairs.'' Furthermore, they can gain understanding and commitment to their vision from their followers to ''harness the energies and abilities of their followers making it possible for the dream to come true.''

Transactional and Transformational Leadership Defined

For Burns (1978), the transactional political leader motivated followers by exchanging with them rewards for services rendered. This was distinguished from leadership that motivates followers to work for transcendental goals and for aroused higher-level needs for self-actualization rather than for immediate self-interest.

For Burns, transactional leaders ''approach followers with an eye to exchanging one thing for another: jobs for votes, or subsidies for campaign contributions. Such transactions comprise the bulk of the relationships among leaders and followers, especially in groups, legislatures, and parties.'' (p. 3)

Our purpose here is to extend the definition to supervisory–subordinate relations in general. With this aim in mind, the transactional leader can be described in his relations with subordinates as follows:

1. Recognizes what it is we want to get from our work and tries to see that we get what we want if our performance warrants it.
2. Exchanges rewards and promises of reward for our effort.
3. Is responsive to our immediate self-interests if they can be met by our getting the work done.

The Model of Transactional Leadership

Figure 1 shows the relationship between transactional leadership and what Vroom called the ''force on a person to exert a given amount of effort in performance of his job'' (Vroom, 1964, p. 284). The force is
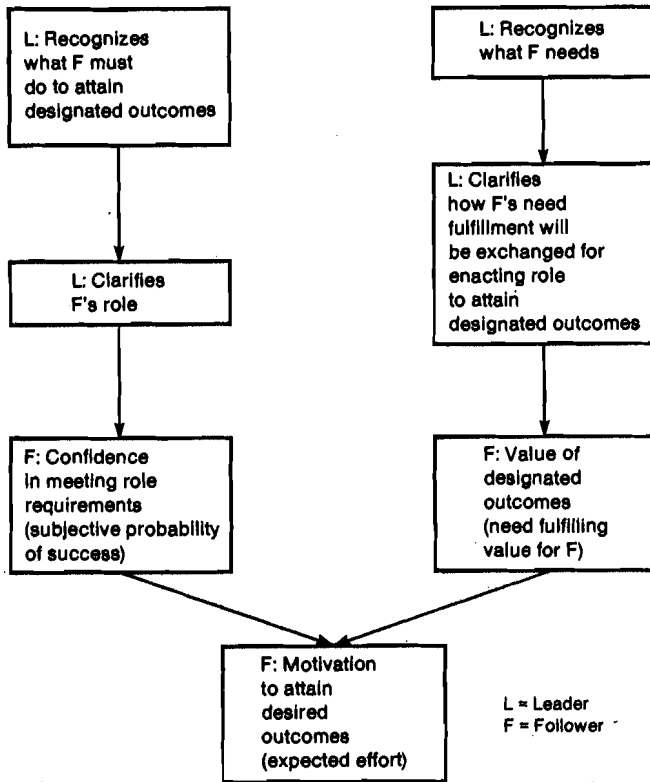
Figure 1   Transactional Leadership and Follower Effort

equal to the expectation that one's effort will result in attaining desired outcomes. One's effort then depends on two elements: (1) one's confidence or subjective probability or expectation that an outcome can and will be attained by means of one's performance, and (2) the value of the outcome—how much it, in itself, is desired and valued or how much it is perceived as instrumental in realizing other desired outcomes. For our purposes here, we will propose that subordinates' or followers' level of effort depends on their confidence that such effort will yield desired outcomes. Furthermore, we assume that the subordinate has the capability to perform as required. Thus, the expected effort is translated into the expected performance. As shown in Figure 1, transactional leaders serve to recognize and clarify the role and task requirements for the subordinates' reaching the desired outcomes. This gives the subordinates sufficient confidence to exert the necessary effort. Transactional leaders also recognize what the subordinates need and want and clarify how

these needs and wants will be satisfied if the necessary effort is expended by the subordinate. Such effort to perform or motivation to work implies a sense of direction in the subordinate as well as some degree of energization.

Like all models, Figure 1 is a simplified replica of reality. It is an attempt to describe the most important variables affecting the dependent outcome of expected effort and performance. The leader recognizes the role the follower must play to attain the outcomes desired by the leader. The leader clarifies this role. This clarification provides the follower with the confidence necessary to carry it out to meet the objectives. In parallel, the leader recognizes what the follower needs and clarifies for the follower how these needs will be fulfilled in exchange for the follower's satisfactory effort and performance. This makes the designated outcome of sufficient value to the follower to result in his effort to attain the outcome. This is the transactional process at its simplest.

Zaleznik's (1983) "managers" are transactional leaders. They tend to survey their subordinates' needs and set goals for them on the basis of the effort they can rationally expect from their subordinates. Such "managers" do not question the goals of their organization. They assume their subordinates maintain a constant motivation to support the managers' plans. The managers, as transactional leaders, concentrate on compromise, intrigue, and control. Because they focus on the process, not the substance of issues, if they are newcomers, such managers are seen as inscrutable, detached, and manipulative.

This focus on process by the transactional leader or Zaleznik's manager may have unintended consequences. Twenty-five years later, I vividly recall seeing a group of young managers from a large multinational firm emerging from a sensitivity training session which concentrated on the need for understanding group processes and the importance of shared leadership. Half in earnest, they were collectively muttering "I must not be a leader, I must not be a leader, I must not be a leader!" Twenty years later, one of them became chairman of the board. Fortunately for both his company and himself, he did not fully absorb the unintended lesson.