

# Current Era in Leadership

## Inspiration and Connection to Followers

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### After studying this chapter, you will be able to:

1. Discuss the distinguishing elements of the new era in leadership research and practice.
2. Understand charismatic leadership, explain the leader, follower, cultural, and situational characteristics that contribute to its development, and discuss its positive and negative implications.
3. Distinguish between transactional and transformational leadership and explain factors that contribute to transformational leadership.
4. Describe the value-based approaches to leadership, including servant, authentic, and positive leadership.

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### THE LEADERSHIP QUESTION

*Charisma is considered a positive trait for a leader, and charismatic leaders are sought after. Are charismatic leaders always effective and desirable? Is it a necessary element of leadership?*

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For many people, the concept of leadership conjures up images of political or organizational leaders who accomplish seemingly impossible feats. When asked to name leaders, people mention the likes of John F. Kennedy, Mahatma Gandhi, Nelson Mandela, and Barack Obama. These leaders and others like them are passionate and generate strong emotional responses in their followers. They change their followers, organizations, and society and even alter the course of history. They have a relationship with followers that goes beyond simply setting goals, motivating them, allocating resources, and monitoring results. The concepts presented in this chapter are the most-current approaches to leadership that focus on leaders who create special and long-lasting relationships or deep emotional

bonds with their followers and, through such bonds, are able to implement change and, in some cases, achieve extraordinary results.

## NEW ERA IN LEADERSHIP RESEARCH

The theories presented in this chapter constitute the newest era in our understanding of leadership (following trait, behavior, and contingency; see Chapter 3). They were introduced in the late 1970s and currently dominate both academic and practitioner approaches to leadership. They have brought much-needed new life and enthusiasm to the field, which around the 1970s and 1980s was criticized for being irrelevant, trivial, and inconsequential (see McCall and Lombardo, 1978). Max Weber introduced the concept of charisma in the 1920s, and social historian James McGregor Burns presented transformational leadership, which has a charismatic component (1978). Bernard Bass (Bass, 1985) proposed a business-oriented version of transformational leadership, launching decades of empirical-based investigations. Since then, researchers have developed the concept of charisma for application to organizational contexts and proposed models of leadership that emphasize vision and large-scale change in organizations. The focus on values and a more spiritual aspect of leadership was also introduced in the 1970 with Greenleaf's work and has extended to authentic leadership. The newest developments borrow from positive psychology, a concept with roots in the humanistic approach of the 1960s and proposed in the 1980s (Seligman, 2002) and positive organizational behavior, its application to organizational behavior (Cameron, Dutton, and Quinn, 2003).

The approaches provide several advantages over other views of leadership presented in this book:

- They allow us to look at a different aspect of leaders and their role as inspirational visionaries and builders of organizational cultures (Hunt, 1999).
- They highlight the importance of followers' emotional reactions (Chemers, 1997).
- They focus on leaders at top levels who are the subject of study in strategic leadership (covered in Chapter 7), thereby allowing for a potential integration of upper-echelon research with transformational and charismatic leadership.
- They address the "heart" as well as the "mind" emphasizing the affective and the cognitive aspects of leadership.

Although the models have many differences, their common themes are inspiration, vision, and focus on the relationship and emotional connection between leaders and followers. Addressing the relationship with followers relates them to the exchange and relationship development models presented in Chapter 3. The current models, however, go beyond the study of that relationship by highlighting inspiration and vision and therefore are applicable at all levels of leadership. As opposed to previous concepts, these models do not rely on the principles of contingency and prescribe a one "best" approach to leading others, a factor that may limit their applicability.

## CHARISMATIC LEADERSHIP: A RELATIONSHIP BETWEEN LEADERS AND FOLLOWERS

The word *charisma* means "an inspired and divine gift." Those who have the gift are divinely endowed with grace and charm. Charismatic leaders capture our imagination and inspire their followers' devotion and allegiance. We describe political and religious leaders as charismatic,

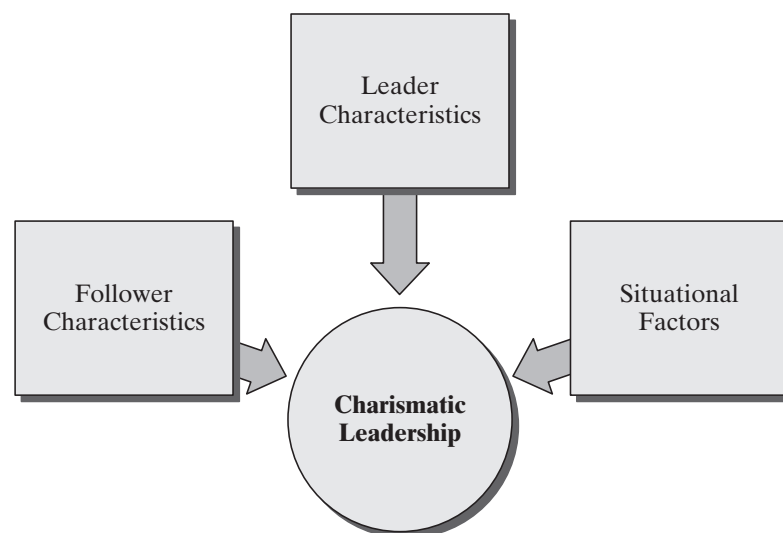
but leaders in business organizations can also be gifted. Charismatic leaders are those who have a profound emotional effect on their followers (House, 1977). Followers see them not merely as bosses but as role models and heroes who are larger than life.

Consider the case of President Barack Obama who presents many of the elements of a charismatic leader. The large number of volunteers who engaged in his presidential campaigns and supported him felt a strong emotional connection to him, as witnessed by the many people who attended his events and the high level of emotion they exhibited. The expressions “Yes we can” and “This is our time” and other powerful messages during his acceptance speech in 2008, such as “If there is anyone out there who still doubts that America is a place where all things are possible, who still wonder if the dream of our founders is alive in our time, who still questions the power of our democracy, tonight is your answer” (Gibbs, 2008: 34) inspired his followers. Obama’s optimism and perceived sincerity connected with the majority of the U.S. electorate and many around the world, for example in Germany, where 200,000 people turned out to see candidate Obama. He became the symbol of change and hope for many who, even without knowing much about him, felt a connection to him.

Charismatic leaders inspire followers who are devoted and loyal to them and their vision. The relationship involves an intense bond between leaders and their followers and goes beyond a simple exchange. The case of Obama and many other charismatic leaders also show that charisma is clearly in the eye of the beholder; followers make the charismatic leader. The charismatic bond is far from typical of leadership situations and neither essential nor sufficient for effective leadership. The following sections consider the three required elements for the development of charismatic leadership: leader characteristics, follower characteristics, and the leadership situation (Figure 6-1).

### Characteristics of Charismatic Leaders

Charismatic leaders share several common personality and behavioral characteristics and traits (Table 6-1). Although many of the traits—such as self-confidence, energy, and the ability to communicate well—are related to all types of leadership, their combination and the presence of followers and a crisis are what set charismatic leaders apart. First and foremost, charismatic



**FIGURE 6-1** Requirements of Charismatic Leadership

**TABLE 6-1**     **Characteristics of Charismatic Leaders**

- High degree of self-confidence
- Strong conviction about ideas
- High energy and enthusiasm
- Expressiveness and excellent communication skills
- Active image building, role modeling, and impression management

leaders exude self-confidence in their own abilities and a strong conviction about their ideas along with a sense of moral righteousness of their beliefs and actions (Bass, 1985; Sashkin, 2004). Mahatma Gandhi's unwavering beliefs about the need for change in India and Martin Luther King Jr.'s single-minded focus on civil rights are examples of this trait. Their high level of confidence motivates their followers and creates a self-fulfilling prophecy. The more confident the leader is, the more motivated the followers are, which further emboldens the leader and encourages the followers to carry out the leader's wishes wholeheartedly. Additionally, charismatic leader's high energy and enthusiasm further boosts followers' positive moods, which increase the attraction to the leader and his or her effectiveness (Bono and Ilies, 2006). Positive expressions, motivation, and hard work increase the chances of success, which provides proof of the correctness of leader's vision.

Steve Case, chairman of the Start-up America Partnership (aimed at the growth of innovative firms in the United States; Start-up America, 2011) and the highly confident founder of Revolution, a company dedicated to increasing consumer power in health decisions, and former CEO of America Online (AOL), made others believe in his vision of connecting everyone through the Internet. Case believes that three things are most important in success: people, passion, and perseverance (Case, 2009). One of Case's former associates explains, "In a little company everybody's got to believe. But there needs to be somebody who believes no matter what. That was Steve. Steve believed from the first day that this was going to be a big deal" (Gunther, 1998: 71). Even though the merger of AOL with Time Warner was unsuccessful and led to a \$135 billion loss, Case put the failure behind him and poured his energy and resources into several new ventures, including Revolution and a free health and medical information website, RevolutionHealth. Case's advice to potential entrepreneurs is, "If you feel passionate about a particular business and have the fortitude to break down barriers and redirect when needed, you can do great things" (Edelhauser, 2007).

Many examples of the charismatic leader's self-confidence can be found in political leaders. President Obama's simple message "Yes we can" is an example of the expression of confidence from a charismatic leader. Fidel Castro withstood considerable pressure over 50 years until his retirement in 2011 and has remained undaunted in his approach. Aung San Suu Kyi, the leader of the political resistance in Burma and 1991 Nobel Peace Prize recipient, who was under house arrest from 1989 to 2010, but persisted in proclaiming her agenda for democratic reform. President Gamal Abdul Nasser of Egypt galvanized Arab pride in the 1950s and 1960s, and his view of a united Arab world dominated the psyche and dreams of millions in the Middle East. Other destructive charismatic leaders use their "gift" to abuse and exploit followers; we discuss them in a later section.

Charismatic leaders are typically highly expressive with excellent communication skills and able to use nonverbal cues and dramatic symbols to lend dramatic support to their well-crafted verbal message. Their exceptional articulation skills, which help them express

their excitement and communicate the content of their ideas to their followers, are a primary tool in persuading followers to join in their vision. Obama's considerable oratory skills provide an example, as do J. F. Kennedy's, Hitler's, and Fidel Castro's. The communication skills allow the charismatic leaders to define and frame the mission of the organization or the group in a way that makes it meaningful and relevant to followers. In addition, they appeal to their followers' emotion through the use of language, symbols, and imagery. Examples of all of these can be found in President Obama's first inaugural speech (Obama's Inaugural speech, 2009).

Finally, charismatic leaders present a carefully crafted image as role models to their followers and use active impression management to support that image (Conger and Kanungo, 1998). They "walk the talk," whether it is through the self-sacrifice that they make and demand of their followers or the self-control they demonstrate. House and Shamir (1993) note that a large number of charismatic political leaders spent time in prison, a sacrifice that demonstrates their willingness to put up with hardship to achieve their vision. For example, Gandhi and Nelson Mandela were imprisoned for defending their beliefs. Other charismatic leaders, such as Martin Luther King, Jr., who role modeled the peaceful resistance he advocated, demonstrate through their actions what they expect of their followers. James E. Rogers, chairman and CEO of Duke Energy believes leaders need to be closely involved and role model the behaviors they want followers to demonstrate (Bryant, 2009b). Overall, the characteristics of charismatic leaders are not in dispute; however, they are not the only factor. The next step is describing the development of followers who are devoted to the leader.

### Characteristics of Followers

Because charismatic leadership results from a relationship between a leader and followers, the followers of such leaders demonstrate certain characteristics. Take away the frenzied followers and Hitler would not have been considered charismatic. The same is true for many cult leaders. Even for positive and constructive charismatic leaders such as Gandhi, followers demonstrate particular traits and behaviors (Table 6-2). Followers of charismatic leaders feel an intense emotional bond to the leader. Consider the reaction of employees of Russ Berrie and Co. when the toymaker's founder and namesake died suddenly. Berrie had established a close family bond with his employees. He was the best man at some of their weddings, and one company executive continued to visit his grave regularly because he felt a spiritual bond with the deceased leader (Marchetti, 2005). Additionally, charismatic followers respect and like their leader. They are strongly devoted to him or her and have a strong sense of loyalty. They admire their leader, and emulate his or her behaviors and mannerisms, including talking, dressing, and acting like the leader. They identify with him, a process that further helps followers internalize the

**TABLE 6-2** Characteristics of Followers of Charismatic Leaders

- Intense emotional bond
- High degree of respect, affection, and esteem for the leader
- Loyalty and devotion to the leader
- Identification with the leader
- High confidence in leader
- High-performance expectations
- Unquestioning obedience

leader's values and aspirations as their own. In addition to the emotional component, charismatic followers have high confidence in their leader's ability and high-performance expectations. They believe their leader will change the world, or at least their community or their organization. All these characteristics are likely to lead followers to obey calls to actions without question, a factor that can have dire consequences if the leader is abusive or unethical (Samnani and Singh, 2013).

Researchers suggest that charismatic leaders change the followers' perception of the nature of what needs to be done and create a positive mood contagion (Bono and Ilies, 2006). Leaders offer an appealing vision of the future, develop a common identity, and heighten the followers' self-esteem and sense of self-efficacy (for a review, see Conger, 1998). In addition, one of the key components of the emergence of charismatic leaders is for the followers to perceive a need for change because the current state is unacceptable and because they believe that a crisis either is imminent or already exists (Shamir, 1991). The case of the 2008 election of Barack Obama presents all these elements. His supporters enthusiastically believed in his vision and their ability to create change to correct a situation they considered unacceptable.

### The Charismatic Situation

President Obama's case provides yet one more element of charismatic leadership: a sense of crisis and need for change (see Table 6-3). Perception of crisis leads followers to look for new directions and solutions and prepares them to accept change. If an individual is able to capture and represent the group's needs and aspirations, that individual is likely to become the leader. In addition, individuals who demonstrate competence and loyalty to a group and its goals are provided with "credit" that they can spend to assume leadership roles. This *idiosyncrasy credit* allows certain individuals to emerge as leaders and change the direction of the group (Hollander, 1979). Because of the strong emotional impact of charismatic leaders, followers provide them with tremendous leeway (credit) to lead the group into new territory.

**EXTERNAL CRISIS AND TURBULENCE** At the heart of charismatic leadership is how certain individuals either emerge as leaders in leaderless groups or replace an appointed leader. Many charismatic revolutionary leaders achieve their status without any formal designation. In organizations, their followers recognize them as leaders before a formal appointment, the last step in their rise to power, typically during a time of crisis. Popular political and religious leaders, such as Martin Luther King, Jr., Ronald Reagan, or Barack Obama won the hearts and minds of their followers, who then carried them into formal positions.

Although not all researchers believe that a situation of crisis is necessary for the emergence of charismatic leadership, many suggest that a *sense* of distress or crisis is (Davis and Gardner, 2012; Shamir and Howell, 1999). Research by Roberts and Bradley (1988) suggests that situations of crisis provide more latitude for leader initiative such that the person can demonstrate leadership abilities. Others link resilience and tolerance for ambiguity to charisma and

**TABLE 6-3 Elements of Charismatic Situations**

- Perceived need for change
- Sense of real or imminent crisis
- Opportunity to articulate ideological goal
- Availability of dramatic symbols
- Opportunity to clearly articulate followers' role in managing the crisis

its importance in crisis situations (Hunter, 2006), where followers believe that charismatic leaders are the only ones who can resolve the crisis. Therefore, charismatic leaders emerge in situations where a change and a new ideological vision need to be articulated and when followers are ready to be saved or more simply moved in a different direction. They use dramatic symbols to illustrate their goals and point to clear and specific roles that their followers can play in resolving the crisis. As a result, followers are convinced that the charismatic leader is the only one who can help, and the leader helps followers becoming aware of how they can contribute individually.

Historical charismatic leaders emerge in a time of real or perceived crisis. Cyrus the Great of Persia united warring tribes in 1500 B.C.; Napoléon galvanized a fractured postrevolutionary France; the fascist dictators of modern Europe took power during economic and social crises; in the United States, charismatic civil rights leaders of the 1960s rode on the wave of a cultural and civil unrest; and, recently, a sense of crisis and need for change led to the election of Obama to the presidency. These leaders brought a new vision of the future to their eager followers. As a matter of fact, many charismatic leaders fuel the sense of crisis, either sincerely or as a means of manipulation, as one of the reasons why followers need to select them. For example, the Tea Party movement in the United States has portrayed the Obama presidency and the Democratic majority as a symbol of the end of American democracy, enticing voters to the polls. In all cases, the crises and the perceived need for change set the stage for the charismatic leaders' skills and provide the leader with an opportunity to present a vision or solution.

**INTERNAL ORGANIZATIONAL CONDITIONS** Researchers suggest that in addition to a sense of external crisis, several internal organizational conditions also facilitate charismatic leadership (Shamir and Howell, 1999).

- **Organizational life cycle.** Charismatic leaders are more likely to emerge and be effective in the early and late stages of an organization's life cycle, when either no set direction is established or change and revival are needed.
- **Type of task and reward structure.** Complex, challenging, and ambiguous tasks that require initiative and creativity and where external rewards cannot be clearly tied to performance can be ideal situations for charismatic leaders.
- **Organizational structure and culture.** Flexible and organic structures and nonbureaucratic organizational cultures are likely to encourage charismatic leadership.

Although some evidence is available to support these propositions, empirical testing is needed before they are established fully as conditions for the emergence of charismatic leadership.

## Culture and Charisma

As you have read throughout this book, culture strongly affects what behaviors and styles are considered appropriate and effective for leaders. Based on the nature and processes involved in charismatic leadership, it would stand to reason that cultures with a strong tradition for prophetic salvation, in particular, would be more amenable to charismatic leadership. For example, the Judeo-Christian beliefs in the coming of the savior create fertile ground for charismatic leaders to emerge and be accepted. Prophets by definition are charismatic saviors. Israel, for example, has this type of strong tradition. Another case in point is the recent rise of Islamic fundamentalism, which typically is tied to a prophetic spiritual leader, as is the case in Sudan and Iran.

In cultures without such prophetic traditions, few charismatic figures are likely to emerge. For example, although China has experienced periods of crisis and change, the relationship

between leader and followers is based more on the social hierarchy and need for order, as is prescribed in the Confucian tradition, rather than on the intense emotional charismatic bonds that exist in Judeo-Christian religions. This appears to be the case even for one of the few charismatic Chinese leaders, Mao Zedong. Furthermore, the factors that create the charismatic relationship may differ from one culture to another. The development of a charismatic relationship in a culture such as Japan relies on the leader's development of an image of competence and moral courage, and the securing of respect from followers (Tsurumi, 1982). By contrast, in India, charismatic leadership is associated with a religious, almost supernatural, state (Singer, 1969). In the United States, charisma is assertive and direct, whereas in other cultures it may be more quiet and nonassertive (Scandura and Dorfman, 2004). In any case, even if the concept of charisma is present within a culture, its manifestations may be widely different.

The GLOBE research, discussed in Chapter 2, has studied charismatic leadership in 60 countries (Den Hartog et al., 1999). The basic assumption of the research project is that “charismatic leadership will be universally reported as facilitating ‘outstanding’ leadership” (Den Hartog et al., 1999: 230). The researchers found that although some attributes are universally endorsed and some are universally negative, several attributes are culturally contingent. It is important to note that although some of the behaviors associated with charismatic leadership are universally associated with effectiveness, the term *charisma* evokes mixed reactions in different cultures. In other words, being charismatic is seen as both positive and negative.

In addition to characteristics typically associated with charismatic leadership (e.g., positive and dynamic), there are other characteristics (e.g., being a team builder and being intelligent) that are not part of charisma. Interestingly, although having a vision is universally associated with leadership, how it is expressed and communicated differs greatly across cultures. For example, Chinese leaders are seen as effective if they communicate their vision in a nonaggressive and soft-spoken manner, whereas Indians prefer bold and assertive leaders (Den Hartog et al., 1999). Similarly, followers universally value communication, but the communication style (e.g., level of directness, tone of voice) that is considered desirable is highly culture specific. For example, Cambodians expressed considerable enthusiasm at the ascendance of their new king Norodom Sihamoni in October 2004, even though he lacked any political experience, partly because they valued his extremely modest and soft-spoken demeanor (Sullivan, 2004). Furthermore, self-sacrifice and risk taking, important components of charismatic leadership in the United States, do not contribute to outstanding leadership in all other cultures (Martinez and Dorfman, 1998).

## The Dark Side of Charisma

Given the charismatic leaders' strong emotional hold on followers, they can abuse that power easily and apply it toward inappropriate ends (e.g., Samnani and Singh, 2013). Along with Gandhi, Presidents Kennedy and Mandela, and Dr. King, the list of charismatic leaders unfortunately includes Hitler and Jim Jones (the cult leader who convinced thousands of his followers to commit suicide). The destructive charismatic leaders resemble the positive ones in some dimensions, but several characteristics distinguish them from one another (Table 6-4; Conger, 1990; Howell, 1988; and Howell and Avolio, 1992).

The major difference between ethical and *unethical charismatic* leaders is the unethical leaders' focus on personal goals rather than organizational goals. Unethical leaders use their gift and special relationship with followers to advance their personal vision and to exploit followers; they follow an internal and personal orientation, behaviors that are similar to those



**TABLE 6-4 Ethical and Unethical Charisma**

Ethical—Socialized Charisma	Unethical—Personal Charisma
<ul style="list-style-type: none"> <li>• Focus on organizational goals</li> <li>• Message built on common goals</li> <li>• Encourage and seek divergent view</li> <li>• Open and two-way communication</li> <li>• Accepting of criticism</li> <li>• Impression management used to energize and motivate followers</li> <li>• Describe the actual need for change</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on personal goals</li> <li>• Message built on leader's goals</li> <li>• Censors, discourages, or punishes divergent views</li> <li>• One-way, top-down communication</li> <li>• Closed to criticism</li> <li>• Impression management used to deceive followers</li> <li>• Create or exaggerate the sense of crisis</li> </ul>

presented in the Dark Triad. The unethical charismatic leader censors opposing views and engages in one-way communication, whereas the ethical one accepts criticism and remains open to communication from followers. Given the considerable power of some charismatic leaders and their intense bond with their followers, it is easy to see how the line between ethical and unethical behaviors can be blurred. Leaders who are convinced of their vision do not doubt its righteousness, and leaders who have the ability to persuade often will do so without concern for others. The characteristics of self-confidence and skillful role modeling and persuasion that make a charismatic leader effective can also be the sources of highly destructive outcomes.

Distinguishing between the two types of charismatic leadership further helps explain how negative leadership can develop. Howell (1988) contrasts socialized and personalized charismatic leaders. Socialized leaders focus on satisfying their followers' goals and on developing a message that is congruent with shared values and needs and may be a factor in reducing deviance in their group (Brown and Treviño, 2006). Personalized leaders rely on getting followers to identify and agree with their personal values and beliefs. Both examples include all the characteristics of charismatic leaders, their followers, and the situation. Personalized leadership situations, however, are more prone to abuse.

In addition to the potential for power abuse and corruption, charismatic leaders also might present other liabilities ranging from a flawed vision that is self-serving to unrealistic estimates of the environment (Conger and Kanungo, 1998). The charismatic leader's skills at impression management and influence can become a liability when leaders mislead their followers with exaggerated estimates of their own or their followers' abilities and the chances for success. The unethical charismatic leader's journey becomes all about the leader. For the ethical one, it is about achieving a common goal. In many cases, the unethical charismatic leader will exaggerate the crisis and fan followers' sense of impending disaster and doom to demonstrate the need for his or her leadership. Other potential liabilities of charismatic leadership include failure to manage details, failure to develop successors, creation of disruptive in- and out-groups, and engaging in disruptive and unconventional behaviors (Conger and Kanungo, 1998). It is important to note that whereas followers often see their charismatic leader as ethical and their savior, detractors perceive him or her as unethical and even evil, both demonstrating very strong emotions. The emotion created by charismatic leaders leaves little room for moderation.

## Evaluation and Application

The considerable changes in many organizations in recent years have created a sense of crisis and resulted in a perceived need for revitalization and change. Therefore, it is no coincidence that the concept of charismatic leadership dominates academic and popular views of leadership. The need to revitalize industrial, educational, health-care, and governmental institutions creates one of the essential elements for charismatic leadership; many perceive that we are in a time of turbulent change, if not crisis. We make many demands on our leaders to provide us with revolutionary ideas and are often disappointed when they cannot fulfill those expectations. In fact, our expectations are so high that we are bound to be disappointed.

Researchers have developed a number of different approaches to explain charismatic leadership, ranging from an attributional perspective, whereby the leader's behavior and the situation persuade followers to attribute charismatic characteristics to the leader (Conger and Kanungo, 1987), to self-concept views that focus on explaining how charismatic leaders can influence and motivate their followers (Shamir, House, and Arthur, 1993), to psychoanalytic perspectives (Kets de Vries, 1993), and self-presentational views (Sosik, Avolio, and Jung, 2002). Various studies have tested the elements of the different views of charismatic leadership; the results are not always consistent (e.g., see Shamir et al., 1998). Continued research, however, provides strong support for the existence and importance of understanding charismatic relationships and how such leaders affect their followers and their organizations. For example, charismatic leadership may lower burn-out (De Hoogh and Den Hartog, 2009), facilitate team performance (Nohe et al., 2013), or engender positive affect in followers (Erez et al., 2008). Charismatic leaders seem to increase followers' efforts and citizenship behaviors (Sosik, 2005) and have been suggested to have a positive impact on external organizational stakeholders as well as immediate followers (Fanelli and Misangyi, 2006).

The charismatic relationship is a powerful and undeniable part of the most celebrated leadership situations, particularly in Western cultures. Charismatic leaders and their followers can achieve incredible feats. Such leadership, however, is not required for an organization to be successful. Indeed, it can be destructive, as is the case of unethical or personal charismatic leadership or even when a charismatic leader is simply wrong and drives the organization to failure. Charismatic leaders can also be powerful agents of change, but an equally powerful obstacle to change (Levey, 2010). In addition, because it is difficult, if not impossible, to train someone to be a charismatic leader (Trice and Beyer, 1993), the phenomenon depends on one individual rather than on stable organizational processes that can be put in place once the leader is gone. Finally, it is important to remember that charismatic leadership is not a cure-all. With all its potential benefits, charismatic leadership is a double-edged sword that requires careful monitoring to avert abuse. Although charismatic leadership holds a potentially negative side as demonstrated by many destructive charismatic historical figures, transformational leadership, which is presented next, relies on charisma as one element but concentrates on the positive role of leadership in change.

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### THE LEADERSHIP QUESTION—REVISITED

*Charisma is clearly seen as a positive trait for leaders in many cultures. Research shows its many positive aspects and points to its destructive potential. But even in the case of positive charisma, emotionally connecting with followers and firing them up is not, in and of itself, enough for effective leadership. The emotional high must be followed by action, implementation and results. Lofty speeches and emotional highs do not run organizations. They do not replace the hard work of actually getting things done. Charisma can bring an emotional high, but it does not necessarily lead to effective leadership.*

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## TRANSACTIONAL AND TRANSFORMATIONAL LEADERSHIP

How do leaders create and sustain revolutionary change in organizations? What style of leadership is needed to motivate followers to undertake organizational transformations? Several researchers proposed transformational leadership concepts to answer these questions and to describe and explain how leaders succeed in achieving large-scale change in organizations. Originally developed by Burns (1978) who proposed it as a moral form of leadership, transformational leadership was introduced to organizational behavior to suggest that some leaders, through their personal traits and their relationships with followers, go beyond a simple exchange of resources and productivity.

The leadership models presented in previous chapters focused on the transaction and exchange between leaders and followers. For example, in Path–Goal Theory (see Chapter 3), the leader clears obstacles in exchange for follower motivation by providing structure to the task or by being considerate. Such basic exchanges, sometimes labeled transactional leadership, are considered an essential part of leadership, and leaders must understand and manage them well. To create change, however, they must supplement exchange with transformational leadership. Transformational leadership theory and observation of many leaders suggest that leaders use behaviors that are more complex than initiation of structure and consideration to establish a connection with their followers and transform organizations.

### Transactional Leadership

*Transactional leadership* is based on the concept of exchange between leaders and followers. The leader provides followers with resources and rewards in exchange for motivation, productivity, and effective task accomplishment. This exchange and the concept of providing contingent rewards are at the heart of motivation, leadership, and management theory and practice and is an essential component of effective leadership (e.g., Clarke, 2013; Wang et al., 2011). Two styles of transactional leadership are Contingent Reward (CR) and Management by Exception (MBE).

**CONTINGENT REWARD** Through the use of *contingent reward*, leaders provide followers with promised rewards when followers fulfill their agreed-upon goals. When well managed, contingent rewards are highly satisfying and beneficial to the leader, the followers, and the organization. The informal and formal performance contracts that result are desirable and effective in managing performance (Bass, 1985). Some research indicates that transactional leadership can provide structure and lead to positive outcomes (Walker, 2006) and that individualistic cultures may react more positively to transactional leadership than collectivistic cultures (Walumbwa, Lawler, and Avolio, 2007), whereas other studies (e.g., Rank et al., 2009) indicate that transactional leadership may impede innovation. CR is part of most leadership training whereby leaders are taught to reinforce appropriate behaviors, discourage inappropriate ones, and provide rewards for achieved goals. It is a necessary component of effective leadership and management. For example, transactional leadership successfully motivated remaining employees to decontaminate and tear down the infamous Rocky Flats nuclear site in Colorado. The Environmental Protection Agency certified the nuclear weapons site “clean” in June 2007 after years of mismanagement, accidents, and extensive cleanup. Denny Ferrara, whose whole family worked at the plant, was in charge of getting employees to work themselves out of a job. He accomplished this task by setting clear goals, communicating extensively, allowing employees to provide input into how to do the work, and encouraging them with recognition and generous rewards, which in some cases topped \$80,000 a year (McGregor, 2004).

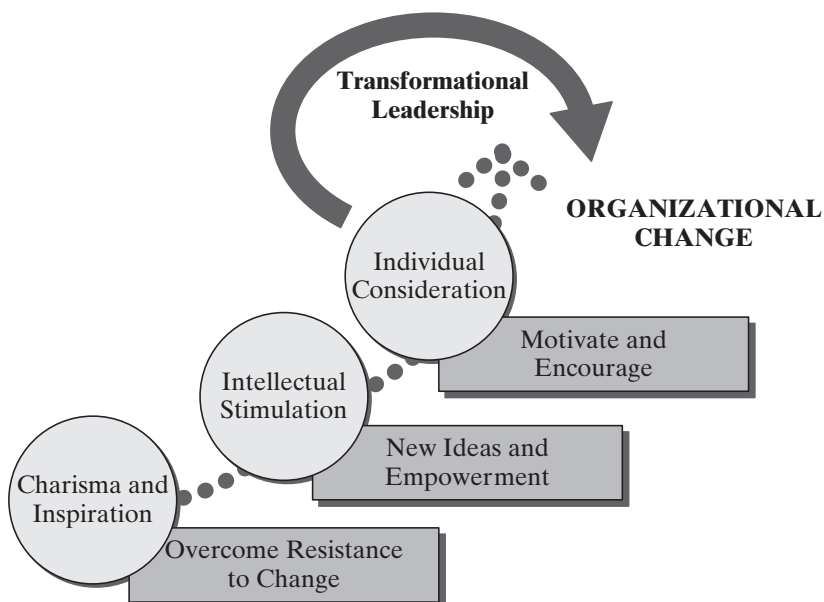
**MANAGEMENT BY EXCEPTION** *Management by Exception (MBE)* is a leadership style whereby the leader interacts little with followers, provides limited or no direction, and only intervenes when things go wrong. In one type of MBE, labeled “active MBE,” leaders monitor follower activities and correct mistakes as they happen (Bass and Avolio, 1990). In another type, labeled *laissez-faire* or omission, leaders are passive and indifferent toward followers and their task (Hinkin and Schriesheim, 2008). In both cases, little positive reinforcement or encouragement are given; instead the leader relies almost exclusively on discipline and punishment. Some managers confuse using MBE with empowering followers. After all, it does appear that followers have freedom to do as they please, as long as they do not make a mistake. Such comparisons, however, are not warranted. Encouragement and creating a supportive and positive environment in which risk-taking is encouraged, which are at the heart of empowerment, are clearly absent when a manager relies on MBE. Even though CR can yield positive effects, using MBE, particularly *laissez-faire*, as a primary leadership style has a negative impact on follower’s performance and satisfaction.

Despite the success of some transactional relationships in achieving performance, an exclusive focus on such exchanges and transactions with followers is blamed for low expectations of followers and minimal performance in organizations (Zaleznik, 1990). Transactional contracts do not inspire followers to aim for excellence; rather, they focus on short-term and immediate outcomes. Long-term inspiration requires transformational leadership.

### Transformational Leadership

Leadership scholars and practitioners suggest that today’s organizations need leadership that inspires followers and enables them to enact revolutionary change. Transformational CEOs from the business and nonprofit sectors are credited with having dramatically changed their organizations and are also celebrated. *Transformational leadership* includes three factors—charisma and inspiration, intellectual stimulation, and individual consideration—that, when combined, allow a leader to achieve large-scale change (Figure 6-2).

**ELEMENTS OF TRANSFORMATIONAL LEADERSHIP** *Charisma and inspiration* are one of the three central elements of transformational leadership (Bass, 1985; Bass and Avolio, 1993). The charismatic leadership relationship creates the intense emotional bond between leaders and



**FIGURE 6-2** Transformational Leadership Factors

followers. The result is loyalty and trust in, as well as emulation of, the leader. Followers are inspired to implement the leader's vision. The strong loyalty and respect that define a charismatic relationship pave the way for undertaking major change by reducing resistance. The second factor is *intellectual stimulation*, which is the leader's ability to motivate followers to solve problems by challenging them intellectually and empowering them to innovate and develop creative solutions. The leaders and the group question existing values and assumptions and search for new answers (Shin and Zhou, 2003). By encouraging them to look at problems in new ways, requiring new solutions, and by triggering controversial discussions and debates, the leader pushes followers to perform beyond what they previously considered possible (Boerner, Eisenbeiss, and Griesser, 2007). Shantanu Narayen, CEO of Adobe Systems, when focusing on what leadership styles matter, states, "Challenging individual by setting goals and then letting them use their ingenuity to accomplish them is something that I hope I can pass on as part of my leadership style. If you set a common vision and then get really scary-smart people, they do things that amaze you" (Bryant, 2009b). The charismatic bond provides support and encouragement in this endeavor and prevents followers from feeling isolated. Intellectual stimulation includes a strong empowerment component, which assures followers of their abilities and capabilities and enables them to search out new solutions. Transformational leadership has been shown to create empowerment that, in turn, increases team effectiveness (Kark, Shamir, and Chen, 2003).

The last factor of transformational leadership is *individual consideration*, which leads to the development of a personal relationship with each follower. This factor is closely related to the Leader–Member Exchange (LMX) Model presented in Chapter 3. The leader treats each follower differently but equitably, providing everyone with individual attention. As a result, followers feel special, encouraged, motivated, and developed, and they perform better (Dvir et al., 2002). The leader's individual consideration further allows for matching each follower's skills and abilities to the needs of the organization. Anne Mulcahy, chairwoman and chief executive of Xerox, brought the company back from the brink of bankruptcy. She believes the most important leadership lesson is followership, "...I think it's a lot more about followership—that your employees are volunteers and they can choose to wait things out if they don't believe. And that can be very damaging in a big company. So it is absolutely this essence of creating followership that becomes the most important thing that you can do as a leader" (Bryant, 2009e).

The three factors—charisma and inspiration, intellectual stimulation, and individual consideration—combine to allow the leader to undertake the necessary changes in an organization. Referring back to the definition of leadership effectiveness presented in Chapter 1, we see that transformational leadership allows for external adaptation, whereas transactional leadership behaviors support the maintenance of the routine aspects of the organization necessary to maintain internal health. Some research suggest that the two go hand in glove, one building on the other to make leaders effective (Wang et al., 2011).

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## WHAT DO YOU DO?

*You have been at your company for close to five years and have had excellent reviews. You are at a mid-level management position and you like your job. It's challenging and satisfying; you like your boss and your coworkers; your employees are great; and you have had satisfied customers and steady growth. Nothing spectacular; but things are going very well. A new CEO has just joined the company and she has announced major changes: restructuring, moving people around, new departments and teams, a push for new products and services, new technology, several young top managers from the outside, office redesign to make things open, and much more. Your comfortable, safe, and successful routine is being shaken up and everyone, including you, is stressed out. What do you do?*

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## Evaluation and Application

Transformational leadership is one of the most popular and currently heavily researched theories of leadership. The theory has moved from the development of basic concepts to the stage where the concepts are critically reviewed and various moderating variables are identified (Antonakis, Avolio, and Sivasubramaniam, 2003). Therefore, considerable research about the various aspects of transformational leadership is available, several extensions of the model have been proposed (e.g., Rafferty and Griffin, 2004), and applications to broader organizational contexts, such as educational settings (Leithwood and Sun, 2012), the military (Hardy et al., 2010), and the public sector (Denhardt and Campbell, 2006) have been tested. Research shows that transformational leadership can increase employee proactivity by enhancing their commitment to the organization (Strauss, Griffin, and Rafferty, 2009). It is further linked to performance (Braun et al., 2013), particularly in smaller organizations (Ling et al., 2008), and employee engagement (Tims, Bakker, and Xanthopoulou, 2011). Other studies suggest that there is a positive relationship between transformational leadership, organizational climate, and innovation (Eisenbeiss, Knippenberg, and Boerner, 2008) and that perception of transformational leadership is linked to positive emotions in employees (Liang and Chi, 2013).

Several studies consider transformational leadership theory across gender and cultures. For example, female transformational leaders form a unique relationship with each of their followers, suggesting that women favor an interpersonal-oriented style of leadership (Yammarino et al., 1997). Women leaders often exhibit concern for others, expressiveness, and cooperation (Eagly, Karau, and Makhijani, 1995), traits that are associated with transformational leadership. Some research also suggests a link between being androgynous (blend of male and female behaviors) and transformational leadership (Kark, Waismel-Manor, and Shamir, 2012). From a national cross-cultural perspective, it appears that ideal leadership characteristics across many countries—such as Canada, South Africa, Israel, Mexico, Sweden, and Singapore—include some transformational leadership elements (Bass, 1997). The concept has been applied to non-Western cultures such as Israel (Dunn, Dastoor, and Sims, 2012), Pakistan (Tipu, Ryan, and Fantazy, 2012), and Turkey (Karakitapoğlu-Aygün and Gumusluoglu, 2012) and has shown predicted results. Additionally, research indicates that individuals from collectivistic cultures in particular, may be receptive to transformational leadership (Jung, Bass, and Sosik, 1995; Walumbwa and Lawler, 2003; and Walumbwa et al., 2007).

In spite of extensive research, transformational theories present some shortcomings. First, it is clear that many of the transformational behaviors include dispositional, trait-like elements that are reported to develop early in life (Bass, 1985). As such, it may be difficult to train leaders to become transformational. For example, although it might be easy to instruct a leader how to provide contingent rewards, teaching the leader to inspire and intellectually stimulate followers may not be as simple. Second, as is the case with charismatic leadership, the tendency is to propose transformational leadership as a panacea may be problematic. However, research regarding conditions under which transformational leadership may or may not be effective is lacking. A stronger contingency approach would identify various contextual organizational variables that might contribute to the effectiveness of transformational leadership (Pawar and Eastman, 1997). For example, not all organizations are in need of transformation and some may require effective maintenance of the status quo. There is little research about how transformational leadership may fare in those settings. Some researchers further suggest that the transformational leadership theory could benefit from clarification of the difference between charismatic and transformational leadership and the mediating processes and situational variables that lead to transformational

leadership (Sashkin, 2004; Yukl, 1999). Finally, there is limited research about the potential negative consequences of transformational leadership. As is the case with charismatic leadership, transformational leadership involves the potential of leading to followers' excessive dependency (Eisenbeiß and Boerner, 2013; Kark et al., 2003) and negative and unethical behavior (Price, 2003); further research in that area would enhance the model.

Transformational leadership concepts apply widely to organizational effectiveness and leadership training. Connecting with followers and inspiring them would help most, if not all, leaders and their organizations become more effective. Recommendations for leaders based on transformational leadership models include the following:

- Project confidence and optimism about the goals and followers' ability
- Provide a clear vision
- Encourage creativity through empowerment, reward experimentation, and tolerate mistakes
- Set high expectations and create a supportive environment
- Establish personal relationships with followers



## LEADING CHANGE

### The Unconventional Sir Richard Branson

"Entrepreneurship isn't about selling things—it's about finding innovative ways to improve people's lives" says Sir Richard Branson, the fourth richest man in the United Kingdom, founder and CEO of the Virgin Group, and a daredevil entrepreneur (Branson, 2013a). The Virgin Group family of 400 companies with over 50,000 employees in 34 countries has been, for many years, a household name in Europe. From record stores to cell phones and airlines, to a commercial spaceport in New Mexico opened in 2011, Virgin is a formidable brand now exploring areas such as galactic travel and banking. Sir Richard Branson built his empire by breaking rules and successfully taking on challenges that everyone told him would fail. Running his business from his house on the private Caribbean island of Necker, and taking phone calls while resting in a hammock between tennis games, he claims he has never worked in an office a day in his life (Larson, 2013). Branson considers profits to be secondary: "The bottom line has never been a reason for doing anything. It's much more the satisfaction of creating things that you're proud of and making a difference" (Deutschman, 2004: 95).

Most often mentioned for his keen marketing skills and his ability in attracting attention through his daredevil endeavors such as hot-air balloon trips across the Atlantic, indulging in outrageous behaviors such as dressing as a bride or a pirate, or being photographed nude for his biography, Branson focuses on ventures he feels passionate about, and he cares deeply about the culture and people in his many companies (Hawn, 2006). With his businesses well established and considerable name recognition, he has turned his attention to social and environmental issues such as climate change, search for clean fuels, helping social entrepreneurs around the world, and even creating a group called the Elders—with Nelson Mandela as a founding elder—a rapid reaction force that brings together senior world leaders to address peace and human rights issues (<http://www.theelders.org>, 2013).

Branson believes, "You can't be a good leader unless you generally like people. That is how you bring out the best in them" (*Workforce*, 2004). He believes, "It's extremely important



to respond to people, and to give them encouragement if you're a leader. And if you're actually turning people down ... take the time to do it yourself" (Branson, 2007). About flexible work policies at the Virgin Group, he says: "We like to give people the freedom to work where they want, safe in the knowledge that they have the drive and expertise to perform excellently, whether they at their desk or in their kitchen" (Larson, 2013). Encouraging people through lavish praise so they can flourish, allowing them to figure out their mistakes instead of picking on them, and moving employees around to help them to find a job that allows them to excel are all part of Branson's leadership philosophy. He suggests that most employees leave companies when they are frustrated because they are not heard.

Although often considered a control freak for keeping a hand in all his companies, Sir Richard has learned to delegate and develop the people who work for him. He describes the process: "I come up with the original idea, spend the first three months immersed in the business so I know the ins and outs and then give chief executives a stake in the company and ask them to run it as if it's their own" (*Workforce*, 2004). Branson wants to make sure that whatever he builds or takes part in is something that he can be proud of. He admits, "I made and learned from lots of mistakes. In the end, the key is will power" (Hawn, 2006). He also willingly admits that he is not a typical business person: "I have never been one for conventional thinking, and entrepreneurs launching startups always need to improvise quick, creative solutions to the obstacles they encounter" (Branson, 2013b). His description of Virgin Group's mission statement—"Ipsum sine timore, consector," or "Screw it, let's do it!"—is further testimony to his unique approach (Branson, 2013c).

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Sources: Branson, R. 2006. "How to succeed in 2007," *CNN Money.com*. <http://money.cnn.com/popups/2006/biz2/howtosucceed/4.html> (accessed August 14, 2007); Branson, R. 2013a. "Richard Branson social entrepreneurship," *Entrepreneur*, June 17. <http://www.entrepreneur.com/article/227044> (accessed July 29, 2013); Branson, R. 2013b. "How Richard Branson decides where to set up shop," *Entrepreneur*, July 15. <http://www.entrepreneur.com/article/227415#ixzz2aSJ9l800> (accessed July 29, 2013); Branson, R. 2013c. "Richard Branson on crafting your mission statement," *Entrepreneur*, July 22. <http://www.entrepreneur.com/article/227507#ixzz2aS6wGYVq> (accessed July 29, 2013); Deutschman, A. 2004. "The Gonzo way of branding," *Fast Company*, October 91–96; Hawn, C. 2006. "Branson's next big bet," *CNN Money.com*, October 2. [http://money.cnn.com/magazines/business2/business2\\_archive/2006/08/01/8382250/](http://money.cnn.com/magazines/business2/business2_archive/2006/08/01/8382250/) (accessed August 12, 2007); Larson, L. 2013. "Richard Branson brands Marissa Mayer's ban on Yahoo! Employees working from home 'perplexing and backwards,'" *MailOnline*, February 25, <http://www.dailymail.co.uk/news/article-2284540/Richard-Branson-criticizes-Marissa-Mayers-perplexing-backwards-ban-Yahoo-employees-working-home.html#ixzz2aSFVcPgD> (accessed July 29, 2013); and Branson, R. 2004. "The importance of being Richard Branson," *Workforce*, December. [www.workforce.com/archive/article/23/91/47.php](http://www.workforce.com/archive/article/23/91/47.php) (accessed January 30, 2005).

## VALUE-BASED LEADERSHIP: SERVANT, AUTHENTIC, AND POSITIVE APPROACHES

Leadership is more than a series of behaviors and actions. For some, the leadership process is spiritual (Chen and Li, 2013; Fry, 2003; Fry et al., 2011), highly emotional and personal, and based on fundamental values such as integrity, caring for, and service to others (Greenleaf, 1998). Such concepts have found their way into leadership theory and research, and some approaches now take into consideration values, emotions, and optimism as primary aspects of leadership. Several different leadership approaches where the focus is broader than organizational performance and includes followers, culture, and other stakeholders are increasingly part of the research and practice of



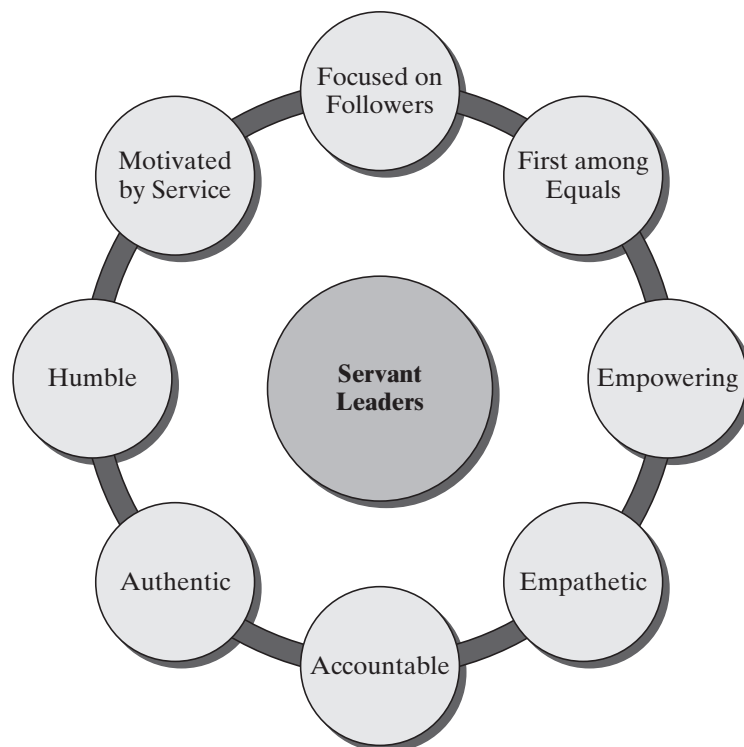
leadership (for a review, see Avolio, Walumbwa, and Weber, 2009). In talking about communicating with employees Gordon Bethune, the former CEO of Continental Airlines insists that integrity is an absolute requirement so that leaders can establish and maintain their credibility (Bryant, 2010a).

### Servant Leadership

Many of the companies rated at best places to work in the U.S. name *servant leadership* as a core value (Hunter et al., 2013). The concept was first proposed by Robert Greenleaf who based leadership on service to followers, and effectiveness on whether followers were healthy, free, and autonomous and the extent to which those with less privilege were being taken care of (Greenleaf, 1977). Greenleaf's conception of servant leadership, though powerful, does not provide a clear definition; however, later work has helped refine the concept. At the heart of servant leadership, and the factor that distinguishes it most clearly from other leadership theories, is the focus on followers rather than the organization or the leader (for a review see van Dierendonck, 2011). Service to followers and their development and effectiveness, rather than organizational effectiveness, is essential to servant leaders.

Over 40 different traits and behaviors have been suggested to be related to servant leadership (van Dierendonck, 2011) with several key identifying characteristics (see Figure 6-3). When compared to other leadership approaches, some of these are unique to servant leadership, while others are not. For example, being first among equals, motivated by service and humility are not typically part of Western conceptions of organizational leadership. However, empathy for others is an element of emotional intelligence considered key to leadership. Similarly, authenticity, empowerment, and accountability are often considered to be leadership factors.

Servant leadership is a relatively new approach and needs considerably more empirical testing and development. However, the importance and significance of several of its components can be gleaned from other related research, and initial findings show considerable promise.



**FIGURE 6-3** Key Characteristics of Servant Leaders

For example, a high-quality leader–member exchange (LMX, see Chapter 3) includes many of the elements of trust, respect, and cooperation with a focus on follower development that are part of servant leadership (van Dierendonck, 2011). Similarly, research on organizational citizenship behavior (OCB) shows that employees whose leaders have a strong service focus engage in more extra-role behaviors at work (Ng, Koh, and Goh, 2008), and servant leadership is related to team effectiveness in some settings (Irving and Longbotham, 2007). Other research shows links to follower commitment and satisfaction (Schneider and George, 2009), hopefulness (Searle, 2010), and engagement (Hunter et al., 2013). Furthermore, many of the servant leadership concepts are part of leadership in other cultures (see Mittal and Dorfman, 2012). For example, the themes of humility, accountability, and focus on followers are central to leadership ideals found in Iran and in other Indo-European cultures (Nahavandi, 2012).

Authentic leadership is another value-based leadership model that has received attention in recent years.

### Authentic Leadership

Authentic leadership emphasizes the importance of leader's self-awareness and being true to his or her own values. "To be a great leader, you need to be yourself," states Padmasree Warrior, chief technology officer at Cisco Systems (Warrior, 2010). Hatim Tyabji, executive at Bytemobile, Inc., a wireless infrastructure provider and a world-renowned innovation expert, agrees that authenticity is essential to leadership. He believes the employees pay attention to what leaders do more than what they say, so it is essential that actions match the words (Tyabji, 1997). *Authentic leaders* (AL) are people who know themselves well and remain true to their values and beliefs. They have strong values and a sense of purpose that guide their decisions and actions (George, 2003). Bill George, the former CEO of Medtronic and one of the strongest proponents of AL, believes that the most effective leaders, those who have the most long-lasting impact on their followers and their organizations, are those who have a moral compass and have found their "true north" (George, 2007). The key to AL is understanding personal strengths and developing them. Consultant Marcus Buckingham recommends that leaders identify their strengths and build on them rather than try to address their weaknesses (Buckingham, 2005).

**DEFINITION AND KEY ELEMENTS** The idea of authenticity as a primary factor in leadership is part of the new era in leadership research with many studies focusing on defining and measuring the construct and many others linking it to other leadership construct such as transformational leadership and to organizational outcomes (for a review, see Gardner, et al., 2011). The roots of AL can be traced back as far as Rogers' and Maslow's concept of self-actualization and more recently to the positive psychology movement (Seligman, 2002; Seligman and Csikszentmihalyi, 2000), the concept of positive organizational behavior (Cameron et al., 2003), and optimal self-esteem (Kernis, 2003; Kernis and Goldman, 2005). The basis for all the definitions of the concept is *awareness of one's values and self-knowledge* and acting according to that information. However, various conceptions of authenticity include other traits such as hopefulness, having enduring relationships, confidence, and behaving ethically. Authenticity is considered highly complex and includes traits, emotions, behaviors, and attributions (Avolio and Gardner, 2005; Cooper, Scandura, and Schriesheim, 2005; Ladkin and Taylor, 2010). Further, authenticity is differentiated from sincerity, which involves accurate self-presentations rather than being true to oneself (Avolio and Gardner, 2005). Table 6-5 summarizes the four key elements of AL.

Some have proposed that AL is the basis for many other leadership concepts such as charismatic, transformational, and servant leadership (Avolio and Gardner, 2005) and have related

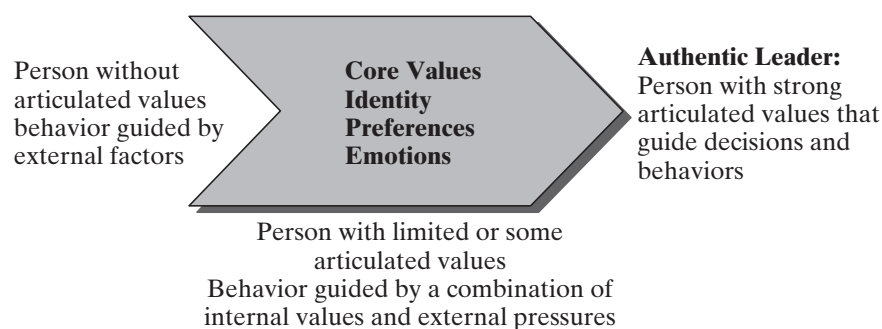
**TABLE 6-5** Components of Authentic Leadership (AL)

Components	Description
<i>Self-awareness</i>	Being aware of and trusting one's emotions, motives, complexities, abilities, and potential inner conflicts.
<i>Unbiased or balanced processing</i>	Ability to consider, within reasonable limits, multiple perspectives and inputs and assess information in a balanced manner in regard to information about both the self and others.
<i>Behaviors are true to self and motivated by personal convictions</i>	Focused by own convictions; unencumbered by others' expectations or desire to please others; decisions and behaviors guided by personal values.
<i>Relational authenticity or transparency</i>	Ability to disclose and share information about self appropriately and openly to relate to others; achieving openness and truthfulness in close relationships.

Source: Based on information in Avolio, B. J., and W. L. Gardner. 2005. Authentic leadership development: Getting to the root of positive forms of leadership. *The Leadership Quarterly*, 16:315–338; Gardner, W.L., G.C. Coglier, K.M. Davis, and M.P. Dickens. 2011. Authentic leadership: A review of the literature and research agenda. *The Leadership Quarterly*, 22: 1120–1145; and Kernis, M. H. 2003. Toward a conceptualization of optimal self-esteem. *Psychological Inquiry*, 14:1–26; Kernis, M.H., and B.M. Goldman. 2005. From thought and experience to behavior and interpersonal relationships: A multicomponent conceptualization of authenticity. In A. Tesser, J.V. Wood, and D.A. Stapel (Eds.), *On building, defending, and regulating the self: A psychological perspective* (31–52). New York: Psychology Press.

it to the positive leadership approach that we review in the next section (Luthans and Avolio, 2003). Researchers (e.g., Avolio et al., 2004) further consider AL to be a continuum where at one end a leader is either unaware of his or her values or does not follow them, and at the other end, the person is able to articulate values clearly and use them to guide his or her behavior (Figure 6-4).

AL is focused on the leader and on his or her self-awareness. It also carries a strong ethical and moral component that is similar to the servant leadership. Authentic leaders rely on their values to behave ethically and develop the genuine relationships with followers. Howard Schulltz, cofounder and CEO of Starbucks, has created an organization based on what matters most to him (see Leading Change in Chapter 10). As a child, Schulltz watched his family struggle without health benefits after his father lost his job because of an injury. Those experiences

**FIGURE 6-4** Continuum of Authentic Leadership

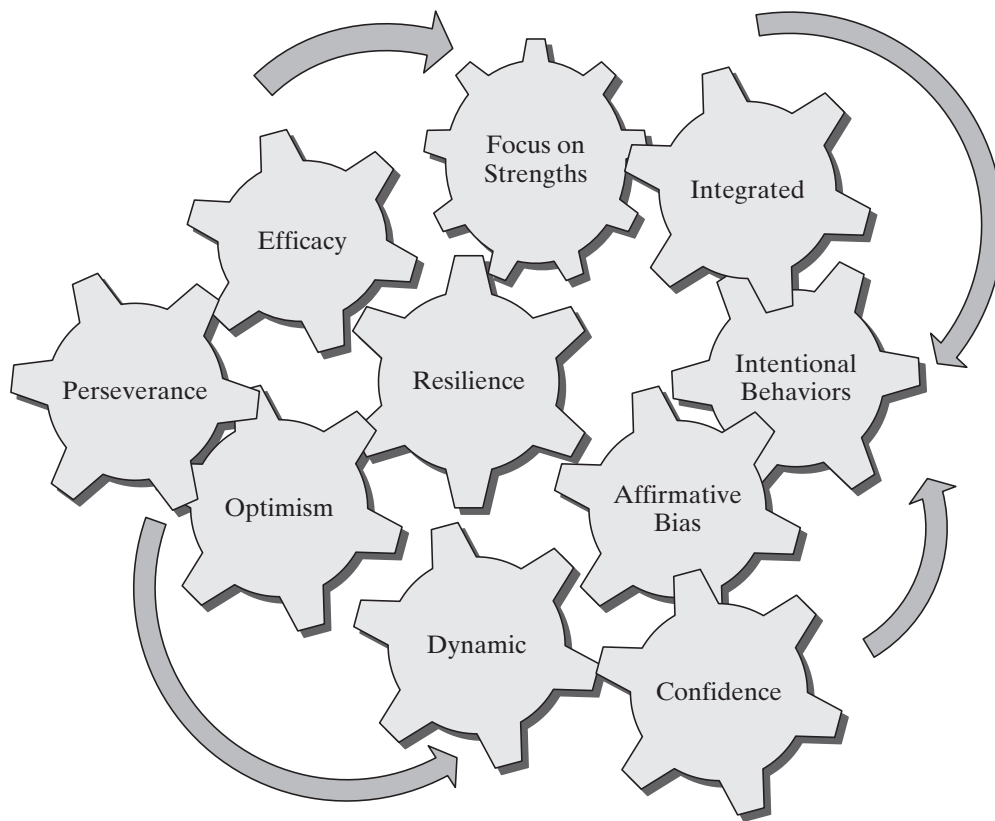
left an indelible mark on Schulltz, who made taking care of employees, providing health benefits, and not leaving anyone behind the core of Starbucks' culture. Schulltz' actions as a leader stem from his beliefs and values, which are the source of his success as a leader. Bill George suggests that Wendy Kopp, founder of Teach For America, is another example of an authentic leader (2007). With a strong desire to change the world and improve K–12 education, she organized conferences that included students and business leaders while she was a senior at Princeton University. Her isolated background from a middle-class family, her consideration of a teaching career, and her passion to make a difference led her to create Teach for America and lead the organization through many turbulent years before it established itself as a model for community engagement (George, 2007). Other leaders who believe that facing a major crisis allows people to find out who they are and what is truly important include John Chambers, the CEO of Cisco Systems. Chambers says: "People think of us as a product of our successes. I'd actually argue that we're a product of the challenges we face in life. And how we handled those challenges probably had more to do with what we accomplish in life" (Bryant, 2009d).

**APPLICATION AND EVALUATION** AL is still a new theory that requires much research. Consistent findings link it to positive organizational outcomes (see Gardner et al., 2011 for a review). For example, it has been linked to performance (Peterson et al., 2012), group ethical conduct (Zhu et al., 2011), team virtuousness (Rego et al., 2013), employee satisfaction and organizational commitment (Jensen and Luthans, 2006), and empowerment, engagement, and citizenship (Walumbwa et al., 2010). However, research about cross-cultural applications is still limited and the model and its applications and extensions continue to be developed. For example, researchers have suggested that authenticity should include not only awareness of strengths but also recognition of weaknesses (Diddams and Chang, 2012). Others have started considering various mediating, contextual and situational factors that may affect AL (Algera and Lips-Wiersma, 2012).

## Positive Leadership

Several psychologists have recommended shifting the focus of how we look at both social and clinical situations from a negative—fix the problems, to a positive approach that focuses on elevating situations through having an affirmative bias that emphasizes strengths, capabilities, and possibilities, rather than weaknesses and problems (Seligman and Csikszentmihalyi, 2000; Snyder, Lopez, and Pedrotti, 2011). This *positive psychology* has in turn given rise to *positive organizational behavior* (POB; Cameron, Dutton, and Quinn, 2003) and *positive leadership* (PL). Much like spiritual and authentic leadership, POB and PL have roots in the concepts of self-actualization and the 1960s management approaches of Chris Argyris and Douglas McGregor, who focused on human growth and potential. PL includes a long list of traits, cognitions, and behaviors presented in Figure 6-5. At the core is the emphasis on *individual strengths* and helping people achieve their highest potential and what some researchers have called the psychological capital (PsyCap). *PsychCap* involves positive psychological states, confidence, positive attributions, perseverance, and resilience (Youssef-Morgan and Luthans, 2013). The various characteristics of positive leaders all operate together to allow them to function in their optimal range, something that is referred to as flourishing (Yousseff and Luthans, 2012).

"What I've learned over time is that optimism is a very, very important part of leadership. However, you need a dose of realism with it. People don't like to follow pessimists," says Robert



**FIGURE 6-5** Characteristics of Positive Leaders

Iger, CEO of Disney (Bryant, 2009h). Author Carmine Gallo further states, “Inspiring leaders have an abundance of passion for what they do. You cannot inspire unless you’re inspired yourself (Gallo, 2007). Tachi Yamada, the president of the Bill and Melinda Gates Foundation, echoes their thoughts, “If I spend my time focusing on everything that’s bad, I’d get nothing done.... If you can bring out the best in everybody, then you can have a great organization” (Bryant, 2010b). These executives practice positive leadership, which includes (Cameron, 2008; Snyder et al, 2011) the following:

- ***Being optimistic:*** looking at the glass as half full; considering the positive side of events while remaining realistic
- ***Encouraging positive deviance:*** by promoting outstanding results that change the way things are for the better
- ***Focusing on strengths:*** having an affirmative bias that promotes what is going well instead of trying to correct what is wrong
- ***Creating a positive climate:*** where you give people the benefit of the doubt; foster compassion, forgiveness, and gratitude; and celebrate successes
- ***Maintaining positive relationships:*** with followers and advancing kindness, cooperation, support, and forgiveness in your team
- ***Having positive communications:*** with affirmative language, open and honest feedback geared toward building on and supporting strengths.
- ***Dealing with negativity quickly:*** addressing those who behave negatively and sap the energy of the team in a constructive manner.

## APPLYING WHAT YOU LEARN

### Balancing a Positive Approach with Realism

Positive leadership involves a way of thinking and a way of acting. Although both may have roots in personality, many of the actions of positive leaders can be developed and implemented with practice. However, positivity needs to be balanced with a healthy dose of realism. Some practical tips include the following:

- **Optimism is infectious**—most people respond to and are persuaded better with an optimistic message. Positivity engenders enthusiasm and motivation.
- **Stay data and fact-driven** when analyzing problems. Your analysis of issues should be based on as much objective information and facts as you and your team can find. So, temper your optimism when analyzing issues and take a hard, cold look at alternatives and options.
- **Be aware that we all overestimate our strengths.** Remain hopeful and positive, but be aware of this potential bias.
- **Positivity belongs in implementation.** When you have reached a decision, use your enthusiasm and optimism to cheer on your team. They need your encouragement, trust, and cheerleading at this stage.
- **Deal with negativity, but...** be careful not to shut down legitimate criticism and well-founded skepticism. Disagreement does not mean disloyalty, and you need to listen to dissenting voices.
- **Work hard at getting all sides.** The more power the leader has and the higher up she is, the less likely it is that followers will give bad news and voice dissent. You have to actively seek out their input.
- **Be aware of the power of a well-liked leader.** The more your followers like and respect you, the less likely they are to criticize you. Don't let their admiration and respect go to your head! You are never as good as your admirers say or as bad as your detractors think!

## Evaluation and Application

The somewhat limited research about the impact of PL indicates that the leader's positivity, enthusiasm, and optimism can have many positive outcomes including higher performance (e.g., Avey, Avolio, and Luthans, 2011) and employee well-being (Kelloway et al., 2013). Some researchers have also suggested that PL can provide significant benefits when working across cultures (Youssef and Luthans, 2012). Positive leadership offers a fresh approach where the focus is more on how a leader thinks and less on what he or she is—charismatic, value based, or authentic, for example. Owing to its roots in psychology, positive leadership has a cognitive approach that emphasizes the perspective leaders choose to take, how they analyze and interpret the situation, and how those processes determine their behavior. Specifically, positive leaders take on positive perspective that guides their approach to leading themselves and others.

The concepts of value-based, authentic, and positive leadership share common elements with other approaches to leadership presented in this chapter. All focus on the relationship between leaders and followers and on the sharing of a vision for the group. Some researchers suggest that authentic leadership is at the root of the other concepts (Avolio and Gardner, 2005). Although charismatic, transformational, spiritual, and positive leaders all have to have some degree of authenticity, authentic leaders do not necessarily need to be charismatic, transformational, spiritual, or positive. In addition, authentic leaders may lead by being task or relationship oriented or by involving and empowering followers to various degrees. For charismatic and transformational leaders, the connection with followers comes from inspirational appeal,

impression management, or focusing on the followers' needs. In the case of authentic leaders, a focus on followers and on attempts to win them over through arguments and rhetoric is usually absent (Avolio and Gardner, 2003). Instead, the authentic leader wins over followers by the strength of his or her own beliefs. The authentic leader does not focus on others' expectations.

As research topics, servant, authentic, and positive leadership present opportunities and challenges. The concepts add considerable richness to the study of leadership by introducing and considering the role of emotions in the leadership process. In addition, the introduction of hope and optimism, which is the basis of all three concepts, to understanding leadership is a significant contribution (Avolio et al., 2004). At this point in time, however, much of the information about value-based and authentic leadership theories is based either on case studies or on anecdotal accounts. Although the information is rich and provides many avenues for further study, empirical research about the topic is still scarce.

### **A Critical Look at Value-Based Models**

While there is little doubt that the optimism, enthusiasm, and taking care of followers that are part of the value-based approaches can lend many benefits to organizations, some have sounded a note of caution regarding excessive positivity and misplaced optimism. Specifically, based on extensive research about perceptual and attributional biases, Lovullo and Kahneman point that leaders, as well as other people, have a tendency to overestimate their strengths, exaggerate their talents, and take credit for and overrate their control over positive events (2003). These researchers indicate that we tend to fall prey to *delusional optimism*, which makes us unrealistically optimistic about the success of our endeavors. Additionally, others have suggested that positive, or "Prozac," leadership (Collinson, 2012) and excessive optimism and "brightsideness" (Ehrenreich, 2009) can have dire consequences in organizational and political leadership. For example, business leaders' relentless optimism and their overconfidence may have played a role in the financial crisis of 2008 (Lewis, 2010).

Equating leadership with being positive, as is the hallmark of charismatic, transformational, and value-based models, may prevent us from dealing with the complex and multilayered issues that leadership presents (Collinson, 2012) and undermine the importance of followers, critical thinking and dissent (Banks, 2008). For example, can a leader be fully self-aware, but unethical? Or, when does a positive leader become dictatorial or even abusive in dealing with negative thinkers? Furthermore, while some researchers suggest that positive leaders are better suited to address cross-cultural challenges, there are few studies that apply the value-based leadership contexts outside of United States, where Barbara Ehrenreich, *New York Times*' best-selling author, says people have an obsession and a culturally based bias for positivity (2009). Finally, as is the case with charismatic and transformational leadership, the assumption that value-based leadership works in all situations and all contexts needs careful consideration.