



IIT ROORKEE



NPTEL ONLINE
CERTIFICATION COURSE

LEADERSHIP AND TEAM EFFECTIVENESS

LECTURE – 11

Charismatic and Transformational Leadership

PROF. SANTOSH RANGNEKAR

DEPARTMENT OF MANAGEMENT STUDIES



Content

- Charismatic Leadership
 - Types of Authority Systems
- Transactional Leadership
- Transformational Leadership
- Charismatic vs Transformational Leadership
- Charismatic & Transformational Leadership (Common)
- Case Study
- Research Paper
- Book Recommendation
- References



Image Source: <http://clipart-library.com/clipart/56784.htm>

Charismatic Leadership



Mahatma Gandhi

- Charismatic leaders are passionate, driven individuals who can paint a **compelling vision of the future**. Through this vision they can generate high levels of excitement among followers and build particularly strong emotional attachments with them.
- Some charismatic leadership can result in **positive and relatively peaceful organizational or societal changes**; Mahatma Gandhi and Nelson Mandela have done a commendable work for their respective countries.

Image Source : https://en.wikipedia.org/wiki/Mahatma_Gandhi

Charismatic Leadership (Cont.)

- On the downside, when this passion is for selfish gains, history mournfully suggests it can have an equally **devastating effect on society**. Examples might include Hitler of Germany or Kim Jung-Un of North Korea.
- “Charismatic Leadership is "resting on devotion to the exceptional sanctity, heroism or exemplary character of an individual person, and of the normative patterns or order revealed or ordained by him". – **Max Weber**



Adolf Hitler

Image Source: <https://www.onthisday.com/people/adolf-hitler>

Charismatic Leadership (Cont.)



Max Weber

- Prior to the mid-1970s charismatic leadership was studied primarily by historians, political scientists, and sociologists.
- Of this early research, Max Weber arguably wrote the single most important work where he maintained that societies could be categorized into one of three types of authority systems:
 - **Traditional**
 - **Legal–Rational**
 - **Charismatic**

(Weber, 1964)

Image Source: https://en.wikipedia.org/wiki/Max_Weber

Types of Authority Systems

- In the **traditional authority system**, the traditions or unwritten laws of the society dictate who has authority and how this authority can be used. The transfer of authority in such systems is based on traditions such as passing power to the first-born son of a king after the king dies.
- In the **legal–rational authority system** a person possesses authority not because of tradition or birthright but because of the laws that govern the position occupied. For example, elected officials and most leaders in nonprofit or publicly traded companies are authorized to take certain actions because of the positions they occupy. The power is in the position itself rather than in the person who occupies the position.

Types of Authority Systems

- In the **charismatic authority system**, people derive authority because of their exemplary characteristics. Charismatic leaders are thought to possess superhuman qualities or powers of divine origin that set them apart from ordinary mortals. The locus of authority in this system rests with the individual possessing these unusual qualities; it is not derived from birthright or laws.

According to Weber, charismatic leaders come from the **margins of society and emerge as leaders in times of great social crisis**. These leaders focus society both on the problems it faces and on the revolutionary solutions proposed by the leader. Thus charismatic authority systems are usually the result of a **revolution against the traditional and legal-rational authority systems**.

Transactional Leadership

- The debate surrounding charismatic leadership shifted dramatically with the publication of James MacGregor Burns's Leadership (Burns, 1978).
- Burns was a prominent political scientist who had spent a career studying leadership in the national political arena. He believed that leadership could take one of two forms :
 - **Transactional**
 - **Transformational**

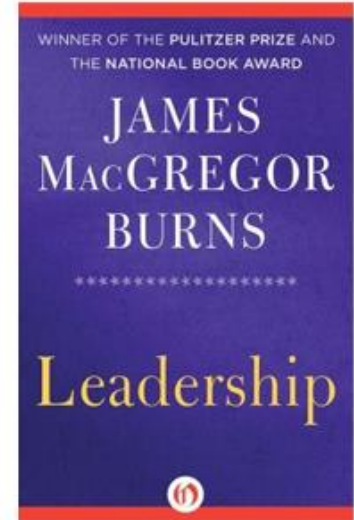


Image Source: <http://changenowforgood.ca/james-macgregor-burns-leadership/>

Transactional Leadership (Cont.)

- Transactional leadership occurred when leaders and followers were in some type of **exchange relationship** to get needs met. The exchange could be economic, political, or psychological, and examples might include **exchanging money for work, votes for political favors, loyalty for consideration**, and so forth.
- Transactional leadership is common but tends to be transitory in that there may be **no enduring purpose** to hold parties together **once a transaction is made**.
- Burns also noted that while this type of leadership could be quite effective, it did not result in organizational or societal change and instead tended to perpetuate and legitimize the status quo.

Transformational Leadership

- The second form of leadership suggested by Burns is **transformational leadership**, which changes the status quo by appealing to followers' values and their sense of higher purpose.



- Transformational leaders articulate the problems in the current system and have a compelling vision of what a new society or organization could be.
- This new vision of society is intimately linked to the values of both the leader and the followers; it represents an ideal that is congruent with their value systems.

Image Source: <https://depositphotos.com/vector-images/politics.html?qview=24942937>

Transformational Leadership (Cont.)

- According to Burns, transformational leadership is ultimately a moral exercise in that it raises the standard of human conduct.
- This implies that the acid test for transformational leadership might be the answer to the question **“Do the changes advocated by the leader advance or hinder the development of the organization or society?”**
- Transformational leaders are also skillful at reframing issues; they point out how the problems or issues facing followers can be resolved if they fulfill the leader’s vision of the future.
- These leaders also teach followers how to become leaders in their own right and incite them to play active roles in the change movement.

Charismatic vs Transformational Leadership

- **“All transformational leaders are charismatic, but not all charismatic leaders are transformational”**. Transformational leaders are charismatic because they can articulate a compelling vision of the future and form strong emotional attachments with followers. However, this **vision** and these relationships are **aligned with followers’ value** systems and help them get their needs met.
- Charismatic leaders who are not transformational can convey a vision and form strong emotional bonds with followers, but they do so to get their **own (that is, the leader’s) needs met**.
- Both charismatic and transformational leaders strive for organizational or societal change; **the difference is whether the changes are for the benefit of the leader or the followers**



Charismatic vs Transformational Leadership

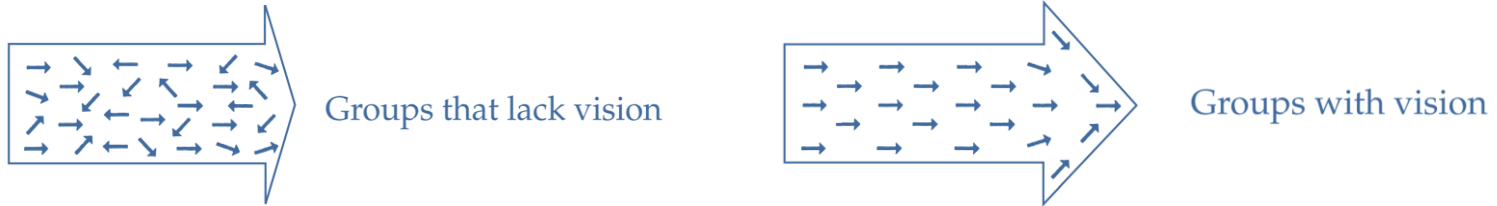
Charismatic Leadership	Transformational Leadership
Leader is the “head of the show”	Leader is open to followers’ input and participation.
Vision fulfillment by stimulating followers to leader’s vision	Vision fulfillment inclusive of follower and leader vision.
Charismatic leaders are most likely to emerge in crisis situations.	Transformational leaders can emerge at different levels of the organization.
Behaviour aimed at leader-driven goals and promote feelings of obedience and dependency in followers.	Behaviour aimed at encouraging teamwork and commitment to shared goals.

Charismatic & Transformational Leadership (Common)

- Though there are several fundamental difference among charismatic and Transformational Leadership, many researchers like (Bass & Bass 2009) who do not differentiate charismatic from transformational leadership, or see charisma as a component of transformational leadership.
- There are different common threats to both Charismatic and Transformational Leadership in areas relating to
 - Leader Characteristics
 - Follower Characteristics
 - Situational Characteristics

Common Leader Characteristics

- **Vision** Both transformational and charismatic leaders are inherently future-oriented. They involve helping a group move “from here to there.” They recognize the shortcomings of the present order and offer an imaginative vision to overcome them (Naidoo, 2008).



- **Rhetorical Skills** Charismatic and Transformational leaders have superb rhetorical skills that heighten followers’ emotional levels and inspire them to embrace the vision. Both the content of their speeches and the way they are delivered are vitally important.

Image Source: (Hughes, Ginnett, & Curphy, 2015)

Common Leader Characteristics

- **Image and Trust Building** Leaders build trust in their leadership and the attainability of their goals through an image of seemingly unshakable self-confidence, strength of moral conviction, personal example and self-sacrifice, and unconventional tactics or behavior (House, 1977).
- **Personalized style of leadership** Leaders share strong, personal bonds with followers, even when the leader occupies a formal organizational role. It is personalized leadership style that seems to be responsible for the feelings of empowerment notable among followers.

Common Follower Characteristics

- **Identification with the Leader and the vision** Followers bond with a leader because they may be intensely dissatisfied with the status quo and see the implementation of the vision as a solution to their problems.
- **Heightened Emotional Levels** Emotions are often the fuel driving large-scale initiatives for change, and leaders often do all they can to maintain them, including getting followers to think about their dissatisfaction with the status quo or making impassioned appeals directly to followers.

Common Follower Characteristics

- **Willing Subordination to the Leader** It involves followers' submissiveness to leader's authority. Followers often naturally and willingly submit to the leader's apparent authority and superiority.
- **Feelings of Empowerment** Leaders set high expectations while expressing confidence in their abilities and providing ongoing encouragement and support. Somewhat paradoxically, followers feel stronger and more powerful at the same time they willingly subordinate themselves to the leader.

Common Situation Characteristics

- **Crises** An important situational factor associated with leadership is the crisis. Although it may not make every leader look charismatic, but it may set the stage for particular kinds of leader behaviors to be effective.
- **Social Networks** Attributions of charisma will spread more quickly in organizations having well established social networks, where everybody tends to know everyone else.
- **Downsizing** People believe that downsizing destroys the implicit contract between employer and employee, and it greatly diminishes the odds of charismatic leadership emergence.
- **Time** It takes time for leaders to develop and articulate their vision, heighten followers' emotional levels, build trusting relationships with followers, and direct and empower followers to fulfill the vision.



Case Study : Keeping up with Bill Gates

- Bill Gates inherited **intelligence, ambition, and a competitive spirit** from his father, a successful Seattle attorney. After graduating from a private prep-school in Seattle, he enrolled in Harvard but dropped out to pursue his passion-computer programming.



Bill Gates

- Paul Allen, a friend from prep school, presented Gates with the idea of writing a version of the BASIC computer language for the Altair 8800, one of the first personal computers on the market. Driven by his competitive nature, Gates decided he wanted to be the **first to develop a language to make the personal computer accessible for the general public.**

Image Source: <https://www.evoke.org/contributors/BillGates>

Case Study (Cont.)

- He and Allen established the Microsoft Corporation in 1975. Gates's passion and skill were programming—he would work hard to meet the extremely aggressive deadlines he set for himself and his company.
- Eventually Gates had to bring in other programmers; he focused on recent college graduates. “We decided that we wanted them to come with clear minds, not polluted by some other approach, to learn the way that we liked to develop software, and to put the energy into it that we thought was key.”
- In the early days of Microsoft, Gates was in charge of product planning and programming while Allen was in charge of the business side. He motivated his programmers with the claim that whatever deadline was looming, no matter how tight, he could beat it personally if he had to.



Case Study (Cont.)

- What eventually developed at Microsoft was a culture in which Gates was king. Everyone working under Gates was made to feel they were lesser programmers who couldn't compete with his skill or drive, so they competed with each other.
- They worked long hours and tried their best to mirror Gates-his drive, his ambition, his skill. This internal competition motivated the programmers and made Microsoft one of the most successful companies in the computer industry, and one of the most profitable.
- The corporation has created a tremendous amount of wealth—many of its employees have become millionaires while working at Microsoft.



Microsoft Logo

Image Source: <https://www.theverge.com/2012/8/23/3262517/microsoft-new-logo>

Case Study (Cont.)

- Bill Gates, currently one of the richest men in the world. During the 1990s Bill Gates's net worth grew at an average rate of \$34 million per day; that's \$200 million per week!
- Gates needed a castle for his kingdom, so he built a much-talked-about house on Lake Washington.
- The house lies mainly underground and looks like a set of separate buildings when viewed from above. The house was conceived as a showcase for Microsoft technology—it took \$60 million, seven years of planning and construction, and three generations of computer hardware before it was finally finished.



Bill Gates' House at Lake Washington

Image Source: <https://www.theverge.com/2012/8/23/3262517/microsoft-new-logo>

Case Study (Cont.)

Q1) Would you classify Bill Gates as a charismatic or transformational leader? Why?

Q2) Consider the followers and employees of Gates. What are some unique characteristics of Gates's followers that might identify him as charismatic or transformational?

Research Paper



European Journal of Innovation
Management
© Emerald Publishing Limited
1460-1060
DOI 10.1108/EJIM-06-2017-0077

The roles of CEO transformational leadership and organizational factors on product innovation performance

Tharnpas Sattayaraksa

Didyasarin International College, Hatyai University, Hatyai, Thailand, and

Sakun Boon-itt

*Department of Operations Management, Thammasat Business School,
Thammasat University, Bangkok, Thailand*

Received 28 June 2017

Accepted 21 August 2017

Purpose

- The purpose of this paper is to examine the direct and indirect effects of CEO transformational leadership on product innovation performance. This research investigates the mechanism between CEO transformational leadership and product innovation performance, to understand the process through which transformational CEOs exert their influence.

Design/methodology/approach

- This study is a quantitative research. Data were collected from 269 manufacturing firms in Thailand through a mail survey. This research applied a two-step structural equation modeling process.

Findings

- The results indicate that CEO transformational leadership indirectly affects product innovation performance through an innovation culture, organizational learning, and the new product development (NPD) process. CEO transformational leadership has a strong effect on innovation culture and organizational learning. Organizational learning is strongly associated with the NPD process, which significantly leads to product innovation performance.

Practical implications

- By integrating the knowledge of leadership and operations management fields, this study helps extend the understanding of how leaders at the top of an organization influence the NPD process and product innovation outcomes.
- For practical implications to be more effective, CEOs focusing on product innovation should develop their skills and behaviors of transformational leadership to foster innovation culture and organizational learning, which in turn will affect product innovation performance.

Book Recommendation

Transformational and Charismatic Leadership: The Road Ahead (Second Edition)

Authors : Bruce J. Avolio, Francis J. Yammarino
Publisher: 2013 ©by Emerald Group Publishing Limited
Language: English
Paperback: 503 Pages
ISBN-10 : 1781906009
ISBN-13 : 978-1-78-190600-2

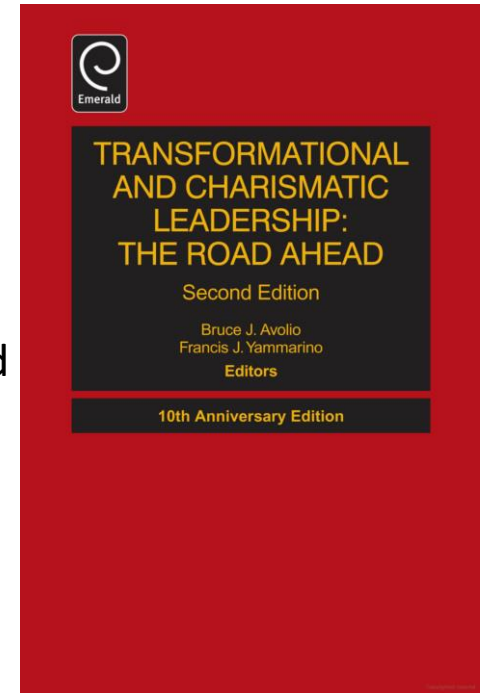


Image Source: <https://www.kobo.com/in/en/ebook/transformational-and-charismatic-leadership>

Book Recommendation (Abstract)

- This is the 10th anniversary edition of "Transformational and Charismatic Leadership: The Road Ahead.
- This book includes the theoretical and empirical work and professional practice issues associated with transformational and charismatic leadership that have transpired over the from 2003 to 2013.
- This book highlight past work on charismatic and transformational and offer new research ideas, insights, and directions for future work in their new contributions.

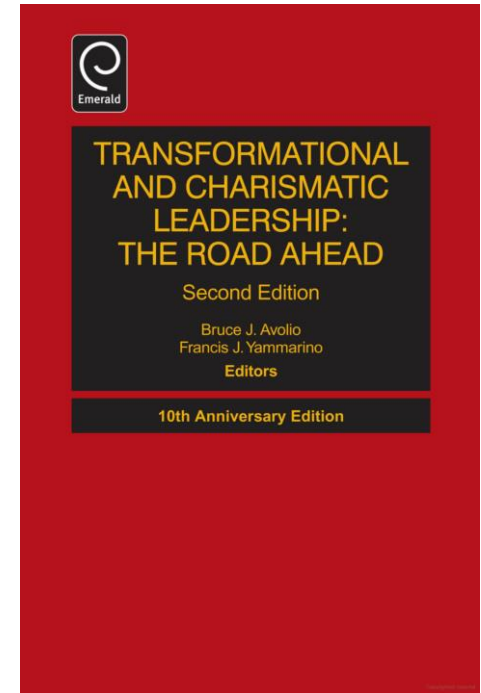


Image Source: <https://www.kobo.com/in/en/ebook/transformational-and-charismatic-leadership>

References

1. Bass, B. M. & Bass, R. (2009) Handbook of Leadership, (4th ed.). Free Press.
2. Burns, J. M. (1978). Leadership. New York: Harper & Row.
3. House, R. J. (1977). A 1976 theory of charismatic leadership. In J. G. Hunt & L. L. Larson (Eds.). Leadership: The cutting edge (pp. 189-207). Carbondale: Southern Illinois University Press
4. Hughes, R. L., Ginnett, R. C., & Curphy, G. J. (2015). Leadership: Enhancing the Lessons of Experience (8th ed.). McGraw Hill.
5. Northouse, P. G. (2019). Leadership Theory and Practice (8th ed.). Sage Publications, Inc.
6. Robbins, S. P., Judge, T. A., & Vohra, N. (2019). Organizational Behavior (18th ed.). Pearson Education Inc.

References

7. Weber, M. (1964). The Theory of Social and Economic Organization: Transl. by AM Henderson and Talcott Parsons. Free Press.



Thank You

