Leadership Concepts and Theories

Organizational participants (employees)

Leaders

Assess changes in the External Environment

Adapt organization to external changes

Share responsibility for Leadership
Vision
Ethics/Values
Culture
Inclusion
Change
Capacity Building
Social Responsibility

Implement Organizational Mission and Adapt Structure

Generate organizational contributions to Society
Overview

Part II presents several leadership theories that were developed in the late 20th century and remain in use in many contemporary organizations. James MacGregor Burns (Chapter 6) sparked a new era of study and practice of leadership with his groundbreaking book *Leadership*. His classic conceptualization of *transactional* and *transforming* leadership provided the foundation for revolutionary thinking about the role and purpose of leadership. Burns explains that transactional leadership takes place when one person takes the initiative in making contact with others for the purpose of an exchange of valued things. Clearly, transactional leadership can exist between leaders of two or more organizations or between leaders and members within the same organization.

Burns contrasts this form of leadership with *transforming* leadership, which occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality. Although Burns feels that transforming leadership cannot work in bureaucratic organizations, it is possible that this form of leadership can exist where organizational leaders and participants aspire to generate collective purpose and transforming processes that are ultimately linked to social change. Looking ahead to the chapters in Part VIII, many organizational leaders mobilize participants and resources to work on community, social, and environmental problems outside the organization, often partnering with nonprofit, business, or government agencies. Implementing this social mission, together with the organization's business mission, is becoming a standard leadership commitment and responsibility in many new era organizations. If this trend continues and leaders effect real change in social conditions, then transforming leadership can become a viable form of leadership in organizations.

Bernard Bass (Chapter 7) was the first scholar to import Burns's concepts from the political and social movement arena into the context of organizations. Bass separated Burns's link to social change from the theory of transforming leadership and adopted Burns's definition of transactional leadership to shape what he termed *transformational* leadership. Table II.1 illustrates the differences in Burn's and Bass's concepts. Bass and colleagues found that a qualitative change in performance and relationships occurs in transformational leadership to the benefit of the individual and the organization. Four critical factors, called the “Four I's,” comprise this form of leadership: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.

Robert Greenleaf’s (Chapter 8) concept of *servant* leadership characterizes the leader as *steward* or *servant-first*. The needs of participants are the foremost priority for servant leaders, whose role is to pave the way and provide support for participants to function at their best. Greenleaf provides several criteria for evaluating successful servant leadership: Do those served grow as persons? Do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants? And what is the effect on the least privileged in society? Will they benefit or at least not be further deprived?

*Charismatic* leadership is a constellation of behaviors that lead to individuals being judged as charismatic, according to Jay Conger (Chapter 9). These behaviors entail sensitivity to the environmental context (especially shortcomings or deficiencies that these leaders can see as platforms for action or strategic opportunities), accompanied by sensitivity to the abilities and emotional needs of participants; the ability to form and articulate an idealized future vision filled with opportunity; the ability to evoke this idealized vision in the imagination of participants; and the capacity to inspire participants with confidence in the leader’s abilities and to demonstrate clearly the tactics and behaviors required to achieve the shared goal.

Richard Hughes, Robert Ginnett, and Gordon Curphy (Chapter 10) present an overview of *contingency* theories of leadership. They examine several different contingency theories, including the situational model, contingency model, and path-goal theory. In general, these theories state that leadership effectiveness is maximized when leaders correctly make their behavior “contingent” on certain situational and follower characteristics.

Finally, *strategic* leadership focuses on senior executive leaders at the top of organizations, including CEOs, top management/leadership teams, and business unit
or division heads, who make substantive decisions concerning the direction and positioning of the overall organization. Strategic leadership is defined as

a person’s [or executive team’s] ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organization.¹

The chapter by Sydney Finkelstein, Donald Hambrick, and Albert Cannella, Jr. (Chapter 11) examines top management teams (TMTs) and their role in strategic decision making. Many organizations use TMTs in the strategic decision-making process because the complexity and uncertainty of the external environment, discussed in Part I, make it almost impossible for a single executive leader to be fully informed on every issue or to make strategic decisions without the contributions and perspectives of other well-informed individuals. The researchers present a framework for understanding the composition, structure, and process of top teams and delineate three main research questions that shape the chapter: What is the nature of top management team interaction? What are the characteristics of top management teams? How do top management teams affect strategic decision-making processes and organizational outcomes? The discussion of TMTs provides a transition to Part III, as these teams represent a form of shared leadership; however, participation in decision making is confined to a small number of executive leaders.

The concepts and theories in this section focus primarily on what leaders, often top-level or positional leaders, need to do to accomplish effective and/or moral leadership. These forms of leadership have great value for organizations, although they comprise only part of the leadership that organizations need now and in the future. These forms of leadership need to be added to the concepts and practices of multilevel, shared leadership, described in Part III, to meet the challenges of organizations in a new era.

### Note