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Analysis of Leadership Theories

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Analysis of Leadership Theories

Bill Miles

Analysis of Leadership Theories

Leadership theories have evolved in the last century to the point where they begin to be the basis for models that accurately describe the activities of leaders with good correlation to their success in some situations (Antonakis and House, 2002; Yukl, 2006). From the early trait theories to the modern theories of transformational leadership, each attempts to describe the behavior of successful leaders. The four theories that will be discussed in this paper are the leader-member exchange theory (LMX), path-goal theory, transactional-transformational theory, and the full-range leadership theory (FRLT).

It is often difficult to separate leadership theories and models. For example, within Contingency theory there are a number of components that are also called theories, but have common characteristics with scientific models, in the sense that they are describing real-world interactions that can be measured. For the purposes of this study “model” and “theory” will be used interchangeably unless there is a very clear difference between them.

Leadership Theories

Leader-Member Exchange Theory

The theories address a leader’s approach to the business environment and the follower’s perception of a leader’s performance. The leader-member exchange theory (LMX) addresses the dyadic relationship between leaders and followers, that is, the direct relationship between a leader and a follower, and the theoretical context for their interactions (Yukl, 2006). LMX considers a number of parameters to determine the quality of the leader-follower interaction like locus of control, need for power, and self esteem (Harris, Harris, and Eplion, 2007).

Locus of control is a measure of how a person perceives his control over his life and environment. A high *internal* locus of control is an indication that a person feels a sense of

control over his life and activities, and is a positive correlate with job satisfaction (Harris, Harris, and Eplion, 2007). *Need for power*; Employees with a need for power generally manifest that need by asking for feedback on performance, compete for higher visibility jobs, and leadership opportunities at work (Harris, Harris, and Eplion, 2007). *Self esteem* in this context is very similar to the dictionary definition. Employees with high self esteem have a sense of their value to the company, which typically manifests as higher job satisfaction and greater emotional resilience (Harris, Harris, and Eplion, 2007).

Path-Goal Theory

A member of a number of theories known as contingency theory, it attempts to describe a leader's activity in guiding followers within the context of the organization's environment (Yukl, 2006). The basic premise is that in a highly structured environment followers do not need a great deal of guidance to perform their tasks, but in an unstructured environment they may need more (Yukl, 2006). One approach to path-goal success is to involve employees in the decision making process (Sagie and Koslowski, 1994).

Transactional-Transformational Theory

Transactional-transformational leadership theory was stated by Bass (1985) to have been initiated by Burns (1974) and elaborated by Bass (1985). The core of the theory revolves around the alignment of personal and organizational goals, which the theory states benefits both the leader and the follower. The theory is composed of four transformational components, the four I's, and three transactional components (Yukl, 2006, citing Bass [1996])

Idealized influence is the leader's ability to engage the follower's emotions and investment into the leader's vision. *Intellectual stimulation* changes the follower's world view to one that filters success through the leader's vision. *Individualized consideration* is a direct

interaction between leader and follower for direction, guidance, support, and encouragement.

Inspirational motivation is the sharing of vision and strategy to achieve that vision. *Contingent reward* uses of rewards for appropriate behavior by the follower. *Passive management by exception* states that the leader takes action to correct those deviations that come to his/her attention. The implication is that the leader does not see problems until they are major. *Active management by exception* states that the leader actively seeks any deviations from direction and actively creates and enforces rules.

Full Range Leadership Theory (FRLT)

The FRLT is an extension of transformational leadership theory to nine dimensions of leader behavior. The changes are in the definition of idealized influence, separating it into two components, and the addition of laissez faire management (Antonakis and House, 2006):

Idealized influence (attributed) isolates the emotional part of leadership and is a view of the follower's emotional engagement with the leader. *Idealized influence (behavior)* addresses the leader's values and ethics and how they align with those of the organization. *Laissez faire management* is basically the leader doing nothing while expecting results from the followers.

The FRLT is also closely associated with the multifactor leadership questionnaire (MLQ), which, when a sufficient sample is available, is a validated indication of leadership performance (Humphreys, 2001).

Evaluating the theories

Defining Terms

In order to better understand the context in which the theories are analyzed some terms need to be defined. The measure of success of a theory is based on a number of factors:

How is “success” measured in the environment in which the theory is tested? For the purposes of this analysis, all the theories are considered in a business environment where success is linked to measurable business criteria like unit sales, shareholder value, and annual profits as well as softer criteria like employee satisfaction, and good will. No attempt will be made to link the theories to these measures, but the general environment is different in kind from others, like military services or government agencies.

What does “success” mean in the context of studying a leader’s behavior through the lens of a particular theory? In this analysis it will mean that there is a good fit between the leader’s behavior and the theory. Note that this does not necessarily mean that a theories’ success implies a leader’s success because some of the measures will be negatively related to leader performance.

Analysis

Each of the theories under consideration has evolved over time and is still being studied and used today to explain modes of leader behavior (Harris, Harris and Eplion [2007]; Yukl [2006]; Sagie and Koslowski [1994]). Each of the theories considers both the leader’s effect on followers and the interaction between leader and follower.

Leader-member exchange focuses directly on the relationship between a single leader and a single follower, which makes it unique among the theories discussed because it poses the argument that leader and individual followers can have unique relationships whose purpose is the achievement of the leader’s vision (Yukl, 2006). The dimensions of measurement for LMX are focused on the follower and his/her job satisfaction and feeling of control. Path-goal theory poses a less direct relationship between leader and follower, where the leader follows a management by exception approach and applies corrective input in order to get the follower back on the path

(Yukl, 2006). Sagie and Koslowski (1994) state that employees involved in tactical decision making, participation in decision making, feel more empowered and involved in the company direction and although they found no clear correlation with productivity, have a perceived payoff in future pay and assignments (45). In path-goal theory the participation, even the anticipation of involvement, in the decision making, is the inducement, or contingent reward, for the employee because of the implicit promise of future reward; where in LMX theory, studies show that the benefits to the employee are psychological with improved locus of control, perception of power, and self esteem being the benefits. These theories are not mutually exclusive but are taking different looks at the leader follower interaction and would benefit from a structural analysis to reconcile them.

From the leader's perspective both of these theories have application from both transactional and transformational perspectives. A transactional leader who is practicing active management by exception can use a path-goal approach to correcting employee behavior, where a transformational leader has access to both path-goal and LMX. The reason for this is the outcome, which the transactional leader sees as the total output of the exchange, and the transformational leader sees as a stage in the growth of the follower (Yukl, 2006).

According to Bass (1999) transformational leadership theory is rooted in the idea that the "interests of the organization and its members need to be aligned." (9). The transformational leader performs this act by using the four I's to engage the followers in the vision he has for the organization and enlist their support in attaining this vision. The transformational leader theory still allows for transactional behavior in the reinforcement, positive or negative, of follower behavior. In motivating followers, the transactional leader appeals to both the follower's intellect

and emotions. This leader will use the best approach at his disposal to move followers forward in achieving his vision (Bono and Judge, 2004).

The full-range leadership theory gives a leader a full toolkit of capabilities to control his relationship with subordinates. From the four I's of transformational leadership to the tools provided in transactional leadership, a FRLT theory can explain most leadership activity simply because it is so complete (Antonakis and House, 2002).

These theories were selected because they exist at different levels of the organization. LMX directly addresses the varying relationships between leaders and their subordinates in a context where the leader may change the basis of the relationship depending on requirements (Yukl, 2006). However, LMX does not address the dissemination of vision since this happens at a higher level, the leader will generally not disseminate his vision one employee at a time, although he might work with recalcitrant individuals in a management by exception environment.

Path-goal theory addresses the ability of a leader to direct the activities of subordinates. However, it does not address the needs of the employee, nor does it attempt to regard employees as feeling individuals. Rather, it is a tool for the leader using management by exception to direct employees.

Transactional-transformational theory is more complete than the prior two theories because it includes their activities, by implication, and expands on the basis for leader actions by adding an emotional argument, idealized influence, that engages the follower at a completely new level. This leader also retains the ability to function in a transactional mode in more stable situations. Although transformational leadership appears to be complete, according to Yukl

(2006) the theory does not sufficiently address the building of effective teams, nor does it sufficiently explain the task oriented activities of the transformational leader.

FRLT is an attempt to complete the transactional-transformational theory with the addition of components. It is superior to transactional-transformational theory because it has greater explanatory power and because it has superior predictive elements (Antonakis and House, 2002). However, it has been found that the FRLT has good results especially when the theory is tested in turbulent environments. This conforms well with Bass (1985), cited in Antonakis and House, that the transactional components of leadership should be in place before the transformational tools are used.

The scholar/practice/leader model generally applies better to the transformational leader than the transactional because of the transformational leader's concern for the values and needs of his company as well as his sense that there are things to be learned. In a study of technology adoption, Humphreys (2001) found that transformational leaders were more likely to grasp the implication of technology adoption than transactional leaders (149). An inference is made that transformational leaders in their role for intellectual stimulation, must themselves become lifelong learners.

Leaders can grow in educational environments, extending their knowledge of leadership and the world around them. Some would contend that philosophy is useless, but to a leader it can temper his decisions with wisdom. Kirkbride (2006) reports on leadership training that depends on the multifactor leadership questionnaire for input from the leader being trained, his superiors, and his subordinates, with the compiled report being presented, usually to the leader's surprise at the contents (30). They then move on to a training session in which the identified shortfalls are discussed and the leader's behavior modified (30-31).

The leadership theories considered all lie in a multi-dimensional continuum that considers the emotional, intellectual, physical, and value structure of leaders and followers. It is not possible for a leader to stay in one of these domains to the exclusion of the others. FRLT is the only theory that attempts to join these dimensions into a cohesive whole, but there is a danger of “falling in love”. That is, the leader may be so enamored of transformational tools that he loses track of follower behavior and activity and allows problems that would be identified in his management by exception role. In addition, charismatic leadership, although extremely appealing, is very difficult to maintain on a daily basis. Yes, the leader must show concern for the followers and spend time in reinforcing his vision. However, the leader cannot introduce a new vision too frequently since that would lead to a continuous crisis mode, which will burn out his followers and lead to doubt in his ability. The primary business environment must be stable and a leader who cannot provide that is misleading.

In examining these four theories it appears that none of them are counterproductive. That is a leader can pursue them in a balanced manner and expect reasonable results. The FRLT is the most complete of the theories because it includes so many activities, and with the MLQ as a proven tool, is being established as the primary theory and a candidate for a true paradigm in leadership science.

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