

CONCEPTUAL BOUNDARIES BETWEEN TRANSFORMATIONAL AND CHARISMATIC LEADERSHIP

Mihaela Tănase

PhD Student, "Al. Ioan Cuza" University of Iași

Abstract: Leadership is an important success-factor in today's dynamic business environment. Also, leadership is transformational, charismatic and transactional. The first two types of leadership are frequently used interchangeably by academic researchers, while other authors treat both types of leadership as separate styles, or as overlapping processes. This study aims to analyze the reasons for inconsistency and create an unified view between charismatic and transformational leadership. Therefore, it's intended as a comparison of the three major directions identified in the literature. This study provides an overview from three perspectives of each author through a critical analysis. Transformational and charismatic leadership will be treated as partially corresponding leadership-styles which can be combined. This paper critically addresses the theoretically suggested link between transformational and charismatic leadership. The method used is exploratory analysis based on bibliographic documentation.

Keywords: Transformational Leadership, Charismatic Leadership, Leadership, Debate

JEL Classification: e.g. M11, M12

Introduction:

There are almost as many definitions of leadership as there are persons who have tried to define leadership (Stogdill, 1974). The definition of leadership by Weathersby (1999, p.5) captures the essence of what it is to be a leader: "Leadership focuses on the creation of a common vision. It means motivating people to contribute to the vision and encouraging them to align their self-interest with that of the organization. It means persuading, not commanding". Burns (1978) first introduced the concepts of transformational and transactional leadership in his

treatment of political leadership and later modified and elaborated on by Bass (1985). Many authors distinguish between two types of leadership-styles, namely transactional and transformational leadership (Yukl, 1999; Barbuto, 2005; Rowold&Heinitz, 2007). Inherent in most researchers' articulation of transformational leadership is the concept of charisma (Barbuto, 1997). Transformational and charismatic leadership are frequently used interchangeably by authors (Shamir et al., 1993), as it examines relationship between the leader and the followers and focuses on issues relating to vision, risk-taking, enthusiasm and confidence (Hoyt & Ciulla, 2004), while other authors treat both types of leadership as separate styles of leadership (Barbuto, 2005). In literature, some theorists have suggested that charismatic leadership is a subdimension of transformational leadership; others state that the two theories overlap, as each identifies unique and important aspects of the leadership process (Yukl, 1999).

This presents a problem when considering the characteristics of each construct. The aim of this study is to achieve an exploratory analysis of the two type of leadership. The purpose of this paper is to illustrate a critical assessment of both constructs reveals two quite different, necessitating that clear distinctions be maintained.

Literature review

Bass and his colleagues (Bass, 1999) have suggested that transformational leadership represents an outstanding and especially motivating leadership style. The most potent of leaders, charismatic and transformational leaders, are the ones who can bring about needed social change; although these types of leaders have also been capable of dreadful deeds, which explains Bennis's concern.

Transformational Leadership

Transformational leaders alter the beliefs and attitudes of followers and inspire the subordinates in their own interests parallel with the betterment of the organization (Burns, 1978). According to Burns (1978), transformational leadership is also based on four dimensions such as charisma, communication, intellectual stimulation and individualized consideration. Some researchers interchangeably use transformational leadership as charismatic leadership (Riaz & Haider, 2010). According to McLaurin and Al-Amri (2008), numerous differences between these

two terms exist like charisma being one among the qualities of a transformational leader rather than the sole element, the effect of situational favorableness or uncertainty on both approaches, transformational behavior de-emphasizing charisma, the charismatic leader's possible self-centeredness and the probable negative effects of charismatic leadership.

Transformational leadership is a participative leadership-style and is defined as transforming the values and priorities of subordinates, whereby the leader motivates them to perform better beyond their expectations (Yukl, 1994). In transformational leadership, the process of influencing followers is one whereby followers are made more attentive to the importance of task outcomes in order to encourage them to go beyond their own interests for the sake of the organization (Yukl, 1999). The four dimensions of transformational leadership are: 1) idealized influence, 2) inspirational motivation, 3) intellectual stimulation and 4) individualized consideration (Bass & Avolio, 1994).

Idealized influence. Also known as charismatic leadership, this characteristic describes the extent to which leaders are capable of being role models to their followers and display solid moral and ethical principles.

Inspirational motivation. This characteristic reflects the extent to which a leader is also capable of being a cheerleader, so to speak, on behalf of his or her followers. These leaders demonstrate enthusiasm and optimism, and emphasize commitment to a shared goal. Inspirational motivation describes leaders passionately communicating a future idealistic organization that can be shared (Hater & Bass, 1988).

Intellectual stimulation. Transformational leadership instills creativity, describes leaders encouraging employees to approach old/familiar problems in new ways (Deluga, 1988).

Individual consideration. Transformational leaders are invested in the development of their followers – they serve also as mentors and coaches, and take into account individual needs and desires within a group. (Bass, 1985).

Although the focus with charismatic leadership is on an individual leader, rather than on a leadership process that may be shared among multiple leaders, it seems best to conceptualize the two types of leadership as distinct but partially overlapping processes (Yukl, 1999). According to Jung and Avolio (2000), transformational leaders engage the emotional involvement of their followers to build higher levels of identification, commitment and trust in the leader and his or

her mission. This shows that charisma is an important aspect of transformational leadership and that is why it is often treated as an equivalent of charismatic leadership (Yukl, 1999). As an example, according to Shamir,

House, Shamir and Arthur (1993) both the charismatic and transformational leadership styles focus on extraordinary leaders who have exceptional influences on their followers and eventually even on social systems. These leadership-styles cause subordinates to become highly committed to the leader's mission, to make significant personal sacrifices in the interest of the mission, and to perform above and beyond the call of duty (Shamir et al., 1993).

Charismatic Leadership

Max Webber defined charisma as a "gift", or a certain quality of an individual personality, by virtue of which he or she is set apart from ordinary people and treated as endowed with supernatural, or exceptional powers or qualities. Weber (1968) argued that charismatic authority is different from bureaucratic authority and that at the core of charisma is an emotional appeal whose "attitude is revolutionary and transvalues everything; it makes a sovereign break with all traditional or rational norms" (p. 24).

Weber (1968) believed that followers of a charismatic leader willingly place their destiny in their leader's hands and support the leader's mission that may have arisen out of "enthusiasm, or of despair and hope" (p. 49). Downton (1973) argued that charismatic leaders have potent effects on followers because of their transcendental ideals and authority that facilitate the followers' identification with the leader. In those conditions, trust is solidified as psychological exchanges occur. This commitment and trust is further augmented by inspirational leadership. Followers of charismatic leaders typically emulate or strongly identify with the leader. House (1977) was the first to present an integrated theoretical framework and testable proposition to explain the behavior of charismatic leaders; he also focused on the psychological impact of charismatic leaders on followers. The transformational leader, in contrast, inspires followers to pursue organizational goals in lieu of self-interests. Followers of transformational leaders are empowered to pursue organizational goals (Barbuto, 1997).

Waldman and Yammarino (1999) looked specifically at CEO charisma and defined charismatic leadership based on relationships, attributions, internalized commitment, admiration,

respect, identification and vision. A review of the components of charismatic leadership revealed that the verbs used most often to define the concept are: behavior, presence in a crisis; determination, communication of ideas and communication of expectations(Trice & Beyer, 1993).

According to most transformational theorists, charisma is believed to be the fundamental factor in the transformational process (Bass, 1985; Bass, 1999; Deluga, 1988). Conger and Kanungo (1987) proposed a theory of charismatic leadership based on the assumption that charisma is an attributional phenomenon. Furthermore, the refined version was introduced by Conger and Kanungo(1998).

Transformational Leadership vs. Charismatic Leadership

Transformational and charismatic leadership have been the focus of a great many research inquiries (Yukl, 1999); these approaches have helped shift the leadership paradigm to what it is today (Antonakis, 2011; Conger, 1999; Hunt, 1999). Empirical research on the consequences of transformational and charismatic leadership found a consistent pattern of relationships between transformational and charismatic leadership and performance outcomes (e.g., Avolio et al., 2009). There is not unanimity of opinion regarding whether transformational and charismatic leadership are functional equivalents for one another. Bass (1985) argued that charisma is part of transformational leadership, but in and of itself, is insufficient to “account for the transformational process” (p. 31). Thus, Bass would have viewed transformational theory as subsuming charismatic theory (House & Aditya, 1997). Charismatic leadership is similar to transformational leadership, as it examines the relationship between the leader and the followers and focuses on issues relating to vision, risk-taking, enthusiasm and confidence (Hoyt & Ciulla, 2004). The charisma dimension, however, is “clearly the most influential” of the four transformational dimensions, and typically, it is the dimension that has the strongest relationship with outcome variables (Conger & Kanungo, 1998, p. 15). Both Burns’s (1978) and Bass’s (1985) conceptualizations of transformational leadership and House’s (House & Shamir, 1993) conception of charismatic leadership emphasize the importance of intrinsic rewards. Both theories view the most effective leaders as those who cause followers to identify with the goals the leader articulates. Furthermore, many, if not most, scholars have concluded that the

differences between the two theories are small (Tab.nr.1). House and Podsakoff (1994) characterized the disagreements among authors of these theories as “modest,” “minor,” and “fine tuning” (pp. 71).

Tab. nr.1. Differences between transformational and charismatic leaders

Transformational Leaders	Charismatic Leaders
1. Inspire followers to transcend their own self-interests for the good of the organization;	1. Have vision, are willing to take personal risks to achieve their vision, they are sensitive to follower’s needs, and exhibit behaviors that are out of the ordinary;
2. Pay attention to the concerns and needs of individual followers, promote intelligence, provide vision and a sense of mission, communicate high expectations;	2. Pursue organization-driven goals and promote feelings of empowerment, personal growth, and equal participation in followers;
3. Are also able to excite, arouse, and encourage followers to put extra effort into achieving group goals. They encourage their followers to be more innovative and creative;	3. Use rewards to reinforce behavior that is consistent with the vision and mission of the organization.

Charismatic leaders by nature are transformational, but not all transformational leaders achieve their transforming results through the charismatic effects of their personalities. Transformational leaders are similar to charismatic leaders in that they can articulate a compelling vision of the future and influence followers by arousing strong emotions in support of the vision. Conger and Conger and Kanungo (1998) noted “there is little real difference” between charismatic and transformational leadership (p. 15). Finally, two other meta-analyses, focusing specifically on charismatic leadership (DeGroot, Kiker & Cross, 2000), provided essentially the same pattern of results as the previously mentioned meta-analysis of transformational leadership (Lowe et al., 1996). Thus, although this is the first study to explicitly compare transformational and charismatic leadership, there is ample reason to believe that the validities of both concepts are similar. Another authors

concluded that the idea that charisma is an essential component of transformational leadership is a questionable assumption based on results from survey research with the MLQ. In contrast to the survey research, descriptive research using observation and interviews to study transformational leadership in managers found that they were not charismatic in the usual sense of the word (Kouzes& Posner, 1987).

The basic notion of Shamir and colleagues' (1993) theory is that charismatic leaders tie the self-concepts of followers to the goals and collective experiences associated with their missions, so that the goals and collective experiences become valued aspects of the followers' self-concepts. The theory hypothesizes that charismatic leadership transforms followers' self-concepts and achieves its motivational outcomes through at least four mechanisms: changing follower perceptions of the nature of work itself; offering an appealing future vision; developing a deep collective identity among followers; and heightening both individual and collective self efficacy.

Rowold and Heinritz (2007) revealed that transformational and charismatic leadership demonstrate a high convergent validity and criterion validity. They note that “transformational and charismatic leadership both contribute unique variance to subjective performance, over and above the respective other leadership style” (p. 121).

Data analysis

This study is intended as an exploratory analysis of the three articles who examines the two types of leadership (transformational and charismatic). The authors of this articles are Shamir et al. (1993), Yukl (1999) and Barbuto (2005). These researchers have been chosen, because they are the most representative and the most cited in this domain. There is a need for an analysis in this field due to the fact that transformational and charismatic leadership are similar in some ways. Both leadership styles inspire followers to give their very best efforts when working toward the goals that are set. Both types bring energy and excitement to their groups. Shamir, House and Arthur (1993) revised and extended the theory by incorporating new developments in thinking about human motivation and a more detailed description of the underlying influence processes while Barbuto (2005) which analyzed in their study relationships between leaders' motivation and their use of charismatic, transactional, and transformational

leadership. This project of Barbuto, therefore, tests the specific relationships between leaders' sources of work motivation and the full range leadership behaviors used by leaders in the workplace. House and Shamir (1993) proposed an integrative theory of leadership based on what they termed the "new genre" of charismatic theories. House and Shamir's integrative framework is largely based on how leaders engage the self-concepts of follower. This theory was based on Shamir et al. (1993) propositions that charismatic leaders use their vision and mission as a platform to implicate the self-concept of followers. In this way, leaders have exceptional effects on followers, who are motivated by increased levels of self-esteem, self-worth, self-efficacy, collective efficacy, identification with the leader, social identification, and value internalization. Shamir et al. stated that these exceptional leaders affect followers as a result of motivational mechanisms that are induced by the leaders' behaviors (Antonakis, 2011). A transformational leader provides meaning, and thereby makes followers identify with the respective goals and problems (Shamir, House, & Arthur, 1993).

In the Yukl (1999) study the meaning of the questionnaire results showing charisma as the core component of transformational leadership is difficult to interpret. One exception is the charismatic leadership theory of Shamir et al. (1993), which recognizes the importance of leader influence on follower identification with the group and perception of collective efficacy. Barbuto (2005) used transformational and charismatic leadership as separate styles of leadership and in his study distinguished charismatic behaviors from transformational ones as criterion variables, but, in most cases, those behaviors that were significantly correlated with transformational subscales also were significantly correlated with charismatic subscales. Charisma is believed to be the fundamental factor in the transformational process and is described as the leader's ability to generate great symbolic power.

Discussion

Research on transformational and charismatic leadership remains an exciting field and appears to be in a mature stage (Hunt, 1999). By analyzing three empirical studies demonstrating linkages between transformational and charismatic it showed that it is relevant to work out the reasons for this inconsistency and create an unified view. The purpose of this paper was to illustrate a critical assessment of both constructs which revealed to be quite different,

necessitating clear distinction between them to be maintained. Therefore, charisma is a mandatory requirement of transformational leadership, but by itself is not sufficient to account for transformational process. All transformational leaders are charismatic, but not all charismatic leaders are transformational. The charismatic leader and the transformational leader can have many similarities, in the idea that the transformational leader might as well be charismatic.

Their main difference is in their basic focus. Whereas the transformational leader has a basic focus of transforming the organization and, quite possibly, their followers, the charismatic leader may not want to change anything. Transformational leaders appear to influence numerous outcomes through by shifting the goals of their followers and direct them towards achievement, self-actualization and greater good. Thus, transformational leadership is not only related to the organizational process, but also to the organizational performance. Charismatic leaders use symbolic communication, imagery in order to persuade and in this manner they create an intense attachment with their followers. However, this doesn't mean they are concerned to improve and change the course of the organization and of the individuals associated with it.

As a conclusion, transformational and charismatic leadership will be treated as partially corresponding leadership-styles that complement each other and can be combined. Ultimately, transformational and charismatic leadership are central to the success and survival of today's organizations.

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