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Empowering staff to embrace the challenge of organisational goals is what leadership is all about today, but Uma Jogulu and Glenice Wood query whether it’s the only way.

**POWER STRUGGLE**

DESpite the use of the term 'leadership' for more than a hundred years, researchers are still trying to understand what constitutes ideal leadership through an analysis of characteristics and behaviours. Today, the study of leadership has gained prominence in all walks of life, and has become increasingly important because of the forces of change exerted on organisations through globalisation. This has led to a focus in the style of leadership roles that are believed to cope most effectively with the changing environment because of the globalisation of the market economy, changing organisational structures and increasing workforce diversity.

**STYLES OF LEADERSHIP**

Contemporary leadership research highlights two prominent styles of leadership that are widely exhibited by managers in organisations today - these are known as 'transactional' and 'transformational' leadership. Although these two terms first appeared in the late 1970s to explain the behavioural differences of political leaders, they have since became widely used as descriptions of managerial leadership in organisational settings.

The 'transactional' leadership style is defined as the transaction between leaders and followers, who are rewarded or disciplined based on work performance. This style of leadership depends strongly on the leader's power to reinforce work standards to ensure successful completion of tasks by their staff; reinforcement can be materialistic or symbolic, immediate or delayed, partial or whole, implicit or explicit, and involve rewards or resources. In summary, the transactional leaders' crucial aim is to finish tasks and it is done by transactions which reward or penalise their staff.

In contrast, 'transformational' leadership involves establishing oneself as a role model by gaining the trust and confidence of followers. These leaders develop their staff by empowering and mentoring them to excel beyond the organisational day-to-day obligations. As a result, transformational leaders are capable of communicating the organisational vision and creating awareness of the direction that the followers should be heading. In essence, such leaders are believed to have the ability to motivate, inspire and support creativity in their followers through taking personal interest in the development of their individual staff.

Four subscales underpin transformational leadership: individualised consideration, intellectual stimulation, inspirational motivation and idealised influence. Individualised consideration is defined as a leadership characteristic that gives importance to mentoring the individual development of staff. In contrast, 'transformational' leadership involves establishing oneself as a role model by gaining the trust and confidence of followers. These leaders develop their staff by empowering and mentoring them to excel beyond the organisational day-to-day obligations. As a result, transformational leaders are capable of communicating the organisational vision and creating awareness of the direction that the followers should be heading. In essence, such leaders are believed to have the ability to motivate, inspire and support creativity in their followers through taking personal interest in the development of their individual staff.

The very last subscale of transformational leadership is idealised influence, which is actually a combination of the three subscales mentioned previously. This subscale describes the propensity of leaders to communicate the organisational vision in simple terms for the understanding of their staff. In addition, idealised influence incorporates an ability to be emotionally sensitive towards the needs and desires of the staff. This behaviour also underpins the charismatic style of leadership.

WHICH IS MOST EFFECTIVE?

Two significant findings have arisen from the transactional and transformational theories of leadership. Firstly, research has reported that female managers, more frequently than their male colleagues, exhibit transformational leadership styles. Secondly, the transformational style of leadership has been strongly
equated with effective leadership. Effective leadership is deemed to be that which conveys a clear vision of the direction required by 21st century organisations, while empowering employees to embrace the challenge, and cooperate in achieving that goal. These qualities are evident in the attributes attached to transformational leadership, i.e. the ability to inspire, encourage and nurture employees to achieve the organisational changes that are continually being imposed on institutions, management and employees.

Today, contemporary organisations are characterised by flatter hierarchies and a consensus management approach, with organisations across all industries being obliged to be more customer-focused and service-oriented than in the past. Such changes have brought about a need for a management and leadership style that involves high levels of participation and collaboration between superiors and subordinates. When higher levels of participation and collaboration occur, enhanced organisational decision making is the by-product.

Such changes in organisational behaviour require innovative leadership practices. Research has found that transformational leadership styles foster a greater degree of participation through effective communication, empathy, flexibility and tolerance. Such leadership behaviours are able to motivate and inspire the new generation of employees to embrace the operations of contemporary organisations. However, despite the obvious benefits of this type of leadership style, perhaps more is required.

IS IT ALWAYS THE ANSWER?
A careful analysis of some aspects of transactional leadership suggests that this style of leadership is important under certain circumstances. Transactional leaders have the ability to ‘manage’ the organisation to achieve existing aims; such skills will obviously be very important at various times in the operation of the organisation to ensure that existing goals are achieved successfully.

The transactional leadership style is also of key importance when speed is required for decision making and to maintain satisfactory levels of current organisational performance. That is, transactional leaders make sure that their followers are aware of the organisational tasks and the potential rewards attached to those responsibilities. This means that transactional leaders often provide task clarity to their staff which increases the likelihood that the task will be carried out efficiently.

In summary, although the current academic leadership literature reports empirical evidence for the differences in transformational and transactional leadership styles, many practising organisational behaviour experts state that both of these leadership styles are fundamental in leading and managing contemporary organisations. In fact, according to a large scale meta analysis conducted in the US, effective leaders exhibit both transformational and transactional characteristics in their daily organisational practice.

Therefore, although transformational leadership has been evaluated as the leadership style equated with effective leadership, transactional style leaders who provide clear direction and bring about time-driven responses and results in contemporary organisations, will continue to be seen as valuable and appropriate, especially because of the enhanced organisational efficiency that is likely to ensue.

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Sir Digby Jones is the former director-general of the Confederation of British Industry (CBI). He is one of the most recognisable business faces in Britain. His message is simple – create a ‘QED’ culture. Q for quality gained by ensuring people feel pride in their work, E for creating an environment they like to work in, and D for rewarding them with the right amount of ‘dosh’.

Dianne Thompson is chief executive of Camelot Group plc, which runs the UK’s National Lottery. She developed and drove its strategy for growth in a high-pressure, time-poor environment. Her chapter focuses on managing activities and resources.

Andy Green is the chief executive of BT Global Services. In his chapter, managing yourself, he explains that it can be broken down into five topics: managing time, image, and growth, managing yourself mentally and physically.