

Five Leadership Theories and Five Practical Applications

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When was the last time you took time to analyze your leadership style? Do you use a cookie cutter approach or do you adjust your style based on the situation and employees' needs? If you are in the first category then this article is for you.

Transformational Leadership Theory

Suppose your employees have to work in an uncertain environment which leads to a lack of motivation to perform the daily tasks. As a result, the department is not meeting the monthly goals. In this case, it is important to remember that leadership is first of all a process in which an individual influences a group of people to achieve a common goal (Northouse, 2007).

In this scenario it is best to apply the transformational leadership theory to turn the department around. Specifically, a transformational leader engages with others to create a connection that increases the level of motivation and morality in both the leader and the follower. In addition, such a leader pays close attention to the needs as well as the motives of the employees and tries to help them reach their fullest potential (Northouse, 2007). As a manager you need to set high expectations, but also to be flexible and innovative and provide a supportive atmosphere in the office that allows the employees to be creative about their work and ways to achieve their goals. Creating team spirit is also essential because through motivation employees become committed to the vision of the organization (Northouse).

When Motorola was dealing with an unstable environment that required a great deal of innovation and change, they brought in a transformational leader from IBM, Stu Reed. In 2004, when Ed Zander became the chairman and CEO of Motorola, his main focus was to create "One Motorola" by integrating the various business units so they could work closely together. The key of Zander's campaign was to improve the company's supply chain (Gubman, 2006). As a result, Reed developed a culture of innovation where he set high expectations for the Motorola employees. The vision for the world-class supply chain was "to be number 1 and a competitive advantage for Motorola" (Gubman, p. 23). Having set the vision for the employees, Reed made sure to keep the employees motivated to achieve the high goals by providing constant communication of what was needed from them such as "consistent performance, results that meet or exceed expectations, focus on achieving lots of small wins, and the excitement that comes from pursuing the outrageous goal of being the number 1 supply chain in the world" (Gubman, p. 24).

Transactional Leadership Theory

You could also have a department with valuable employees, but their salaries are small and while they could perform at higher levels, they are not motivated to do so because they have no incentives.

In this case, the quick fix is to discuss this issue with the employees and find out exactly what reward would motivate them to perform better. In other words, a transaction between you, as the manager, and the employees needs to take place: you offer the employees the negotiated reward and the employees put in the effort to perform the given tasks (Northouse, 2007). In this case, the motivating factor is the reward at the end. This approach is called transactional leadership because of the exchange that takes place between leader and follower. It is important to mention that a transactional leader does not focus on his employees' personal development and does not individualize their needs (Northouse).

The same exchange can be seen in an academic setting. For example, an assistant professor can negotiate with the dean of the school regarding how many publications he needs to have in order to receive a tenure track position. It is essential that the established reward is satisfactory for the college professor; otherwise, there is no motivation to achieve the goal. While transactional leadership alone will work for a while, in the long run a combination of transactional and transformational leadership is the best method. In fact, in their study regarding sales managers, Dubinsky, Yammarino, Jolson, and Spangler (1995) found that sales managers who applied transformational leadership when dealing with their employees, had less stressed employees who were more committed and satisfied than the managers who only used transactional leadership.

Servant Leadership Theory

If you work in a high stress environment where the tendency is to view the employees as numbers that perform specific tasks, then it is possible you have also noticed increased turnover rates. Given this situation, you should adopt a servant leader attitude. The central idea of the servant leadership theory is that the servant-leader is first a servant. The focus is on other individuals' priority needs being served (Greenleaf, 1991). As a result, you need to place the needs of the employees first, even if it is to the detriment of the company. Employees should no longer be viewed merely as numbers, but as human beings.

For instance, despite the fierce competition from the other airlines, the first CEO of Southwest Airlines, Herbert (Herb) Kelleher, chose to build the company based on the servant leadership theory. At Southwest employees always come first and each person is valued individually and is viewed as a human being, not just an employee (Anonymous, 1999). In spite of the high stress competitive environment, Southwest Airlines was awarded the Department of Transportation's "triple crown" for best on-time performance, best luggage handling, and most importantly, fewest customer complaints when compared to all major airlines from 1992 to 1996 (Anonymous). In addition, since 1973, Southwest Airlines reported 26 consecutive annual profits even when the airline industry suffered two major downturns (Anonymous).

Path-Goal Theory

If you are a manager in a manufacturing department you are most likely dealing with employees that have repetitive and monotonous jobs and do not see the reason their specific job has any importance to the company. In this situation, you should employ the path-goal theory approach whose explicit goal is to improve employee performance and satisfaction by focusing on employee motivation. Employees will be motivated if they believe they can do their work, if their efforts will result in a specific outcome, and if they think that the results for performing the work are valuable (Northouse, 2007). Therefore, you should communicate with your employees and assure them that they can do the work and explain why their job is so important to achieve the long-term goals of the company. Also, it is important that you become a supportive leader that is friendly and approachable and concentrates on making the work enjoyable for employees (Northouse).

For instance, a former line worker for one of the main ketchup manufacturing companies in the United States quit his job after only one year due to the monotony of his job (sticking labels on ketchup bottles) and the lack of supportive leadership showed by the shift managers. When he provided a

simple solution for fixing one of the problems with the label machine he was operating, the shift manager ignored his answer and sought the help of an engineer. Interestingly enough, the engineer provided the same solution as the hourly employee.

Leader-Member Exchange (LMX) Theory

Perhaps you have been managing your current department for only a few months and you noticed that due to previous management, the department is divided into two groups: the members of the first group work very hard and end up doing more than it is required of them, while the members of the second group do not interact very much with the members of the first group and they do only what their job requires on a daily basis. What you are facing is well explained by the leader-member exchange (LMX) leadership theory.

This theory focuses on the vertical relationship between leaders and followers. This relationship that leaders form with each of their employees leads to the formation of in-groups and out-groups (Northouse, 2007). The problem is that the individuals who are part of the in-group want to do more than it is required of them, while the individuals who are part of the out-group do only what they are supposed to do. Given this scenario, it is essential to develop connections similar to the in-group relationships with all your subordinates. Eventually, this approach will build trust and respect from the employees (Northouse).

An example is the director of admissions for a large mid-western university. His department has been known for meeting the recruiting goals, but he essentially uses four out of the nine team members to accomplish this task. Because these four members are part of his in-group they are willing to go the extra mile (i.e. attend college and job fairs, establish relationships with area businesses) and recruit more students than they are required to in order to accomplish the department's goals. The other five recruiters who comprise the out-group come to work everyday strictly to do their job (i.e. make phone calls to students, send emails, meet with prospective students). The unfortunate result is that they do not always meet their personal recruiting goals. While the department as a whole meets the set recruiting goals, the number of students recruited would be significantly higher if the director applied the LMX theory and established in-group relationships with the other five team members.

In conclusion, as a manager, it is important that you know the various leadership theories and the settings in which each of them should be applied. Transformational leadership with its focus on changing and transforming people should be applied in a dynamic and unstable environment where managers are encouraged to be flexible and innovative. Transactional leadership which emphasizes the exchange that takes place between a leader and a follower should be used in a situation when the negotiated reward is considered to be a strong motivator. Studies have shown, however, that it best to use transactional leadership in conjunction with transformational leadership. The servant leader theory focuses on the idea that the servant leader is first a servant who puts the needs of the employees ahead of the well being of the organization. Such an approach has been proven to be successful in a high stress environment where the competition is fierce. The path-goal theory centers its attention on improving employee performance and satisfaction by focusing on employee motivation. Specifically, the supportive leadership behavior is most effective in an environment where the tasks performed by the employees are repetitive and unchallenging. Last but not least, the leader-member exchange theory focuses on the dyadic relationship between leaders and followers and works best in a situation where the bulk of the work is performed by a select few which are considered to be part of the in-group.

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