

ภาวะผู้นำเพื่อการเปลี่ยนแปลงและภาวะผู้นำแบบแลกเปลี่ยน: กรอบแนวความคิดของ ความสัมพันธ์กับผลการดำเนินงานขององค์กร

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บทคัดย่อ

วัตถุประสงค์ เพื่อศึกษาและสร้างกรอบแนวความคิดของความสัมพันธ์ระหว่างลักษณะภาวะผู้นำเพื่อการเปลี่ยนแปลง ภาวะผู้นำแบบแลกเปลี่ยนและภาวะผู้นำแบบผสมผสาน กับผลการดำเนินงานขององค์กร **วิธีการ** เป็นการศึกษาจากเอกสาร โดยการวิเคราะห์และบูรณาการแนวความคิดทฤษฎีและผลการวิจัยที่เกี่ยวข้องจากข้อมูลต่าง ๆ **ผลการศึกษา** บูรณาการของแนวความคิดและทฤษฎีของภาวะผู้นำทั้งสามแบบ ที่มีอิทธิพลต่อผลการดำเนินงานขององค์กรทั้งด้านอัตวิสัย และภาวะวิสัย ผลแห่งการบูรณาการได้แก่การนำเสนอตัวแบบแนวความคิดทางการวิจัยความสัมพันธ์ระหว่างลักษณะผู้นำแบบต่างๆกับการดำเนินงานขององค์กร **สรุป** แนวความคิดและทฤษฎีภาวะผู้นำ และการดำเนินงานขององค์กร สามารถบูรณาการเป็นตัวแบบแนวความคิดสำหรับการวิจัยเพื่อแสดงความสัมพันธ์ระหว่างภาวะผู้นำแบบต่างๆกับผลการดำเนินงานขององค์กร

คำสำคัญ: ผู้นำเพื่อการเปลี่ยนแปลง ผู้นำแบบแลกเปลี่ยน ผู้นำแบบผสมผสาน ผลการดำเนินงานขององค์กรเชิงอัตวิสัย ผลการดำเนินงานขององค์กรเชิงอัตวิสัย

Transformational and Transactional Leadership Styles: A Conceptual Framework of Their Relationship with Organizational Performance

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Received date: April 8, 2019 Revised date: April 25, 2020 Accepted date: November 20, 2020

ABSTRACT

PURPOSES: This paper aimed to study and develop a conceptual framework of the relationship between transformational, transactional, and mixed leadership styles and organizational performance. **METHODS:** A documentary approach to the study and integration of concepts, theories and existing research from various databases. **RESULTS:** The integration of concepts and theories on the 3 leadership styles, on the one hand, and their influence on subjective and objective organizational performances on the other. Consequently, a conceptual model for research on the relationship between leadership styles and organizational performance is presented. **CONCLUSIONS:** Concepts and theories on leadership and organizational performance can be integrated for a conceptual model for research to demonstrate the relationship between leadership styles and organizational performance.

Keywords: Transformational leadership, transactional leadership, mixed leadership, objective organizational performance, subjective organizational performance

Introduction

Leadership is critical within an organization for several reasons. Leadership establishes and shapes the organization's long-term goals and vision, essentially creating and continually reinforcing the organization's goals and strategies (Achua & Lussier, 2013; Day, 2014; Northouse, 2016). The leader has a role in motivating, engaging, and bringing out the best in others. He or she could drive passionate workers to achieve higher levels of performance. This influence relates not just to the organization's goals, but also to its ethical values and norms, which influence the day-to-day actions of individuals in the organization. The effectiveness of leadership can even influence whether the organization survives and thrives (Yukl, 2013; Northouse, 2016). Leadership studies typically provide more information about individual performance than organizational performance. Studies of failed projects and even the failure of entire organizations have demonstrated that leadership does make a difference, whether good or bad (Yukl, 2013).

The effect of leadership styles and approaches on organizational performance has been studied extensively since the 1980s. Approximately one-third of all leadership studies relate to transformational and transactional leadership (Northouse, 2016), and the relationship between leadership style and organizational performance is still not fully understood (Wang et al., 2011). In part, this is because organizational contexts and external conditions are highly complex, which can mask or moderate the influence of leadership styles on organizational

approaches. There are also issues of culture that could influence leadership approaches. However, the confusion has also arisen because of the number of conceptualizations and typologies of leadership styles which make direct comparison and examination of this problem difficult. This means that although it is hypothetically the case that leadership styles have a strong influence on organizational outcomes, empirical research does not always support this claim.

The main purpose of this paper is to present a conceptual framework, constructed from systematic reviews of existing research on the relationship between transformational and transactional leadership and organizational performance (Avolio et al., 1999). In addition, the joint effect of transformational and transactional leadership has also been investigated in the model. The research begins by reviewing the existing research, followed by developing a conceptual model which generated three research questions: (a) What is the relationship between transformational leadership and organizational performance? (b) What is the relationship between transactional leadership and the organizational performance? (c) What is the relationship between the joint effect of transformational and transactional leadership and organizational performance? Hypotheses were also embedded in each research question.

Methods

This study employed documentary study approach of a systematic review and data analysis. The six-step process was

involved in: (a) formulating the research questions, (b) searching the related literature, (c) screening for inclusion, (d) assessing the quality of the existing literature, (e) extracting information, and (f) analyzing the information. A search was conducted to collect information from various sources such as *Academic Search Complete*, *Business Source Ultimate*, *EBSCO*, *Emerald Management*, *JSTOR*, *PsycARTICLES(APA)*, *Sage*, *Science Direct*, and *Taylor&Francis*. The criteria for selection of articles for review were based on: articles the facts that the articles were written in English, and empirical studies on transformational and transactional leadership in any context were in the past decade. Keywords for the search were *leadership*, *transformational leadership*, *transactional leadership*, and *organizational performance*.

Review of literature and related research

This section presents a review of the existing literature and related research on four topics: organizational performance, transformational leadership, transactional leadership, and the joint effect of transformational and transactional leadership.

Organizational performance

A generic definition of organizational performance is the organization's outcomes when measured against a selection of different measures (Aubry & Hobbs, 2011). Aubry and Hobbs (2011) identify different types of measures that can be used. For example, organizational performance can be measured, based on objective or subjective measures, and can be from an internal or

external perspective. However, there are many different conceptualizations of organizational performance which lead to different types of performance measures (Aubry & Hobbs, 2011). Some authors remarked that the multiple definitions and different measurement models for organizational culture make it difficult to derive a single, shared concept of organizational performance (Richard et al., 2009).

Theory of flow (Nakamura & Csikszentmihalyi, 2009), expectancy theory (Vroom, 1964), and self-determination theory (Ryan & Deci, 2000) propose that an employee's positive behavior reflects the positive outcomes of the organization. The first category of organizational performance considered in this study is subjective organizational performance. Subjective performance measures are those that involve some aspect of judgment, perception, or attitudinal response in their measurement, and are not entirely based on concrete, consistently measurable, responses (Richard et al., 2009). In Richard et al (2009), extensive meta-analysis of organizational performance, which included 722 studies, found that subjective performance measures were somewhat less common than objective measures and were included in about 26% of studies. Subjective organizational performance measures include: culture, social acceptance, and corporate social responsibility; employee achievement goals and cognitive outcomes; employee commitment; employee engagement; and job satisfaction.

The second category of organizational performance measures consists of objective performance measures, or those that can be measured reliably and are not based on perceptions or self-assessment (Richard et al., 2009). According to Richard et al (2009), objective measures of organizational performance are more commonly used in organizational studies than in subjective performance measures. Richard et al. (2009) pointed out that about 73% of the studies reviewed used objective measures of performance, including accounting measures (53%), financial market performance (17%), and objective sales, market share, and related performance measures (15%). Some types of organizations, such as non-profit organizations, would not rely excessively on financial performance measures as objective indicators although measures of budget performance could play a role.

In conclusion, there are two categories of organizational performance: (a) subjective organizational performance and (b) objective organizational performance. One of the important factors that influences organizational performance is leadership. How do transformational and transactional leadership influence organizational performance? In order to answer this question, three leadership styles will be further reviewed.

Transformational leadership and organizational performance

Transformational leadership is considered one of the emerging leadership concepts. It was first introduced as a

dichotomous construct along with transactional leadership (Burns, 1978), which will be described later. Transformational leadership refers to leaders who individually engage his or her followers to build a unique relationship (Burns, 1978). Bass and Avolio (1995) defined transformational leadership as a leader who communicates higher order values and explicit work tasks to each team member, individually. This definition implies that the transformational leader seeks to create agreement within the group and to develop followers' skills and resources in order to better meet future needs. Furthermore, Northouse (2016) argued that transformational leadership is a process that changes and transforms, influencing individuals to accomplish organizational goals.

There are different components of transformational leadership. However, the most widely used are the four components of Bass and Avolio (1995). These are: (a) Idealized influence (II), (b) Inspirational motivation (IM), (c) Intellectual stimulation (IS), and (d) Individualized consideration (IC).

(a) *Idealized influence (II)*: Transformational leaders behave in ways that allow them to serve as role models for their followers. The leaders are admired, respected, and trusted. Followers identify with the leaders and want to emulate them. Leaders who have a great deal of the behaviour are willing to take risks and are consistent, rather than arbitrary.

(b) *Inspirational motivation (IM)*: Transformational leaders behave in ways that

motivate and inspire those around them by providing meaning and challenge to their followers' work. Team spirit is aroused. Enthusiasm and optimism are displayed. Leaders get followers involved in envisioning attractive future states. Leaders create clearly-communicated expectations that followers want to meet and also demonstrate commitment to goals and a shared vision.

(c) *Intellectual stimulation (IS)*: Transformational leaders stimulate their followers' efforts to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways. Creativity is encouraged. Followers are encouraged to try new approaches, and their ideas are not criticized because they differ from the leader's ideas. New ideas and creative problem-solving solutions are solicited from followers, who are included in the process of addressing problems and finding solutions.

(d) *Individualized consideration (IC)*: Transformational leaders pay special attention to each individual follower's needs for achievement and growth by acting as a coach or mentor. Followers and colleagues are developed to successively higher levels of potential. Individual differences, in terms of needs and desires, are recognized. The leader's behavior demonstrates acceptance of individual differences. For example, some employees receive more encouragement, some receive more autonomy.

Claims for the effects of transformational leadership tend to be very strong, with proponents promoting benefits far beyond what is actually supported by the literature (Wang et al., 2011). Regardless,

there is evidence for positive effects of transformational leadership on some outcomes, although this evidence is mixed. For example, transformational leadership had a positive and significant effect on value commitment and commitment to stay, which was mainly derived from charismatic leadership, rather than individualized consideration or intellectual stimulation. However, the effect on commitment to stay was relatively weak. A similar effect was shown for organizational citizenship behavior and job satisfaction (Nguni et al., 2006). Comparison with previously collected data showed that transformational leadership was positively associated with leader effectiveness, team cohesion, and team efficacy, although the organizational context did influence these outcomes. Based on the literature review, research question 1, hypothesis 1a, and hypothesis 1b were developed as follows:

Research question 1: What is the relationship between transformational leadership and organizational performance?

Hypothesis 1a: Transformational leadership is significantly related to subjective organizational performance.

Hypothesis 1b: Transformational leadership is significantly related to objective organizational performance.

Transactional leadership and organizational performance

The transactional leader can be defined as follows: "Typically, transactional leaders set explicit, work-related goals and the rewards that can be expected as a result of performing successfully...the implication is

that this is not done proactively and in close cooperation with each team member” (Rowold, 2011). Transactional leadership, as a process, typically involves the utilization of the leader’s power to reward or punish individuals in order to meet specific requirements and goals (Bass & Riggio, 2006). A common example is a leader’s use of financial incentives as a tool to motivate followers to meet certain specific goals, such as monthly sales goals. However, as Rowold (2011) pointed out, these goals are typically set based on the organization’s requirements, rather than on the individual employee’s characteristics and, therefore, lack individualized considerations or fit with the individual’s goals and preferences.

Bass and Riggio (2006) suggested that there are three components of transactional leadership: contingent reward, which exhibits an exchange process between leaders and followers in which effort by followers is exchanged for specified rewards; management-by-exception; and laissez-faire. Later, Jensen et al (2016) expanded the concept of transactional leadership, as proposed by Bass and Riggio. Oterkiil and Ertesvåg (2014) described and proposed four different components of transactional leadership. They argued that transactional leadership, as defined and measured by Bass and Avolio (1995), is negatively charged. From their studies, transactional leadership entails leadership practices involving giving direction, planning, maintaining progression, and allocating resources for followers. Oterkiil and Ertesvåg (2014) showed that there is an ambiguity in transactional

leadership components which needs to be examined further.

Transactional leadership can have different effects in an organization. A meta-analysis of previous studies showed that transactional leadership does have an effect on an organization (Wang et al., 2011). The research studied 113 quantitative surveys on transactional and transformational leadership. They found that individual-level task performance was primarily explained by contingent reward, the main positive management practice associated with transactional leadership (Wang et al., 2011). Thus, it can be stated that transactional leadership in an organization has a positive influence on individual task performance, effort, and job satisfaction, which is not observed with transformational leadership. Thus, research question 2, hypothesis 2a, and hypothesis 2b were formulated, as follows:

Research question 2: What is the relationship between transactional leadership and organizational performance?

Hypothesis 2a: Transactional leadership is significantly related to subjective organizational performance.

Hypothesis 2b: Transactional leadership is significantly related to objective organizational performance.

The joint effect of transformational and transactional leadership styles and organizational performance

Bass and Riggio (2006) proposed that a leader would be effective if he/she is able to employ both transformational and transactional leadership styles. The word

ambidextrous leadership is used to represent the joint effect of transformational and transactional leadership. This leadership model was proposed as an effective leadership style which goes beyond just transformational or transactional leadership. Furthermore, the ambidextrous leadership model and the model proposed by Bass and Avolio (1995) shared the view that a leader needs to unite contradictory leadership behaviors or roles. The leadership behavior needs to be incorporated into one, integrated whole. Additionally, both models indicate that a leader needs to switch between these two leadership behavior, according to the requirement of the situation.

Even though Bass and Avolio (1995) suggested that an effective leader should combine both transformational and transactional styles, there is a limited amount of empirical evidence in the existing literature to support this suggestion. This study adds this variable into the framework. Thus, research question 3, along with hypothesis 3a and hypothesis 3b, were formed, as follows:

Research question 3: What is the relationship between the joint effect of transformational and transactional leadership and organizational performance?

Hypothesis 3a: The joint effect of transformational and transactional leadership is significantly related to subjective organizational performance.

Hypothesis 3b: The joint effect of transformational and transactional leadership is significantly related to objective

Findings

An extensive literature review provided empirical evidence on transformational and transactional leadership and their relationship with subjective and objective organizational performance. There are three independent variables in the model, including transformational leadership, transactional leadership, and the joint effect of transformational and transactional leadership. It is hypothesized that there is a positive and significant relationship with the dependent variables (subjective and objective organizational performance). Subjective organizational performance may be measured by employee engagement, employee commitment, or employee job satisfaction while objective organizational performance are measured by sales productivity, standardized test scores, or employee achievement. The conceptual model was developed as shown in Figure 1, below.

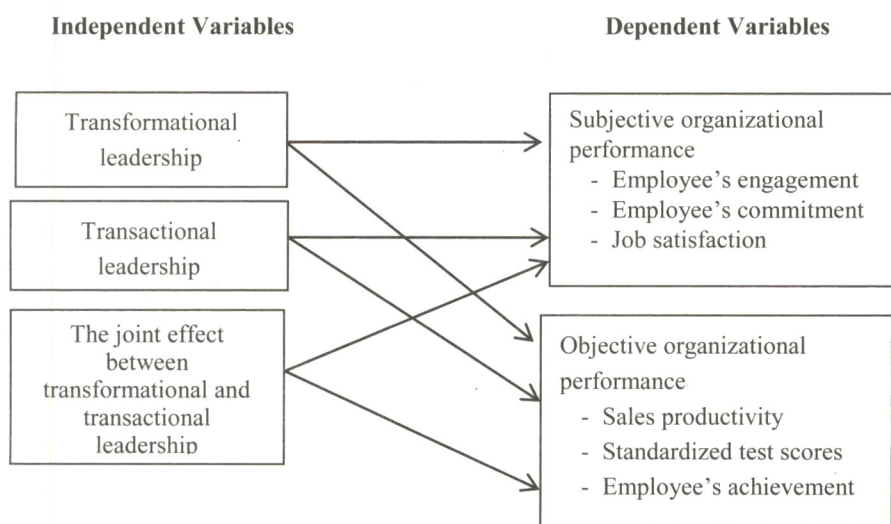


Figure 1 The conceptual model of leadership styles and organizational performance

Discussion

The relationship between transformational and transactional leadership styles has been studied extensively, but results have been inconsistent. Based on the study by Bass and Avolio (1995), study of the joint effect of the two leadership styles has been inserted into the present study. The aim is to describe and verify the relationship between the three leadership styles, on the one hand, and subjective and objective organizational performance on the other. This conceptual model aims to answer the three research questions, but three critical issues are of concern: (a) the measurement scales of transformational leadership, transactional leadership, and the joint effect of both leadership styles; (b) the context of the study; and (c) how to select organizational performance indicators.

(a) Regarding the *measurement scale*, the well-known measuring tool to assess transformational leadership is the Multifactor Leadership Questionnaire (MLQ), developed

by Bass and Avolio (1995). This measurement scale has undergone several revisions. There are two significant arguments concerning this measurement scale. First, Avolio et al. (1999) proposed that the four dimensions of MLQ can be used separately. On the other hand, there was a high intercorrelation among these four dimensions. Therefore, it could be used as a single dimension. This raises the issue of using only one assessment tool and how this may cause a *bandwagon effect* which may have stifled the development of other measurement tools.

The measurement of transactional leadership uses only the MLQ. However, Oterkiil and Ertesvag (2014) argued that the MLQ has a negative bias when used to measure transactional leadership. They proposed four dimensions of transactional leadership, but before generalizing results, these dimensions need to be validated. There is no measurement scale to measure the joint effect of the two leadership styles and, hence, no empirical evidence. This is a key issue in

the study of leadership. It is suggested that the product-indicator approach can be used to estimate the interaction effects between two variables so it may be possible to use this approach to assess the joint effect of the two leadership styles.

(b) Regarding *the context of the study*, Cho and Dansereau (2010) revealed that transformational leadership (TFL) has been viewed as a universally effective leadership behavior in different cultural contexts, such as in Korea, Germany, and Canada (Wang & Howell, 2012). However, one needs to keep in mind that the results of a study may vary according to cultural context. In addition, there may be other factors that influence organizational performance in each context. For example, it is found that the cultural dimension of teamwork and respect for people is the most important factor in enhancing organizational outcomes in Australia. Eisenberger and Stinglhamber (2011) proposed that perceived organizational support enhances employees' productivity.

(c) Regarding the *organizational performance indicators*, as presented in the model, some of them may not reflect the influence of leadership. Barker (2007) commented that it could take a long time for leadership effects to filter through to organizational results, either subjective or objective. Some organizational performance measures may be inappropriate for evaluating

some types of organizational performance. For example, previous studies have also encountered either no effect or weak effects of leadership on objective performance measures (Barker, 2007). This model challenges what style of leadership can make a better contribution to selected organizational outcomes.

Limitations and Future Research

Some limitations of the present study should be noted for future research. Firstly, the conceptual model was proposed based on the existing literature relating to transformational and transactional leadership; however, the existing literature mainly focused on transformational leadership. Secondly, there appears to be no studies on the joint effect of transformational leadership and transactional leadership. Therefore, there were no empirical data to review. Lastly, the existing measurement scales of transformational and transactional leadership were originally developed in a Western cultural context.

Future research may help to verify these leadership styles and provide empirical evidence on leadership. Possibly, a different research methodology could be deployed to test the model; for example, a longitudinal study, cross-sectional study, or multilevel study may help to validate results and increase the available evidence on leadership.

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