



Instrumental leadership: Measurement and extension of transformational–transactional leadership theory[☆]

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ABSTRACT

Leaders must scan the internal and external environment, chart strategic and task objectives, and provide performance feedback. These *instrumental leadership* (IL) functions go beyond the motivational and quid-pro quo leader behaviors that comprise the full-range—transformational, transactional, and laissez faire—leadership model. In four studies we examined the construct validity of IL. We found evidence for a four-factor IL model that was highly prototypical of good leadership. IL predicted top-level leader emergence controlling for the full-range factors, initiating structure, and consideration. It also explained a unique variance in outcomes beyond the full-range factors; the effects of transformational leadership were vastly overstated when IL was omitted from the model. We discuss the importance of a “fuller full-range” leadership theory for theory and practice. We also showcase our methodological contributions regarding corrections for common method variance (i.e., endogeneity) bias using two-stage least squares (2SLS) regression and Monte Carlo split-sample designs.

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Introduction

Leadership is important for motivating followers and mobilizing resources towards the fulfillment of the organization's mission; it is also essential for organizational innovation, adaptation, and performance. Studies show that leadership matters for countries, organizations, and teams (Crossan & Apaydin, 2010; Day & Lord, 1988; Flynn & Staw, 2004; House, Spangler, & Woycke, 1991; Jones & Olken, 2005; Waldman & Yammarino, 1999; Yukl, 2008). Various models have been proposed as antecedents of leader outcomes with Bass's (1985) transformational, transactional, and laissez-faire (“full-range”) leadership theory being one of the most-researched contemporary theories (Antonakis, Bastardo, Liu, & Schriesheim, 2014; Gardner, Lowe, Moss, Mahoney, & Cogliser, 2010; Hunt, 2004; Lowe & Gardner, 2000).

The *raison d'être* for the full-range theory was to go beyond leadership focusing on social and economic exchanges to explain how leaders create commitment and superior performance. Such has been the impact of Bass's (1985) theory that it recreated interest in leadership research at a time (in the 1970s and 1980s) when the leadership construct was not taken seriously by management scholars (Hunt, 1999). For Bass (1985), transformational leadership—consisting of idealized influence (i.e., charisma), inspirational motivation, intellectual stimulation, and individualized consideration—has a potent psychological

[☆] Author's note: Sadly, Bob House passed away before we could get this manuscript published. Work on this paper began in earnest between John and Bob in 2001, resulting in a book chapter in 2002, a conference paper in 2004 (which first examined the IL scale), and a very large data-gathering effort spanning more than 8 years. I am grateful to Marius Brulhart, David Day and Christian Zehnder for helpful comments or suggestions received at different phases of the development of this paper, and to Robert Sandoz for his help in gathering the data in Study 2.

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impact on followers beyond the effects of quid-pro-quo transactional leadership (i.e., providing contingent rewards and sanctions).

There is substantial data showing that the full-range factors predict performance, whether measured subjectively or objectively, as the results of several meta-analyses indicate (e.g., Judge & Piccolo, 2004; Lowe, Kroeck, & Sivasubramaniam, 1996; Wang, Oh, Courtright, & Colbert, 2011). The theory has now extended beyond its foundations in applied psychology and is actively applied in a wider array of disciplines. Furthermore, most of the studies using this theory have relied on the Multifactor Leadership Questionnaire (MLQ), the best-known and best-validated measure to gauge the full-range theory (Aditya, 2004; Antonakis, Avolio, & Sivasubramaniam, 2003; Judge & Piccolo, 2004; Wang et al., 2011).

Although Bass's (1985) theory has solid foundations and has engendered much research (Judge & Piccolo, 2004), there are lingering questions about it (cf. Antonakis & House, 2002; Hunt, 2004; Judge, Piccolo, & Ilies, 2004; Yukl, 1999, 2008). Does the theory account for the most important aspects of leadership? Are there broad classes of leader styles that are omitted from this theory that are essential for effective leadership? To the extent that important leader styles are omitted from the theory, are the effects of the full-range factors overstated?

Using precepts of functional (as well as pragmatic) leadership theory, we argue that beyond transformational and transactional-oriented influence, effective leaders must also ensure that organizations adapt to the external environment and use resources efficiently (Fleishman et al., 1991; Hackman & Wageman, 2005; Morgeson, 2005; Mumford, 2006). That is, effective organizational leadership is not just about exercising influence on an interpersonal level; effective leadership also depends on leader expertise and on the formulation and implementation of solutions to complex social (and task-oriented) problems (Connelly et al., 2000; Mumford, Zaccaro, Harding, Jacobs, & Fleishman, 2000). Leaders must, inter alia, identify strategic and tactical goals while monitoring team outcomes and the environment (Morgeson, DeRue, & Karam, 2010). In this sense, and being true to the etymology of the word, leaders are "instrumental" for organizational effectiveness. Antonakis and House (2002) called this type of leadership, "instrumental leadership" a form of expert-based power (cf. French & Raven, 1968), which is not measured in the full-range model. Failing to measure instrumental leadership—which as an active form of leadership should correlate with transformational and contingent reward leadership as well as organizational outcomes—may induce omitted variable bias in predictive models (Cameron & Trivedi, 2005). Thus, current estimates for the effects of the full-range factors might be invalid (i.e., probably inflated) and not accurately inform policy and practice because of endogeneity bias (cf. Antonakis, Bendahan, Jacquart, & Lalive, 2010, 2014).

Our paper is organized as follows: First, we use functional (Morgeson et al., 2010) as well as pragmatic leadership theory (Mumford, 2006) to develop arguments regarding the importance of instrumental leadership (IL) and how it can complement the full-range theory; we use theoretical as well as statistical arguments to suggest why omission of IL from the full-range model may engender biased estimates. We then discuss the nature of IL and its consequences. In four studies we show evidence for the validity of IL by indicating how it fits in the nomological net of leadership factors. We closely scrutinize the psychometric properties of the IL scales using very robust methods and show that it is more important to leader effectiveness than are transformational and contingent reward leadership. Our findings suggest that IL should be measured alongside the factors of the full-range model and that research efforts should also focus on further refining the IL construct.

A functional leadership perspective

An organization is a system that transforms human effort and physical resources into products or services. Effective leadership reflects actions influencing the transformation process and ensuring organizational adaptation; leaders must thus (a) facilitate group interaction and (b) accomplish task objectives (Fleishman et al., 1991). Some of these activities are interpersonal oriented; however, others are strategic, the latter being increasingly important in today's milieu marked by increased globalization and competition, political volatility, economic turbulence as well as rapid technological changes (Hitt, Haynes, & Serpa, 2010). In addition, to better explain leader outcomes, leader models should focus more on identifying proximal variables (behaviors), which have strong predictive validity (DeRue, Nahrgang, Wellman, & Humphrey, 2011); of course, traits, as distal predictors matter too and are useful for predicting broad behavioral tendencies (cf. Connelly et al., 2000).

Currently, much research focuses on rather narrow sets of leader styles (i.e., primarily transformational leadership) and ignores the task and strategic-oriented behaviors of leaders (Yukl, 2008). Hunt (2004), who has chronicled leadership over the ages noted: "When between one-third and one-half of recent scholarly leadership articles are devoted to transformational leadership... one wonders whatever happened to plain, unadorned leadership directed toward task completion" (p. 1524). Models focusing on task-oriented leader functions exist (Bowers & Seashore, 1966; Fleishman, 1953a; Halpin, 1954; House, 1971; Stogdill, 1963; Stogdill & Coons, 1957). However, these models particularly, the "initiating-structure" and "consideration model," were somehow "forgotten" of late (Judge, Piccolo and Ilies, 2004). These models, though, fail to consider the strategic monitoring and formulation roles of leaders.

In addition to using transformational and transactional-type leadership, from a functional perspective, leaders also impact organizational effectiveness via actions that attend to the internal and external organizational environment (Morgeson, 2005; Mumford, Antes, Caughron, & Friedrich, 2008). The major functional activities of leaders are twofold: Monitoring of activities and solution-implementation (Morgeson, 2005). Given the dynamic nature of organizations, leaders are needed to step in when required to ensure goal fulfillment (Fleishman et al., 1991; Morgeson et al., 2010). From a functional point of view, leadership is all about "organizationally-based problem solving" (Fleishman et al., 1991, p. 258); that is, without the requisite problem-solving skills and expert knowledge leaders simply cannot be effective (Connelly et al., 2000).

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