

Literature Review
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Abstract

This paper is a review of recently published literature pertaining to the research question, *how does transformational leadership use power to implement and manage diversity?* With EBSCOhost and other online searching methods, as well as the help of Theresa Kappus, academic librarian at Gonzaga's Foley library, literature was gathered from peer-reviewed academic sources worldwide with an attempt to provide a cross-section of current research on the topics of *transformational leadership, power, and diversity*. The scope of this paper does not allow a comprehensive review of all that has been written on the subject, but will identify a few common themes and issues. The review first examines the question of whether or not a transformational leader is effective at managing diversity, and then moves to how she would manage the inevitable conflict from culture clashes. This is followed by an examination of whether or not the transformational leader would be effective in broader cross-cultural situations. Lastly, the review looks at the issue of power, first with the concept of power distance in diversity, and then building necessary power bases to become an effective transformational manager in a diverse organization. The review then identifies a few critical areas where research is lacking.

Literature Review

At the present, the world is engaged in a time of unprecedented change, significant enough that psychologist and futurist, Lewis, (2000), has coined for it, the term *tesarac*. The effects of globalism, hastened by the internet, fueled by the flames of extremism on all sides, have tilted on its head long-held truths so many have held dear. New cultural influences and paradigms confront us daily. Diversity in our communities and workplaces is rapidly increasing, and now managers and leaders must become astute in managing diversity (Richardson, 2005). Business success depends on their ability to do so.

Most research in leadership behavior in the second half of the last century was focused primarily on *leader consideration* (Yukl, 2010) (concern for interpersonal relationships) and *initiating structure* (Yukl, 2010) (primary concern for accomplishing tasks). More recently however, especially in response to globalism, research has focused on a third category concerned with *change and innovation* (Yukl, 2010). Related to change management is conflict management, which is of particular interest to the study of diversity management. Conflict occurs wherever cultures collide, and that conflict is then brought into the organization where it influences work processes and practices Chrobot-Mason, Ruderman, Weber, Ohlott, and Dalton (2007). Transformational leadership has been highly touted in recent years as a good leadership style, but is it effective in managing diversity?

Transformational Leadership, Power, and Diversity

There is no universal agreement as to the definition of leadership, however, “most definitions of leadership reflect the assumption that it involves a process whereby intentional influence is exerted over other people to guide, structure, and facilitate activities and relationships in a group or organization” (Yukl, 2010, p. 3). *Transformational leadership*

describes the method of influence as one that, “appeals to the moral values of followers in an attempt to raise their consciousness about ethical issues and to mobilize their energy and resources to reform institutions” (p.261).

As people interact, *power* is at work. Allen (2004) agrees with French philosopher Michel Foucault, who claimed that power is present in all human interaction, including every act and perception. Allen (2010) labels systematic interconnections as, “relations of power” (p. 25).

Diversity relates to an organization’s members being comprised of people from various majority and minority, dominant and non-dominant groups, as identified by categories of race, age, gender, etc. (Allen, 2004).

Diversity Management Research

Visage and Linde (2010) conducted research to determine “the kind of leadership style organizations need to develop in order to establish a positive experience of diversity management” (p. 382). They first looked at leadership as an independent variable, and then diversity management as an independent variable. The empirical study involved 2669 respondents, and analyzed 440 leadership styles (including transformational), in 11 different organizations using a standardized questionnaire.

Visage and Linde (2010) state that, since transformational leaders are similar to those described by other researchers as the *heroic* or *charismatic* type, they would be included in the same category. These are leaders who are able to “arouse and satisfy higher needs, to engage the full person of the follower to a higher level of need according to Maslow’s (1954) hierarchy of needs” (p. 385). The study broadly categorizes leadership styles into seven groupings:

1) heroic, 2) heroic tendencies, 3) engaging, 4) affiliate tendencies, 5) affiliate, 6) fight/flight, and 7) even.

When it comes to managing diversity, the study found that there was no significant positive correlation for leaders exhibiting heroic tendency styles. They also found that strong negative correlations were found among the high heroic tendencies when it described fairness, representation of diverse groups, and leadership commitment. The conclusion of their research shows that the heroic style (and thus by inference also the high transformational type) is not as suited to managing diversity as is the engaging style of leadership. The exception is in managing women, who tend to prefer the heroic style.

Chrobot-Mason, Ruderman, Weber, Ohlott, and Dalton (2007) analyzed and reviewed the conclusions of hundreds of researchers pertaining to the issue of managing the inevitable conflict that occurs when different identity groups collide. They categorize leadership strategies into four groups: 1) decategorization (suggests that best contact between individuals is not identity based), 2) recategorization (which attempts to alter group member perceptions of group boundaries), 3) subcategorization (which involves “systematic or randomly crossing work group roles with category membership. The thinking behind this strategy is that, if social identity and function do not co-vary, then it is less likely that disruptive incidents that occur between people in the workplace will be attributed to social identity group membership.” (p. 2019).

According to Chrobot-Mason et. al. (2007), transformational leadership falls within the decategorization strategy where the individual’s hopes, needs, aspirations and goals are considered. Based on the extensive research they reviewed, the decategorization and recategorization strategies have been criticized in managing diversity conflict as they emphasize the individual over the cultural collective. These two strategies are frequently met with strong resistance, and “may be psychologically and practically difficult to implement when real-life groups are involved” (p.2027).

The question of what makes a manager in an intercultural context an excellent performer was the subject of research by van Woerkom and Reuver (2009). Data for their study was collected from a Dutch multinational corporation with subsidiaries worldwide, in over 200 sites in 49 countries. They hypothesized that: 1) they would find a positive relationship between a transformational leadership style and social initiative, 2) there would be a positive relationship between a transformational style and job performance, 3) a transformational style has a mediating effect in dealing with multicultural personality.

Their research shows that managers exhibiting more social initiative score higher on transformational leadership. Likewise, a positive relationship was found with job performance. With regards to mediating effect, it was found that managers who showed transformational character were more likely to have a mediating effect in relationships. They conclude that transformation leaders are more effective in challenging or changing conditions.

The issue of power is a common theme in leadership and diversity research. An important variable is the concept of power distance. Power distance is defined as, “the extent to which one accepts that power in institutions and organizations is distributed unequally” (Kirkman, Chen, G, Farh, Chen, Z. X., and Lowe, 2009, p. 745). Kirkman, et. al. (2009) conducted a major study on power distance orientation and follower reactions to transformational leaders in a cross-cultural situation. Specifically, they wanted to, “fully examine the unique and combined influences of individually held power distance orientation and transformational leadership on employee cognitive and behavior reactions” (p. 745). The study encompassed 560 followers and 174 leaders in the United States and the People’s Republic of China (PRC).

Their research found that cultural values play particularly important roles in how followers react to transformational leaders. They identify that much of current management

theory states that managers should adapt their leadership behavior to fit the particular culture, but they caution that doing so does not consider the important individual cultural differences such as power distance. Kirkman, et. al. (2009) found that followers in the PRC and U.S. reacted differently to transformational leaders on the basis of power distance. Their research concludes that although transformational leadership was especially important for managers whose employees have low power distance orientation (U.S.), for followers with high power distance orientation (PRC), managers may need to adopt other styles of leadership.

On the theme of power, Michelson (n.d.), argues that power can be a positive force to manage diversity to achieve organizational goals. His analysis for the United States Air Force considered that, since leadership is an exercise of power, leadership must develop appropriate power bases to effectively influence. He postulates that the models he presents in his analysis are applicable to all organizations regardless of size. He borrows heavily on power theory research and writings from such as, Kotter, Kanter, Whetton, and Cameron.

Michelson (n.d.) states that the concept of using formal power (otherwise known as, legitimate authority) as the sole source of influence is outmoded, even in hierarchical structures such as the Air Force. Social structures are now intricate and complex with a highly diversified membership. That situation will likely produce a high level of interpersonal conflict and will require managers with high skill levels. He explains how leadership must begin with, 1) personal power, then increases by adding on other power bases, such as, 2) centrality (positioning oneself within the communication network), 3) Criticality (relationship with critical tasks), 4) flexibility (amount of discretion vested in the position), 5) Visibility (amount seem by influencers in the organization, and 6) relevance (relationship between tasks and priorities).

With power bases intact, the leader can easily transition to true transformational power. Only by having established solid power bases will a transformational leader be effective.

Future Research

Generally, we do not know much about the how transformational leadership behaviors are effective across those with different cultural values (Kirkman, et. al., 2009). There is also the need to clarify what exactly is meant when we talk in term of *managing diversity*. What is actually going to be managed? (Beer, 2010).

Beer (2010) identified what appear to be major paradoxes in literature regarding diversity management theory, ones that if enacted will possibly undermine rather than help foster proper diversity. The reason is that power differentials are not adequately addressed. He states, “managing diversity has no emancipatory potential to overcome differential treatment and may even sideline discrimination and hide discriminatory behaviors” (P. 7).

There is also a significant lack of knowledge as to how leaders in positions of authority might use and apply diversity theory (van Woerkom and Reuver, 2009). Dickson, Den Hartog, and Mitchelson (2003) add that the universality of social intelligence in diversity must be examined, as well as more delineation made in culturally-specific dimensions, increased use of modern technology in data collection, and a need for a theoretical framework to guide cross-cultural leadership research.

Conclusion

In this tesarac, strong effective leaders are required who can maneuver the treacherous waters of managing diversity. Although the transformational leader is highly touted in much of the current leadership literature as a model to emulate, it appears based on the literature reviewed that when it comes to managing diversity, it is not necessarily the preferred style, except perhaps

when managing groups of women. When it comes to managing the inevitable conflict resulting from culture clashes in the larger cultural collective, transformational leaders did not score well. Research shows that in those conditions, transformational leadership will likely meet strong resistance. On the other hand, transformational leaders will be effective in dealing with individuals on an individual level, including job performance, where research confirms a positive relationship. This is also true of the transformational leader's ability to mediate in inter-personal relationships, where a positive relationship has been confirmed by research. Transformational leadership works best in low power distance contexts such as the United States, but not well in high power context organizations. In high power distance situations, leaders may have to adopt a different style. For transformational leaders to succeed they must not simply rely on personal or authoritative power. They will also need to adopt various other power bases if they want to transition to being effective transformational leaders.

Not much research exists on transformational leadership in cross-cultural settings. Of particular concern is that much of current leadership management diversity theory does not address the real issue of power differential. As long as organizations do not allow for an emancipation potential, diversity management will likely be self-defeating. New research is needed in this area. Lastly, a new theoretical framework to guide cross-cultural leadership research is needed.

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