

# Transformational and Transactional Leadership: A Meta-Analytic Test of Their Relative Validity

Original publication by Timothy A. Judge and Ronald F. Piccolo

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Synopsis by Maggie Fromm, '06

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Authors Judge and Piccolo, in their article on transformational and transactional leadership, provide a wide-ranging analysis of the current scope of transformational, transactional, and laissez-faire leadership studies. Their meta-analytic approach allows them to make broad but grounded assertions on the relationship between these two leadership styles and their “non-leadership” counterpart.

Beginning with a rather in-depth look at the history of the complex exchange between fields of transformational leadership studies and transactional leadership studies, Judge and Piccolo choose Burns' 1978 definition of the difference between the two forms as the foundation from which to examine the progression of studies in the field. They note Bass' modifications of Burns' theory of transformational leadership as not being in opposition to transactional leadership. Instead, they are separate concepts, and “the best leaders are both transformational and transactional.”

The article continues this revisiting of the history of the development of leadership theory by stating the four traditional dimensions of transformational leadership: charisma or idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. The authors also offer the three dimensions of transactional leadership: contingent reward, management by exception-active, and management by exception-passive. For each characteristic, Judge and Piccolo give a clear and succinct definition, valuable both to the student new to leadership studies or the scholar returning to this ever-changing discipline. Finally, laissez-faire leadership is examined. It is here that, while the points being made and the scholarship represented remain clear, the semantics are difficult as Judge and Piccolo examine a form of leadership that is, in reality, “non-leadership” or “the absence of leadership.”

The introductory and historical section of the article is rounded out with a discussion of Bass and Avolio's 1993 assertion of the *augmentation effect* as a “fundamental” aspect of transformational-transactional leadership theory. The augmentation effect essentially argues that transformational leadership builds on transactional leadership styles. Judge and Piccolo state that “implicit in this argument is the view that transformational leadership must be built on the foundation of transactional leadership.” Thus, the present article records the testing of the validity of transformational and transactional leadership. The study relates each leadership behavior (transformational, transactional, laissez-faire) “to follower leader satisfaction, follower job satisfaction, follower motivation, rated leader effectiveness, leader job performance, and group or organization performance.”

Judge and Piccolo specifically examine the augmentation theory. Their method establishes five initial hypotheses.

- 1) “Transformational leadership will have positive, nonzero relationships with the following leadership criteria: (a) follower job satisfaction, (b) follower leader satisfaction, (c) follower motivation, (d) leader job performance, (e) group or organization performance, and (f) rated leader effectiveness.
- 2) Transformational and charismatic leadership will exhibit similar overall validities.
- 3) Contingent reward transactional leadership will have positive, nonzero relationships with the following leadership criteria: (a) follower job satisfaction, (b) follower leader satisfaction, (c) follower motivation, (d) leader job performance, (e) group or organization performance, and (f) rated leader effectiveness.
- 4) Management by exception-passive and laissez-faire leadership will have negative, nonzero relationships with the following leadership criteria: (a) follower job satisfaction, (b) follower leader satisfaction, (c) follower motivation, (d) leader job performance, (e) group or organization performance, and (f) rated leader effectiveness.
- 5) Transformational leadership will significantly predict leadership criteria controlling for the three transactional leadership behaviors and laissez-faire leadership.”

This fifth hypothesis is based on the notion that transformational leadership adds to the base of transactional leadership (the augmentation hypothesis) and allows Judge and Piccolo to examine whether the base of transactional leadership really matters. In other words, does transformational leadership subsume transactional leadership?

The authors’ method relied on a varied and detailed search of all possible studies of transformational and transactional leadership, including studies that measured variables of interest and associated variables. Each study was reviewed, evaluated for relevancy, and the relevant information was recorded in various databases. Judge and Piccolo relied on the meta-analytic methods of Hunter and Schmidt to “estimate the validities of transformational and transactional leadership as well as their correlations...” Various statistical approaches addressed the fact that articles included in a meta-study may report data differently. Studies were also divided into categories relating to the expected moderator variables. They then used regression analysis “to determine the independent contribution of leadership behaviors . . . to the prediction of organizational criteria relevant to leadership.”

Judge and Piccolo’s results showed transformational leadership as having the highest overall validity, with contingent reward leadership close behind, both showing the strongest correlation across the criteria of leadership. Further results showed that two criteria have a higher validity coefficient for transformational leadership than contingent reward: leader effectiveness and follower satisfaction with the leader. Contingent reward also had two characteristics for which it had a higher validity than transformational

leadership: leader job performance and follower job satisfaction. The article offers tables to explain the relationships between criteria and leadership behavior. Laissez-faire leadership was shown to have a strong negative correlation with follower job satisfaction, follower satisfaction with leader, and leader effectiveness. Judge and Piccolo offered *research design, independence of data sources, study setting, and level of leader* as areas across which they examined validities. In order to examine their fifth hypothesis, the authors excluded follower job satisfaction and group or organizational performance from the criteria in order to remain faithful to those criteria that exist in meta-analytic estimates for all three behaviors. Transformational leadership did significantly predict four of the five criteria under analysis (the only exception being leader job performance).

Judge and Piccolo list certain concerns with their results, among which is that their numbers are not as strong as those reported in a similar study by Lowe et al (1996). Other concerns include the fact that validities of contingent reward and transformational leadership were comparable and that contingent reward seemed to thrive, more than not, in purely business settings. Controlling for other forms of leadership also undermined validities of transformational, transactional, and laissez-faire leadership. They conclude with a discussion of future research, indicating the need to “study these behaviors in more detail.” Judge and Piccolo also offer a list of the contributions this study makes to current literature, including the benefits of larger scope, the addition of laissez-faire leadership, the value of their results as potentially corrective, and the establishment of the first “multivariate test of transformational and transactional leadership.”