Transactional Vs. Transformational Leadership: How to Bridge Between the Two with Bruce Avolio

00:00
How long will the human species last once AI takes over?

Jacob Morgan 00:03
Oh my goodness, anybody can be a leader call

00:05
them influencers, not leaders.

Jacob Morgan 00:07
Do you think that it's more challenging now to be a leader than it was?

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It's different challenges.

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How do you make a leader?

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Well, I gotta be born in order to be made. Some people choose it. Others, you know, the helicopter, parents want to choose it for them.

Jacob Morgan 00:22
I can't imagine doing something like that. I don't know how to lead anymore.

00:25
What's your one core value, you can make up a list of five values a lot faster than you can make up a list of one.

Jacob Morgan 00:33
Hey, everyone, it's Jacob. Welcome to another episode a leading the future of work. Today's guest is Bruce of volio. Dr. Bruce Vallejo. He is a Professor of Management at the University of Washington Foster School of Business. And I wanted to talk to Bruce because he has done an enormous amount of research in the world of real leadership. In fact, he's been in the field longer than I've been alive. Since

1983, I think he has been involved in all things leadership related, if not longer. He has done a lot of research in this space. He used to be the director at the Gallup Leadership Institute, he has held positions. He was the Clifton chair and leadership for a while. He's been the co director of the Eisenhower leadership development project in the 90s. He's been everywhere, he was the co director of the Kellogg leadership program in the 90s, as well. So he has been around the leadership block, so to speak. And that's one of the reasons why I wanted to talk to him. So today's conversation is focused, I'd say overarching theme is on leave our leaders born, or are they made. And we take a little bit of an academic look in some of the aspects of leadership and kind of the history where we got to where we are today. And we try to answer that very high level question Are leaders born? Or are leaders actually made? And if they are made, how do you make them if they are born? Does that mean that you're hopeless? If you're not born a leader? What do you do? So some of the things that we look at are some of the trends going on in the world of leadership, how it's evolved over the years, we look at some of the research that is that he's done, including the research on how the approval of a CEO has a big impact on if the board retains the CEO. So in other words, if employees like the CEO and have a high approval rating of him, chances are the board is going to retain that CEO, he talks about some of the research he did there. We also look at transactional versus transformational leadership, and what's been going on in that realm. And we touch a little bit on things like self awareness, innovation, but the overarching theme, again, is looking at if leaders are born, or are leaders made, it's a really fascinating conversation, again, has a little bit of that academic spin, but also a lot of practical nuggets that you can apply inside of your organization, and in your leadership journey, as well. And I find it to be a fascinating conversation, and I hope you will enjoy it as well. Why don't we start with a very easy softball question, Bruce, and that is our leaders born or are they made?

03:14
Well, they gotta be born in order to be made. So that starts somewhere. But in a more or less glib response to that is, there is evidence that there is some heritability to leadership like energy, we know that, you know, people need energy to actually go out and advance and do something that other people are willing to follow. So energy is something that we know is connected to the our physiology and kind of what we're born with. But if you put it together, whether it's intelligence, or as a lot of issues around how much is needed to be effective, or at least to understand and make sense of what other people are doing. The numbers are pretty low for heritability compared to made. And then the Biogen geneticists told me when we did this research, and other people now that have done it, they like why do you even ask the question? Because Don't you know that evolution actually, is the environment and the human species interacting with each other in ways that are dynamic? And so is an environment or is it heritable? It's but it's always both? Yeah. Because the environments changing the way people's brains are structured right now we call that, you know, the the phone, which is no longer a phone we carry around or the technology we use. And so I don't. Here's the other way, I think really to look at this question. Why is it that people have such a strong implicit theory that leadership is born and some people really do and that makes them less developmentally ready to actually learn to be a leader?

Jacob Morgan 05:00
Yeah, I mean, going your point, I think it's probably a combination of both, right? I mean, everyone is born with certain attributes and qualities and traits. But if you subscribe to the, you know, the Carol Dweck theory of having a growth mindset, then if you just believe that you're born with what you have,

and you can't get better, and you can't develop, and, you know, that would be what you would call the fixed mindset, right? You can't, you can't learn, you can't grow, you can't develop. And I don't think that's a very, it's not a very encouraging way to live or to lead for that matter. So it's true, right? I mean, some some people and I see this with my kids, I have a two year old and a six year old. And sometimes you look at your kids, and you say, Wow, she's inherently social, or like, is a good speaker, or is able to just, you know, pick things up. But at the same time, there are probably some things that she is not as developed or capable in. So I think anybody who kind of goes with that approach of leaders have to be born, I don't know, it just seems like a very negative, fixed way to approach it.

06:06

Now that poem entity perspective versus kind of an experimental, yeah, an entity is within the package are given. And, you know, maybe people and eugenics think in that way, where you're actually picking people for certain qualities and traits as you use the term but even traits are is somewhat of a misnomer, because we know that traits are actually more elastic than we thought. So for example, people as they go through life become either more liberal or conservative. So it changes the way that we would say they not only behaved, but who they were people who, as they go through life become more generative. You know, then I'll talk about the normal aging process, not the disease process. And so people do change over time, people become more functioning. Introverts become more extroverted, they function in terms of being more extroverted last CEOs I've met, are extremely introverted, very high strategic thinkers, but had to develop the muscle to be extroverted. But now they're seen as extroverted. So how much is it's really born is limiting them, they're actually changing that what people would say wouldn't change.

Jacob Morgan 07:27

So if we go with that premise that anybody can be a leader. Maybe it makes sense. First, before we dive into that, in more detail is to look at what does that even mean? Because you've been studying leadership for many, many decades? Are there some specific things that you've noticed over the past few decades that have evolved and changed as far as what leadership means? And what was it like in the 70s 80s 90s? Versus what it is today? Has that definition changed for you at all? And how we think about leadership? Yeah.

08:01

Some of the some of it has, and you know, some of the fundamentals have not changed at all. But I think if we go back past, before the 70s, to the 1700s, perhaps, or 1800s, you know, we had a much higher population of leaders that were born to lead. And I think this might be one of the reasons why we think leadership is born because you couldn't be king unless you were born, to be king. And so we're not that far away from that period of time. In fact, in our on every People Magazine, we noticed that Harry and Megan and William and Kate and etc, etc. I mean, we're, we're, we're so fascinated by this stuff. They're very much a part of who we still are, but they're not in the positions that they were in. So leadership was born in the not so distant past, in many cases, even in families that ran businesses or ran, you know, men's municipalities. Look at Chicago, the dailies, you know, the families, you know, put those people into positions, and you could say, well, it's is that born? Or is it just the manipulation of getting people into those roles of power? So I think what's happened is in the last, you know, 100 years, and then the last 50 years is there is a growing diversification of what constitutes what are the

roles and requirements and demands for leadership, you know, so for example, you know, if you say, well look at all these leaders, like, you know, people like Bill Gates or Elon Musk, and others like that, even Elizabeth Holmes, you know, and who's not doing so well these days, you know, from Serrano's, but she falls into that category and we're seeing it as much with men as with women. they see the world in a very different way. You know, Mark Zuckerberg, you know, we can even say, I wonder if these people on the spectrum that they talk about, probably? And sometimes, definitely. And so the definition of who is a leader is evolving, right. So, you know, in the past, you know, the strongest and probably the most connected, were the leaders and who accumulated strong power, but now we have soft power is has grown tremendously in terms of the ability for now even call them influencers, right? Or influences, not leaders.

Jacob Morgan 10:43
Yeah, I guess it depends on how you if you go with the definition that somebody who can make change happen, then yeah, I guess in some way, even if you have Instagram followers, right? I mean, a million Instagram followers or a million followers on Twitter, if you can make some kind of change happen without coming from a place of authority. Right, then I suppose that does make you a leader in some capacity. And then it kind of makes you wonder, is there a difference between leader and influencer? Or because it seems kind of funny to say that somebody with a lot of followers on Instagram is a leader. But at the same time, it also makes sense to say that to be a leader, you have to be able to influence people?

11:29
Right? Well, that's kind of the core, if you look at most textbooks, a leadership. People will describe it very simply as a process, a process of social influence, which facilitates the movement of people towards a goal that is desirable, as opposed to compliance and saying, Well, yes, that's kind of leadership. But if the person isn't willing, Lee doing it, have you really led them in a way that we'd like to think at least to some of the middle to hirings of leadership in terms of process like social processes. So I think I think influencers are leaders, there's no doubt people will make choices and their careers and lives based on an influencer. So my point was, we're expanding the domain that falls within this broader thing we call leadership, which is to socially influence people that do something and that willingly. I think influencers do that, I think they also we've seen a big change in the power of the peer. The peers have an enormous effect on the ability of leaders to get anything done, and also to learn how to do it better. So if you look at every business school program, and mostly other programs, like our institutions and business, a lot of stuff is done in teams and with peers. And the power of the pier is something that we haven't really studied. To the extent we've studied the other way, up, down, influence more vertical. And I think that's a big change. And I think what's happening also is leaders of organizations are getting together and working with each other on problems are too complex for any one organization or discipline to take on. So our greatest discovery is using occurred the boundaries of our knowledge domain, not in the center. In the center is where we perfect the idea at the boundaries is where we get this trigger have never thought of that. biologists think that way anthropologists think that way. But maybe we don't and then say industrial psychology. So I think those are some changes that are really having a really profound impact on how we construe leadership and we're right in the middle of that mix right now.

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Jacob Morgan 13:55
Yeah. Hey, really quick, you want to hear something crazy? Over 96% of the people who watch these videos on this channel are not subscribed. Why don't we fix that? If you want to get access to more awesome videos just like this one, make sure to hit subscribe, so you'll get notified when they get released. So if we were to kind of simplify and recap what that big change is, it seems like the influence piece was a big part of it, right? Is that primarily how would you describe or explain the the change that we're seeing as far as what it means to be a leader over the past several decades?

14:34
Well, it means not to necessarily be a white male. In many societies or societies that were the majority. It means not necessarily to be a male. It means that we accept a broader range of profiles, so to speak of what constitutes someone wouldn't be in leadership roles. It's also changing the way things are changing the way leaders communicate their leadership to others, like we're doing right now, the way we're talking with each other. I mean, we've been doing this for a long time, and particularly intensively in the last two, three years, the pandemic, so it's not unnatural to interact this way. In fact, law companies right now are laying off people this way. Not a good thing. But some assembly should. Someone told me, someone told me yesterday, I don't feel like I have any courage. If I do it this way, I think there's no courage in laying someone off over the hill, the screen looking in this way, I should be in the room with him. That person was from a, you know, probably in their mid to late 50s. So maybe someone younger would say, Well, you can lay them off on, you know, zoom or anything else. Yeah, was a real monitor. But she felt to the pre senior leader, she said, I shouldn't be in the room. I feel like there's something about the human connection that's there. So I think that's changing is like, how do you have that connection when you're not necessarily in the room and having that the physical proximity effects of being with people and the dynamics that go with that versus doing it this way? Those things are, are changing. And also, we have to worry about things like voice now and voice is that five people in the room was speaking five different languages. Yeah. That navigating that around a language that everyone has to speak, and for the people don't speak it natively? It's our native language. Another complexity?

Jacob Morgan 16:51
Yeah, no, it's, I mean, I don't know if you'd agree with this. But I think that it's there's never been a harder time to be a leader. Especially now, you know, there's kind of this balance of like, be honest and transparent. But there's Kancil culture. And a, there's social media, where people can say, you know, you misstep and say the wrong thing. And people can come after you very quickly. Do you think that it's more challenging now to be a leader than it was? Even I don't know, 1020 years ago.

17:21
I think it's different challenges. I think there's a broader spectrum of challenges that leaders are facing. One is that people have information before you can even get it out. So that information is a big source of power. That power has been distributed in a lot of cases. But now it's being manipulated, because people are creating information. That's disinformation. And that's one of the ways they hold their leadership roles. So yeah, in that sense, I do think that it's more challenging that people have challenges that, you know, made their jobs as baby as difficult every day as our leaders are today. But the challenges are different, they're more dynamic, they're faster, things come back to you quicker, and

things will block and quicker. And the messaging does take that messaging, trying to get your message out. It's very, very difficult for people to do, you have to be very careful about how you translate it and communicate it and where and when to be able to get it out to the right. ears and eyes,

Jacob Morgan 18:38
especially with all the different platforms that we have at our disposal nowadays. Used to be just kind of show up to work, and now you have so many different things that you can use. So let's talk a little bit about this going back to the original theme of leaders being made, not born because I tend to lean towards that, that made quality or that made side of the equation. So what does that actually mean? How do you make a leader and I know that's a very broad question. I'm not even sure where to begin with that. So do leaders make themselves is somebody responsible for making you like how do you even begin to kind of go down that that path?

19:24
Well, the answer the three things you said yes, yes. And yes. I mean, yes, people make it themselves as people support them in doing some even take responsibility for it. And you know, it's like when you have a two and a six year old you're taking responsibility for building their capacity to lead themselves through whatever the next phase is going to be like, you're gonna go into kindergarten, okay, I want you to now be your own person and I want you to be able to enjoy it but also take a stand and you know, as you go through further and you're six years old now the Are the peers coming in? She had more than what I'm wearing today, should I wear this, I wonder if you're gonna make fun of me, etc, etc, probably the two year olds not as worried about that

Jacob Morgan 20:09
no six year old definitely already is six year old is particularly

20:13
young girls, I mean, we're seeing the stress levels of young girls by time, they're 12 or 13 years old, manifested in very high levels of stress, and a third of them thinking seriously about suicide? So a recent study

Jacob Morgan 20:31
that came out,

20:33
yeah, sorry,

Jacob Morgan 20:34
man. And I was gonna say, saw that study that came out. I mean, I couldn't believe it that was absolutely terrifying to see that. And I don't know if

20:42
so these pressures that are there to answer this, these pressures that are there, that are challenges that could be used to also help people develop the kind of skills they need to influence others. So for

me, it's there has to be a readiness. So fundamental principle for us. We were just talking before I came in to do this about person, it's a member of an organization that is very invested in the work we're doing with them around development. But this one person is always not showing up, whether they're there or not. And our feeling is they're not ready for a variety of reasons. They're just not developmentally ready, motivationally, or even capability wise, or point they are in their life. And so there has to be self in it. Because you have to define how you're going to lead yourself before you're doing a ton of things, you influence others. Otherwise, you're just all over the place. It's also done by others to feedback, you can't be aware as a leader without feedback. So it has to come from your own maybe feedback to yourself at the end of the day in our reflection, that's comfort from others as well. And then there's the context. You know, when you put people into a different context and understand, they start to really pull information and in ways that they don't when they're comfortable. So if you provide a little bit of disruption, that as a way of getting people to trigger, maybe some different ways to think they need to leave, like, why in this culture, they spend so much time at dinner, can we just eat dinner and keep moving on? You know, well, it's called socialization in some cultures, and what about time, you know, in some cultures, we don't respect time, we're late, and that's okay. But other cultures, you better be there on time. Otherwise, it's seen as being disrespectful. So all three of those things really matter to choosing. And I think that developing, I like to call it the narrative, you know, where, what is your narrative for leadership, you talked about born and maybe it's part of the your narrative. But everyone has a narrative, and the arc of that narrative is determined in part by you. Like, what's in chapter one, two, and three is probably less you. But now at age 6789, you start to say, well, I'll create my own narrative. Yeah. And that, to me is, you know, kind of a good metaphor for leadership development.

Jacob Morgan 23:15
I think one of the challenges that also some leaders have is they don't even click create that narrative for themselves. They, they sort of just go with how things are going, and they don't take that ownership that control, they don't take a step back and say, this is the kind of leader I want to be this, these are, what my values are, this is what I believe in. This is how I'm going to convey that to everybody else. It's sort of just kind of, I don't know, it's almost like passive leadership, or having a passive narrative where you're just drifting around, in, you know, some general story, or maybe even somebody else's story. But very few people I find, are really willing to sit down, take control, and steer the ship and steer the story in the direction that they want to go in. Right. One, find that

24:02
depends like whether I'm a lifespan psychologist, you know, in my roots, you know, and I kind of look at this, as an early parts of people's development, a lot of the narratives is determined by other people. But as you are asked to take more responsibility for things. That's where you have an opportunity to really create a narrative. I think some people choose it. Others, you know, the helicopter, parents want to choose it for them, and hover over them so that they don't have a chance. And I think we're seeing some of that coming through now on today's world in terms of community universities and things that, you know, it's not uncommon for faculty of mine, I don't teach undergraduates but faculty colleagues say, you know, they call some parents asking, like, why this is on the test, you know, I mean, it's, so there's still they're steering the narrative and their kids are now all adults know, by definition,

Jacob Morgan 25:03

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terrifying. I can't imagine doing something like that. Yeah. Well,

25:07

sometimes you do it because it's safe safety issues, right. But a lot of times, it's now much more proposed simply done by. And I'm not saying every culture, I mean, we have the benefits of doing that in this culture, North America, but other cultures might even have the resources even think about that. But I do think that a lot of people go through a good part of their life without a sense of purpose. And there are certain things that trigger that other people get their purpose by watching what their role models do, could be their kindergarten teacher could be a coach, it could be their parents, significant others, brother, sister, and you know that they have an advantage because I can see what purpose looks like. But a lot of people that I tend to work with, like, say, MBA students that come in who are engineers, and technologists, so forth, one day, they're like, I really want to move to something that influences people to do the work not to be the Tinker and making the the machines and so forth, or the software or whatever. And they are really starting to look at this and say, I don't know what I don't know what my purpose is now, because I've been trained in something completely different. And I think that's a really interesting period, get them and help them kind of work through that self discovery,

Jacob Morgan 26:35
ya know? So where does that actually come from? And how do you maybe getting back to the theme of the narrative? How do you develop that narrative for yourself? I mean, I get the childhood part and but a certain point, right, you're in your 20s, you're in your 30s 40s. And maybe you're an entry level employee or mid level leader, at a certain point, right? You need to take a step back and start to think about like, what is my narrative? How do I create it? Right? So we're How do you even begin to do that? Is it just kind of journaling, thoughtful reflection on your life and where you want to go? How does that process of narrative come to be?

27:20

Well, as if a man's a lot of things, I think that can be done to do that. But I'll take I'll take a tangible one that I would do with a lot of people, particularly people probably in their at least their early teens teens, on on to whatever pick whatever age is, I asked them to identify. After talking about this, what does it mean to be a respected leader, and everybody has an implicit theory of positive attributes, leadership is someone that makes me feel like I'm important, someone who takes the time to invest in me someone that seems to be able to look around a corner and do something in a way that is not threatening and enjoys the, you know, the exploration of ambiguity, uncertainty, blah, blah, blah. So they do that, that say all those things happens in most every culture, or on Earth, even though it's manifested different, alright. And then I say, Well, why don't you go watch my interview somebody really respect. I mean, anybody. So I asked my MBA class a few weeks ago to do this most pivotal experience I've had, I'm like, You, it's gotta be that's can't be the most pivotal. I can't believe what I thought was born is clearly not. I learned so much about what their experiences were. So now, they're getting an oral sort of history from someone they respect. And I've had people literally interview the senior leaders, if not top leaders of major companies, by the way, they they usually never turn down the interview. They oftentimes, not sure what it is, is it gonna be recorded and all the stuff and then that rarely do they track down? Because you know what? You're gonna say someone I don't want your room. He have your respect the leader? No, I don't want to do that. So 90 Plus high percent. They do. Here's the interesting thing is that

people interview I always tell them, it's a 45 minute interview, and I've done I've done many, you can do it in 45 minutes. It's rare that it's less than an hour and a half. Yes. Why? Because it's not the interviewer. It's the interviewee. And the interviewee typically says, you know, I have never done this in a while. I did it when I was thinking about how I wanted to move into roles of leadership. And now that a minute I don't take the time to Think about it. So I think at both ends getting the person to think about what it is to see it, actually, it's like learning about, you know, what's it like to live in another culture or country? You know, we can embed them in the metaverse. But I think, until you actually smell the food, or, you know, walk on land, or, you know, go into an area where you're clearly the only one that's that color, you know, and everyone else is different than you. And speaking a different language, you don't realize how, how accommodated you already own culture. And I think the same is true with leadership. As you get to see people through their this interview, I'm giving you just one example. I've had students come back to me and said, you know, two years later, it'll say I've done seven or eight of the interviews now. And all it is, is exploring the lifespan of a leader who you respect. And asking them to kind of give an oral history of the things in a short amount of time of what influenced them. So that's one way, but I think it gets it a lot of things like role modeling, observing, making sense of the leadership experience in a way that they want to listen to him because they picked them because they respected the leader. So yeah, they're gonna listen.

Jacob Morgan 31:29
Yeah, that's an interesting tech. And I guess anybody can even do that, especially if there's some there's leader at your company that you admire and respect, right? And just say, Hey, can we just grab coffee, I just want to talk to you about some of the things that influenced you in your life. And, you know, kind of learn from that. But even that I don't feel like a lot of people even have those conversations, right? We don't really talk to our leaders. I don't know how many people listening or watching this have ever emailed a leader that they look up to and admire to try to get 30 or 45 minutes with them to ask about that. But I think it's so it sounds like other people's narratives, and other people's paths can kind of help shape your own as well, when it comes to leadership.

32:09
Very much. So I think that's the model that actually works really well. Yeah. And it starts with a super peer, who is a little bit ahead of us a super in the sense that they move further along. And that makes you feel like, well, they're appear. And I'm not that far away. Whereas when people go to interview their most respected leader, or CEO, they feel such a distance sometimes. But then they can realize they're actually pretty much like me, in many ways, you know, study engineering, yeah, they felt like they were an imposter. When they first started out, they were worried that they would be, you know, identified, like, how did you ever get to this level? Just like, you know, just like I would say, I the way I feel?

Jacob Morgan 32:59
Yeah, I think taking that approach to kind of create your narrative and story makes a lot of sense. And it's, I think, pretty practical, and it's something anybody can do. Like, there's no reason why you can't actually go out and do that. I wanted to shift gears slightly and talk about some of the research that you've done. And as I was going through some of your, your literature, there were two, two studies that particularly caught my eye. And there's probably many, many more that you don't even have listed on there. One was, you did research on the unemployed approval of a CEO and how that dictate dictates

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whether their board will retain that CEO, which which I thought was very interesting. So can we can you talk a little bit about what that research was and how you found it, because when I saw that, I immediately thought of the importance of employee experience the importance of putting people first and it immediately thought of, not just the board, and the CEO of the company, but also just the leader of a team where the leader of a function, and you know, kind of thinking it from that angle. So can you talk a little bit about the research and what you found?

34:05

Yeah. And if after this session, remind me because as you one of my, to my colleagues on the paper, we am David Waldman is also well known leadership, we as a more I think, more strategy than kind of macro micro, and that was a beauty of this team is what we were very macro micro, and how we looked at this. So the strategy people look at things like how boards make decisions and things like that, you know, top management teams. And remind me because the SEO on an article on an extra posted online is a summary of that paper. A video I did just it's like a few minute video that they asked my team asked me to do, but this article by Su is really well done. It's like about two or three pages and it's for the business schools, whatever a social media platform, I can send that to you might be helpful. But in a nutshell, when I was going in to talk about different companies a number of years back, I used to look on glassdoor.com, to see how the CEO was rated by the employees. And there quite a bit of variance in how CEOs are seen. Sometimes CEOs have 10s of 1000s of ratings, and sometimes they have not. And when I would look at that, like I use him and look at that when I was getting towards talking about how do you change an organization, not just changing organization, transform an organization. So I see I see change most changes incremental. That's important. That's why we evolve. But transformative changes where there's a clear kind of leap, but with, you know, a qualitative, you know, developmental psychologist called like a stage shift in the way you do things. I'm not saying stages are relevant here. But it's more a fundamental shift that's vertical that you're going up to a level that you didn't understand before. So I started to look at that. And I'd come into class and say, Hey, do you know how Satya Nadella is right? You know, for people from Microsoft here in Seattle? A lot of times he didn't know some did a lot of times they had no idea. More more often today. They do and the boards do, because they follow them on social media. Glassdoor being one does go on there and say, Yes, writing is 94%. Now, if he went to Boeing, when has gone through some turbulent times, last six, seven years. And you look at McNerney, he's right, and you find out? Well, his approval ratings are about 40%. Wow. So he's previous before Calvin, he's also part of the lineage of Jack Welsh, from GE, and that whole school of thought. And if you look at 40%, and 94%, that's a simple question, you have a major change, you want to implement your organization, which one you think will be listened to more readily? The one with Nadella or the one with McNerney. And, you know, it's obvious that if 60% of the people don't favor, the CEO, getting legislation passed, so to speak, is going to be difficult. So I started getting interested there. And then when we sat down, I had gotten a lot, you can kind of scrape all the data off of these some of these sites like glassdoor.com. And it was kind of beyond my kind of technical knowledge to really use it in a way that I thought could be interesting. So I talked to David some of his colleagues, and we got together. And we had several studies we're looking at, and this was one of the first step popped. Because one of the areas that there's not a lot of research on this, how boards actually make these consequential decisions. Yeah, we don't know it's kind of a black box. Some of that has to be confidential, but a lot of it, we just don't know. So that's came about, and what we found looking at a lot of data and lost a lot of CEOs and a lot of financial data and controlling for everything under the sun.

You know, in terms of variables, you know, like the industry, the products produced this math. We found that mediate social media opinion matters, to decisions that boards make, they actually interviewed 20 board members. So qualitative leap with the quantitative data supported that it does have an effect on whether boards will keep a CEO. If the performance of the company is poor, it doesn't really matter. Yeah, because they've already, they're already wondering why they're keeping the CEO in Matt, when the company's performance is actually good. And in that case, you might have a lousy CEO just basically is able to drain the or, I don't know choke the performance out of the organization. And they might be doing it in the short term while but in the long term might fall apart. And so that's where I think employee sentiment comes into being and right now, I think that's going to be a growing concern for people in those leadership roles back to challenges that leaders in the past didn't face. Now, everyone's being yelled braided in whether you're whether you're a podcast, whether you're a CEO, everything is getting evaluated and you're exposed and a lot of different ways. So I think we hit on something actually, it's getting a lot of attention. A lot of people are paying us on that particular study. It's interesting you pick that up, huh?

Jacob Morgan 40:15
Yeah, I mean, at the same time, it shouldn't be that surprising, right? Like if if you are viewed favorably, then you should be in your position longer. If you're not viewed favorably, then you shouldn't be in your position or your approval rating should be lower. But it was interesting to actually kind of see the data behind it. Because it's not like when these board members are making the decisions, it's not to imply that they're looking at the Glassdoor ratings and saying, Oh, this person's Glassdoor rating is high or low. That's why we should fire them. It kind of sounds like it's just a part of that culture where people can tell if a CEO is liked or not, like if they shouldn't be there or not.

40:53
Well, boards don't know, though a lot of cases because they're being given limited information from the inside. Yeah. And some CEOs, particularly ones that are actually the chairman, and CEO, and also they have appointed a lot of board members, which is another variable we found was really important, because they get to control the board's intake. And by doing so, the Board may, I mean, certainly board members might look, you know, an information beyond what they're getting from the company, but a lot of them do rely upon that book, they get more file now, where they're being fed stuff. And it may not be as balanced. So just interviewing board members, we found that actually, a lot of them go way beyond Glassdoor and look at other social media sites. And they're aware of things written about the company, sometimes in less or more favorable publications. So they are aware of it. And and many, almost all have said, we're getting briefed on these now in our meetings, you know, where they come in, and they share this, you know, now there's more sites like like Glassdoor main store is being used a lot to for job searching. Like what company you want to go work for, like, what's the culture? Like things like that?

Jacob Morgan 42:19
Yeah. Yeah, for sure. It's interesting. And before we jump into some action items, I wanted to touch on one more piece of research that you did on transactional versus transformational leadership. And this two, I think, is very relevant in today's time. Right, transactional transformational. I think a lot of people can kind of tell what the difference is. But can you quickly talk about the difference between those two? And what you found from that research?

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was a long line. Yeah. That started with Jim Burns, who was a political scientist. And he wrote a book called Leadership. That was it. That's great. It's easy thing to remember. I don't have to look up his citation. Yeah. It's Jim Burns leadership.

Jacob Morgan 43:04
I'm actually looking it up as we speak. New York.

43:07
Free Press. That's it. So Jim has passed away last couple of years. But Jim studied precedence, first Roseville to Clinton and his career, and wrote some of the most authoritative biographies of some of those presidents. And he found that there's, you know, and he just looked at other senior leaders in the administration, but kind of found that there are certain precedents that come with a mindset to be instrumental, to build on things, make things hopefully better or better, or in terms of our ideology. And then there are precedents set look at we need to break from here and go with something really different. Yeah. And so he, he talked about, you know, transactional and transfer, formative leadership or transforming leadership as being to the kind of opposite ends, that you're either one or the other. That was the original formulation. And when Bernie bass and then and myself and other colleagues that we were working with at the time, we read Jim's book, and we like, is it really like either or, you know, and Bernie was out of the position, it's smart. And, and burns, by the way, later in life actually change. I said, You You're right. You can be both, in fact, that is the optimum is to be both. And you have to be transactional, to get things done, like, you know, 80% of my day to day it's transactional. Yeah. Meaning that being deliverables going through things. So our staff, meeting with a director here, mapping out some kind of program but a part of the days oftentimes around things that are transformative. So if you think about transactional is kind of the instrumental way of getting things done getting the trains to run, stay on the tracks, and do so safely. All that stuff, everything happens in our world through good transactions, if things are working well. That's true in their relationships as well setting goals, expectations, things like that. The bridge over to transformational is where you start to think about things like, you know, I think that this podcast that Jacob is doing is great. But I think he's got so much more potential, that from what she can then kind of grow his own base. And I'm just seeing that in him. And I don't even know if he sees it in himself. And that's the kind of individualization that goes on when a transformational leader is trying to be a steward of someone's development in a very genuine sense. Then, you know, the that sort of leader also, instead of using this system, as is challenges, yeah, where, instead of delivering things and trucks on roads, let's deliver them. So it's like, let's start drones. Maybe we can use drones and drop packages in people's houses, maybe that's another way. So they start to think about it. And you know, the challenge, the assumptions, the frameworks, the way things are going, like we're seeing and, you know, immunotherapy right now, oh, don't forget, the human body also does take diseases on. But what it usually does is it brings all the tanks in and blows up everything. And so a lot of times the immune system will kill things that shouldn't Oh, well, if we trigger it, and make it more precise, then maybe we can come up with precision medicine. And that might be a cure for many diseases, the body being the front combat, but we got to train him like a special force that can't just go in there and blow up everything. Yeah, that's the second part of it. And the third part of it is, you know, I might say to you, I think there's more potential. So I'm

very happy doing this podcast, and I don't need to do anything else, my family's fine, I'm fine. I get to have a good balanced life. And I'm trying to inspire you to say, but you need to get this out to the world in a way that maybe there are other mechanisms you haven't thought of. And then you know, the final part of that is no, so there's the energy, there's the intellectual challenge. There's the needs, then development. And the last part is, if you don't trust who I am, if you don't believe in who I have been in become, then why would you do it. And that's kind of the highest end the transformational, you could say, it's the moral, the ethical, the setting the high bar standards, the values, that it's to do more for people that I'll ever get out of it.

Jacob Morgan 48:07
I'm not quite at that. The Joe Rogan podcast level yet. But if I was, I would say, I don't need to do anything else, right, getting millions of listeners per episode, maybe one day

48:18
shows a husband.

Jacob Morgan 48:22
You know what, that's a husband, I'm more than happy to be that kind of a husband. You only have a couple of minutes left, I wanted to devote the last few minutes of this show to give some practical tips or advice for leaders out there for how they can, I don't know become better apply some of these concepts and themes that we've been talking about today in inside of their lives. So going back to kind of our original conversation around how leadership is changing. If you were coaching leaders today, and they were coming to you and saying, Bruce, you know, the world is changing like crazy. Everything I learned in school now as a leader is no longer relevant. I don't know what to do. I don't know how to lead anymore. Where would you begin? What advice would you give these leaders? How would you coach them? You won't want to miss my conversation with Bruce of OLIO as it continues for paid subscribers at great leadership.substack.com. And if you want to get access to this bonus episode, where Bruce shares what makes a great leader, the importance of figuring out your one core value, and also how to lead in today's rapidly changing world. Then again, head over to great leadership.substack.com You can become a paid subscriber over there and join the community. If you subscribe, you're gonna get access to one of these bonus episodes every single week. You will also get in depth weekly articles that I write. And you will also get access to a third thing and that is a five minute weekly video where I share a leadership hack or a strategy that a CEO is shared with me. Again, all of this is available to paid subscribers only. Great leadership.substack.com Thanks for tuning in. I'll see you next week.