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**We get the leaders we deserve: transactional and transformational leadership styles in Egypt**

Stephanie Jones, PhD<sup>1</sup> and Mohamed Mostafa Saad, MBA, MPhil<sup>2</sup>

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<sup>1</sup> Associate Professor, Organizational Behavior, Maastricht School of Management

<sup>2</sup> DBA Candidate, based in Egypt

# MSM

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## **MSM Working Paper**

### **“We get the leaders we deserve: transactional and transformational leadership styles in Egypt”**

***Stephanie Jones, PhD and Mohamed Mostafa Saad, MBA, MPhil***

***Associate Professor, Organizational Behavior, Maastricht School of Management – and DBA candidate, based in Egypt***

The following draft paper is based on the two authors' interest in the work of Bernard Bass in developing the Multifactor Leadership Questionnaire [MLQ] (1998), and the possibility of using this to focus on the problem of the disconnect between the kind of leaders a country or organization may need, especially in challenging circumstances – and what they actually get (Saad, 2012). Why a country or organization gets the leaders it deserves, and why this is rarely what it really needs, is a provocative and controversial concept first mooted by British leadership author Alistair Mant (1983).

This draft review is based on data collected during a crucial period in the history of Egypt (December 2011 – January 2012) when former president Mubarak had been ousted, and yet before a new leader had been firmly established. Everyone had an opinion about the new leaders needed, and why the older leaders had passed their sell-by dates. The dataset is based on the results of an exercise conducted in the MBA Leadership Class of the MSM MBA held at RITI in Zamalek, Cairo.

A sample of 30 students was questioned and their comments recorded. This qualitative survey – the edited data of which is shown below – was the outcome of a questionnaire in which students were asked to relate observed leader behavior seen around them – in the country and in their organizations – to a class discussion on the transformational and transactional approach to defining leader behaviors using the MLQ. This was one of a series of similar exercises looking at different leadership theories, and relating them to leader behaviors in Egypt, especially at this crucial time in the country's history.

As explained in co-author Mohamed Mostafa Saad's MPhil thesis:

Transformational and transactional leadership (Bass, 1985 and many other citations) looks at different behaviours and how they impact on followers. Transactional leadership builds on the employee's need to get a job done and make a living; for example, managers and employees working in public organizations in Egypt... – and most other countries – just do this job to gain a stable income, and this can be one of the problems of the public sector as a whole. Transformational leadership, by contrast, builds on an employee's need for meaning... [and personal development]...

These concepts of transactional and transformational leadership are well known, and not only discussed in Bass (1985) and Burns (1978) but in textbooks prepared by the first-named author and colleagues (Remme et. al., 2008, and Gosling et. al., 2012). The concepts of contingent reward, active and passive leadership by exception and laissez-faire leadership styles are included in the transactional model, and charismatic behaviors, inspirational, intellectually-stimulating and idealized approaches and the coaching of individuals to address their needs are included in transformational behaviors.

### **The transactional leader**

Most of the respondents in the student sample see their country as most commonly illustrating transactional styles: “our leaders are mostly transactional – they set clear goals identifying exact roles and responsibilities” was a typical summary. “Egypt has both transactional and transformational leadership styles – but most common is the transactional style, either by Contingent Reward, Management by Exception (passive and active) – and most of the managers in Egypt only act when it is too late and in a laissez-faire way”, observed one young Egyptian male working in a multinational bank.

An especially cynical respondent remarked that “most leaders in Egypt are transactional – they avoid deviations from their usual practice – they start to be more contingent reward-oriented to retain their more talented staff from being headhunted – that's all”. Another developed the point by saying, “transactional leadership in Egypt is evident from the standards required to get a promotion in national companies and even the Egyptian branches of international companies. The main measure for promotion is achieving the target, even if through non-conventional ways, or through things that not match the company's rules or code

of ethics”. This was confirmed by a student who remarked that “leaders here are transactional – do this and you will get a raise – if you didn’t meet your quota you might get fired”. He added that “most of the current temporary ministers in the Egyptian government avoid taking decisions because they are afraid of the consequences and want only to perform the necessary follow-up to the job and nothing more”. So being transactional from the point of view of a leader and a follower may be seen as a safe and expected option.

In a summary prepared by another student respondent, she pointed out that “Egypt mostly has transactional leaders –

- the contingent reward style is popular in both private and multinational organizations
- management by exception – passive – is especially common in local Egyptian firms
- laissez-faire – especially seen in the public sector and government – involving people being promoted according to their date of joining the organization, not their real achievements – this happens a lot”.

Another student considered that “transactional leaders who operate via contingent reward are very common in Egypt – the bank I work in rewards the high achievers in sales and services on a quarterly basis through major dinner events in order to enforce good performance and high achievement – but there’s a lack of transformational approaches”. Staff members are not developed on a long-term basis – they are hired and fired or leave without any long-term planning.

There is some differentiation between the predominant implementation of different leadership styles in different kinds of organizations. “The major leadership styles here are transactional contingent reward, management by exception (passive and active), and laissez-faire approaches, especially in the public sector”. “Transactional leadership is popular – especially in private and family owned businesses – and contingent reward and active management by exception, especially”, observes one participant.

What is the result? “This creates passive and laissez-faire attitudes – staff cannot accept ‘thinking out of the box’ and have no global attitudes. Fresh ideas are not being produced and this means staff cannot accept internal and external change”. In a related comment, another student said “the private sector – is transactional; the public sector – laissez-faire – and there is always insufficient trust in employees”.

This point was reinforced by a student who reflected that “laissez-faire and transactional leadership – is widely inherited as over six million persons work for the government sector – this sector is managed by bureaucracy, authority, respect for hierarchy, routine and high power distance – and lacks clear objectives and performance management processes”.

An older student commented that “we see management by exception – active style – among managers who are trying to be successful. But most are transactional – they manage by exception – and can be active and passive. Passive defensive style – this has been the culture of the Egyptians since the socialist system that Abdel Nasser established in the 1950s, where people did not have to work to get paid. So everyone now expects to get paid or to get promoted without any effort. Once these people become leaders, they are very passive because they are not trained to be leaders, and have no management skills. Moreover they are defensive, since they want to maintain their post so they fight any change”.

Things may be changing, though, and the political interregnum saw big differences, especially in trying to achieve results. “In my organization, there has been a change in leadership because of the political reshuffle which brought in a new style of leadership. Our new minister is more of a transactional leader. He sat with each department head at the start of his tenure and talked to us about the roles and responsibilities of each department, the objectives of the coming period and the goals which we should be working on...

This sounds all very well, but as the student continued, “he doesn’t, however, involve himself in every decision making process or objective steps taken. He relies more on reviewing the final output of the designated job or assignment, and changes only when he feels that we are off strategy course”.

This particular student had a different experience before: “my former boss was a charismatic leader – he knew each and every one of us by name and family. He knew whether we were married or not, had children or not – but this is quite rare”. As his classmate pointed out: “in my company you can see either a leader that can really lead by example, coach, wait for the team or subordinate feedback, delegate and encourage for good results; or you can find the manager that never delegates and is afraid that subordinates will take his place and is very determined to express his own opinion”.

## The passive leader

One student referred to a well-known news item. “Management by exception – passive is common here. Consider the example of the sinking of the *El Salaam* ship – which is considered to be one of the worst marine accidents in the history of the Egyptian shipping industry. This occurred because of continuous negligence of maintenance, breaking rules, accepting overweight cargo – even when the managers were aware that this was going on, no immediate decision was taken to perform a rescue and to execute judgment over the management of the ship”. This bears out an observation made by one respondent that “mostly leaders in Egypt are transactional – they tend to avoid addressing problems – they are reluctant to interfere until problems become serious”.

Many saw the former president as an example of this passive approach. “Passive transactional leaders were sometimes previously active. Egyptian president Hosni Mubarak is a typical example – he used to be concerned with active management by exception – and then in the last 15 years he adopted the passive transactional style. Neither he nor his government reacted unless problems occurred. This had a negative impact on all government and public sectors – this led to the deterioration of most of the main vital public sectors like the transportation, health care, agriculture and education sectors”. As confirmed by another student: “the transactional leadership style – management by exception - active and passive – or laissez faire – are most commonly-practiced here. For example – Hosni Mubarak was like this”

This problem does not just occur in government, and is even seen in the private sector. “My boss is highly transactional in style – he avoids making decisions – he doesn’t have charisma – he has never solved any problems at work. He’s more laissez-faire in style. We are a real estate company with big cash flow problems, and the employees have tried to solve the problem by themselves, by making tradeoff deals with contractors, but this is not a long-term solution”.

The passive and active forms of transactional leadership are often inter-related. “Transactional leaders – involved in management by exception (passive and active) – are common in Egypt. My direct manager is passive so he does not interfere with my work – because he is always busy saving his own back because his manager is active and always picking up his mistakes and he senses mistakes among millions of things – so I think active leaders could create passive ones below them in certain conditions”. Sometimes circumstances can affect choices: “after the revolution many leaders in the governmental sector became

management by exception-oriented – passive type – or laissez-faire but of course that is in a transitional stage – that should be changed in future”. But will it be? Amongst the student commentators, there were many opinions of why things should be changed – that we deserve better than this – but do we? Many of these characteristics can be seen as a result of deep-seated cultural issues...

### **The transformational leader**

Students who are lucky enough to have experienced transformational leadership know they are lucky. “I worked with a transformational leader – they are not common in Egypt – most are transactional. Mostly, they do not appear as a role model for people to follow. They tend to set the rules in their organizations – and then spend their time searching for the mistakes and broken rules. Most leaders in Egypt do not inspire or intellectually stimulate their followers, and they are not interested in developing individual skills”.

Another student – only two out of a sample of 30 MBA students – shared the observation that he had experienced a transformational leader. “Our last CEO was a transformational leader. We were very fortunate. By contrast, the middle managers are more transactional – the first line managers are completely focused on their own goals and plans”. So the distribution of leadership styles could be related to seniority – but not necessarily.

### **A mix of the two roles**

A mix of roles can be more typical, but only one student of the sample of 30 commented on this combination of roles. “My boss is partly transactional, and partly a transformational leader – he will clarify roles and task requirements, stimulate staff intellectually and show some individual consideration. Our business is in engineering, so there are strict rules, regulations and codes, by necessity. The boss watches for deviations, and may be described as management by exception, active mode”.

The contrast is in the autonomy allowed to staff members and less emphasis on controlling. “He will get results in a certain time frame, setting goals within that time frame for staff to deliver – while in between that time frame the employee is free to handle his own time resources to deliver results”.



## Further reflections

What are the implications of the overwhelming tendency in Egypt to produce passive and transactional leaders? “Being a transactional and passive leader hinders the transfer of knowledge radically and thus hinders innovation. Where I work we are piled up with work every second of the day, we work overtime and we work over the weekends, which leaves no time for innovation or knowledge transfer, we are not motivated to work in teams and colleagues are viewed as enemies rather than team players. We do not get any training, overtime pay or compensation for attempts at innovation so we choose to do what we are told and to keep our minds shut down to keep our jobs”.

Another student agrees. “I believe that working in an Egyptian local company might hinder one’s ability to be more creative due to the limitation of resources. It might also be due to a company’s culture because at the end of the day it is usually a one-man-show in Egypt and there is no benefit or reward for anyone who is innovative. This could be the reason why Egypt is becoming an innovation laggard. Other countries are catching up and beating us”.

Leadership styles in Egypt tend to encourage short-term conservatism. “Leaders in Egypt are managing rather than leading – they are more task and goals oriented rather than people oriented”, considers one respondent. “We have a lot of change resistance, we have a lack of understanding around the vision and need for change – there’s a fear of job loss and overload of current daily tasks, and pressures of daily activities and limited resources”. This was reinforced by the leadership at the top: “the former President rejected feedback, externalized blame, and retaliated harshly”.

As observed before, the situation in Egypt is changing, but most slowly in government. As one student reviewed, “there are big differences between the Public and Private sectors in Egypt:

“The public sector:

- has autocratic (absolute power). Team members have no chance to make suggestions, even if these are in the best interest of the team or organization. The leaders practice bureaucratic leadership – especially leaders in governmental positions. They “work by the book” – following rules rigorously – they follow procedures precisely

- or at best it's a mix of both – transactional and transformational – getting the work done and looking for development and new initiatives as well, but more rare

“The private sector:

- is more task oriented – goal and objective seeking – getting the job done – focusing on process and the chain of command. But mostly leaders do not consider employee personal development
- transactional – the team obeys/complies with the leader totally in return for pay – the leader has the right to “punish” the team if it doesn't meet predetermined standards – people are motivated by trying to increase productivity and performance in quarterly appraisals, to get more pay. But there is no room for creativity – it's all short term management
- and sometimes transformational – decision-makers that inspire followers – to exemplify this notion youth figures of the Egyptian Revolution were new fresh blood leaders, who could pass their enthusiasm to their followers and encourage them to have freedom of speech and start asking for their rights”.

Most of the students consider that “task management – the finalization of tasks – and meeting targets is seen as more important than training and development”. They also see “directive leadership – being a one man show – is very common here. You have to go-signal on anything – there is no room for creativity, growth or innovation. Fairness diminishes as those who are most favored are the ‘most trustworthy’ according to the leader and are not the most competent or skilled”. As a result, many companies are “short-term oriented only, which fosters virtues related to the past and present such as respect for tradition, preservation of ‘face’, and fulfilling social obligations. One of my ex-colleagues was forced to resign rather than being fired, just to save his reputation and his ‘face’”.

One student finally summed it up by describing his own experience: “change resistant managers – passive transactional – avoid taking responsibility for any change, without caring if the task would be completed efficiently or not. With transactional leadership – career progression is related to performance, effort and target accomplishment regardless of whether they actually achieve overall results for the company. My boss always asks my work partner about my performance and my attitude in the office and how I feel about the office environment and what I think about him and the office. He does the same thing with me – he tries to show us that he is watching us all the time and that we will be punished if we try to think that we can disobey his unrealistic orders and

policy – he also announces new policies and regulations that he knows employees will oppose – he then goes on vacation for a week so as to avoid discussing the matter with the employees, leaving all the issue to be dealt with by the department managers therefore avoiding taking any decisions”.

## **Concluding remarks**

Why do we get the leaders we deserve, even though they are not what we want? There are cultural and historical explanations for this, producing widespread dissatisfaction, and then revolution, as in the case of Egypt in recent years. A replacement leader can even be worse, due to the restrictions in the existing pool of talent and the lack of innovative styles, in spite of the perceived needs for something new. When opinion polarizes, as it tends to do in a democracy – the choice is narrowed and sometimes the alternative to the old order looks even less attractive. The people know what they don't want – no opportunity for them to participate, too much passivity amongst their leaders, being led by fear and/or short-term deals, too much short-term conservatism, too much task-orientation – but, after generations of this form of leadership, there is an inevitable lack of an alternative. Where would new thinking come from? Especially when the education system supports traditional cultural norms, including a lack of critical thinking and challenge?

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