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A STUDY OF THE RELATIONSHIP OF SELECTED LEADERSHIP FACTORS AMONG TENNESSEE BANK PRESIDENTS AND THE PERCEPTIONS OF VARIOUS SUBORDINATES

By
Ward Denning Harder

A DISSERTATION

Submitted to
Wayne Huizenga Graduate School
of Business and Entrepreneurship
Nova Southeastern University

in partial fulfillment of the requirements
for the degree of

DOCTOR OF BUSINESS ADMINISTRATION

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A Dissertation
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A STUDY OF THE RELATIONSHIP OF SELECTED LEADERSHIP FACTORS AMONG TENNESSEE BANK PRESIDENTS AND THE PERCEPTIONS OF VARIOUS SUBORDINATES

By

Ward Denning Harder

We hereby certify that this Dissertation submitted by Ward Denning Harder conforms to acceptable standards, and as such is fully adequate in scope and quality. It is therefore approved as the fulfillment of the Dissertation requirements for the degree of Doctor of Business Administration.

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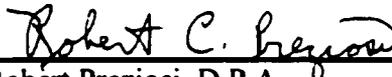
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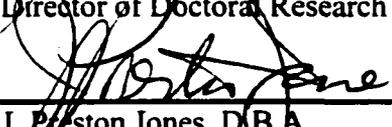
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ABSTRACT

A STUDY OF THE RELATIONSHIP OF SELECTED LEADERSHIP FACTORS AMONG TENNESSEE BANK PRESIDENTS AND THE PERCEPTIONS OF VARIOUS SUBORDINATES

by

Ward Denning Harder

This study examines the relationship between transformational, transactional, and laissez-faire leadership styles of the bank presidents in Tennessee as perceived by their subordinates and the subordinates' satisfaction with the president, the subordinates' willingness to exert extra effort, and the subordinates' perception of the president's effectiveness within Bass's 1985 and Bass and Avolio's 1994 transactional and transformational framework. The Multifactor Leadership Questionnaire (MLQ Form 5-X) was used to measure leadership style and performance outcomes.

The MLQ Form 5-X was distributed via mail to the immediate subordinates of the 219 bank presidents in Tennessee. Two hundred forty-seven surveys were returned from a total of 657 mailed for a response rate of 37.6 percent. Regression analysis is the primary statistical tool used to describe the relationships between leadership characteristics and the outcome variables for the three hypotheses. For hypothesis one, the analysis indicates a significant relationship between the nine full range leadership variables for transformational, transactional, and laissez-faire leadership styles and the outcome criteria of extra effort. Thus, the null hypothesis is rejected and the alternative hypothesis is supported. For hypothesis two, the analysis indicates a significant relationship between the nine full range leadership variables for the leadership styles and the president's perceived effectiveness. The null hypothesis is rejected, and the alternative hypothesis is supported. For hypothesis three, the analysis indicates a significant relationship between the nine full range leadership variables and the president's ability to enhance satisfaction through his or her behavior. The null hypothesis is rejected, and the alternative hypothesis is supported.

The results of the findings of this research have several implications for future research and practice. Additional research studies are needed to examine the role that geography, race, gender, and age play in the relationship between leadership styles and subordinates' extra effort, perceived leader effectiveness, and subordinates' satisfaction. Future research should examine banking leadership on a national or regional basis by extending the investigation of leadership styles to include outcome measures of organizational performance. One suggested outcome measure to study would be financial performance and the influence that leadership style of the bank president plays in this process. Financial performance could be utilized in combination with the MLQ (Form 5X) questionnaire to determine if there is a relationship between the financial performance of the bank and the leadership style of the bank president.

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I would like to thank my parents, Clem and Virginia Harder, who instilled in me an appreciation of education and who made great sacrifices for me throughout their lives. Unfortunately, they are both deceased and unable to share with me in this achievement.

Finally, I want to give a special measure of thanks to my wife, Janice, who has served as an inspiration to me for the past 32 years. Without her love and support, this task would not have been possible.

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CHAPTER I

BACKGROUND AND INTRODUCTION

One of the key elements of organizations today is the rapid rate of technological change. As a result, the business world is becoming more integrated and competitive. For business organizations, these advances in technology require constant adaptation in a changing environment. This change has implications for organizational leaders who recognize that companies will not remain competitive unless there are major changes in productivity and innovations.

Today's organizations must be transformed to meet tomorrow's needs. The present organizational focus on revitalizing and transforming organizations will continue. Increased research interest has attempted to identify leaders as transformers. Bass (1985) hypothesizes that the transformational leader can initiate sweeping changes in organizations and societies by modeling three types of behaviors--charisma, intellectual stimulation, and individualized considerations. Although Bass recognized the importance of transactional factors such as contingent reward, he believed that the most effective leaders exhibit transformational behaviors in addition to transactional behaviors. The research of Burns and Bass and others on transformational leadership strongly support that such leaders are necessary for optimal subordinate satisfaction and organizational performance (e.g., Hater & Bass, 1988; Selzer & Bass, 1990; Waldman, Bass, & Einstein, 1987; Yammarino & Bass, 1990).

Transformational leadership was first distinguished from transactional leadership by Downton (1973) to explain the differences among revolutionary, rebellious, reform, and ordinary leaders. However, Downton's idea did not receive much credence until Burns' work on political leaders appeared in 1978. According to Burns (1978), political leaders motivated associates by exchanging rewards for service rendered. Transactional leaders approach associates with an eye to exchanging one thing for another: jobs for votes or subsidies for campaign contributions. Such transactions comprise the bulk of the relationships among leaders and associates, especially in groups, legislatures, and parties (Burns, 1978).

Zaleznik's (1977) discussion of managers essentially paralleled Burns' views of transactional versus transforming leaders. Zaleznik stated that managers survey their associates' needs and establish goals for them based on what they can rationally expect from their associates. Bass (1985) expanded examples of transactional leaders to the military, industrial, public, and educational sectors.

Transactional leadership and transformational leadership should not be viewed as opposing approaches to achieving the desired results. Transformational leadership is built on the foundation of transactional leadership. Transformational leadership, which has been characterized by House and Podsakoff (1994) as "outstanding leadership," produces levels of subordinate effort and performance that go above what would occur with a transactional approach alone.

House and Podsakoff further stated that transformational leadership is "intended to account for and differentiate leaders who accomplish outstanding achievements from normal leaders who are ineffective and do not make outstanding accomplishments in their

organizations." Kotter (1990) suggested that transactional leadership closely resembles the more structural role of managers while the transformational leader is essentially synonymous with "real leadership."

Several studies lend support that transformational leadership is superior to transactional leadership. Studies with the United States, Canadian, and German military officers found at every level that transformational leaders were evaluated as more effective than their transactional counterparts (Bass & Avolio, 1990). Managers at Federal Express who were rated by their subordinates as exhibiting more transformational leadership were evaluated by their immediate supervisors as higher performers and more promotable (Hater & Bass, 1988). In summary, the overall evidence indicates that transformational leadership is more strongly correlated than transactional leadership with higher productivity, lower turnover rates, and higher employee satisfaction (Bass & Avolio, 1990).

Transformational Model

Bass (1985) proposed a model (Figure 1) for the relationship between transformational leadership and transactional leadership, suggesting that transformational leadership supplements transactional leadership in predicting effects on associates' satisfaction and other outcomes.

Transactional leaders work with the view of recognizing the roles and tasks required for subordinates to reach desired outcomes; they clarify these requirements for subordinates, thus creating the confidence they need to expend the necessary effort, as shown in Figure 1 on page 4. Transactional leaders know what associates need and desire, clarifying how those needs and desires will be satisfied if the associates expend

the effort required by the task. This motivation to achieve will provide a sense of

direction and help to energize others. One potential flaw in this approach, which is

widely used in many leadership training programs, is it is limited to first-order exchanges

between the subordinate and supervisor.

Transformational Leadership

| Idealized Influence Attributed/Behavioral | + | Inspirational Motivation | + | Intellectual Stimulation | + | Individualized Consideration |

Transactional Leadership

Management-by-Exception (A) & (P)	Expected Effort	Heightened Motivation to Attain Designated Outcomes (Extra Effort)
+	
Contingent Reward	Expected Performance	Performance Beyond Expectations

Figure 1: The Augmentation Model of Transactional and Transformational Leadership

Many researchers recognize that transactional process is an essential component

of the full range of effective leadership. The newer paradigm adds transformational

leadership to previous transactional leadership models. In introducing the concept of

transformational leadership, Burns (1978) emphasized that the moral movers and shakers

of the world do not cater to their self-interest as much as they enable others to transcend

their own self-interest for the good of the group, organization, community, and society.

As Howell and Avolio (1993) and Waldman, Bass, and Yammarino (1990) pointed out,

transformational leadership does not replace transactional leadership; it augments

transactional leadership in achieving the goals of the leader, associate, group, and organization.

Bass (1985) identified four key aspects of transformational leadership in his model. The first component was idealized influence. Transformational leaders have subordinates who view them in an idealized manner; therefore, these leaders wield power and influence over their followers. Subordinates want to identify with the leaders and their mission and develop strong feelings about such leaders, in whom they have trust and confidence. Transformational leaders inspire others with whom they work with a vision of what can be accomplished through extra effort.

The second part of Bass's model dealt with inspirational motivation. Inspiration can occur without the need for identification of subordinates with the leader. Inspirational leaders articulate shared goals and mutual understanding of what is right and important. They provide vision of what is possible for subordinates and the means necessary to accomplish goals. Leaders enhance meaning and promote positive expectations about what needs to be done (Bass, 1988). Bass said that the question one must ask is "Whom are they inspiring-themselves or the greater good of their group, unit, organization, or community?"

The next phase of the model deals with intellectual stimulation. In addition to idealized influence and inspirational motivation, transformational leadership involves the intellectual stimulation of associates' ideas and values. Through intellectual stimulation, transformational leaders help others to view old problems in new ways. They are encouraged to question their own beliefs, assumptions, and values. As a consequence, associates develop the capacity to solve future problems unforeseen by the leader.

Associates learn to solve problems on their own by being creative and innovative. A key measure of a leader's effectiveness is how capable their subordinates are when operating without the leader's presence or direct involvement. For example, a manager may suggest how workers could develop a new method to accomplish routine tasks. A school principal may have an organizational or group vision for the school that manifests itself in new alternative educational programming (Sashkin & Huddle, 1988). A chief executive officer in Australia may question the entire educational framework for developing its future management workforce (Avolio, 1994).

Transforming leaders intellectually stimulate subordinates to the extent the leaders can discern, comprehend, conceptualize, and articulate to their associates the opportunities and threats facing their organization, as well as its strengths, weaknesses, and comparative advantages. It is through intellectual stimulation of subordinates that the status quo is questioned and creative methods of accomplishing the organization's mission are explored (Bass, 1985).

Individualized consideration, another aspect of transformational leadership, means understanding and sharing in others' concerns and treating each individual uniquely. In addition, individualized consideration represents an attempt on the part of leaders to recognize and satisfy their subordinates' current needs, but also to expand and elevate those needs in an attempt to maximize and develop their full potential. This is one reason why transformational leaders set examples and assign goals on an individual basis. Transformational leaders provide opportunities and encourage organizational cultures supportive of individual growth. Transformational leaders promote change in others in a variety of ways. The leader may define or redefine the organizational culture, as well as

work one-on-one with immediate subordinates to identify and elevate their individual needs. Taking this variety of leadership techniques into account is necessary to understand how leadership can result in effective, or ineffective, organizations and teams (Avolio & Bass 1988, 1995; Bass & Avolio 1994).

A principal characteristic of transformational leadership is that the success of this kind of leader is measured not only in outcomes, such as unit performance or productivity, but also by how well the leader has developed subordinates into effective transformational leaders. To this end, subordinates are encouraged to use the techniques of effective transformational and transactional leadership.

A number of examples of the cascading effect of transformational leadership have been observed across different organizational settings. A consistent theme underlying this effect is that subordinates have a sense of taking charge; they feel capable of exercising effective leadership with their own colleagues. Such action on their part usually provides the target leader with more opportunities to plan ahead rather than spend time solving routine problems linked with each subordinate's job. These target leaders often comment on being able to move away from handling small problems in a stopgap manner to being more proactive in their orientation. Transformational leadership unleashes reserve energy so that subordinates can take command of their own work situations (Bass and Avolio, 1994).

Bass (1985) suggested that transformational leaders are more likely to emerge in times of growth, change, and crisis. The transformational leader is likely to find more ready acceptance in organizations facing rapidly changing technologies and markets. Acceptance is also likely to be greater in less mechanistic and bureaucratic organizations;

to be more self-correcting in organizations that modify themselves through feedback and learning; and to be in project teams assignments that are risky. Howell and Avolio (1993) have provided preliminary evidence to support this position. In addition, Pillai and Meindl (1991) added further support that more transformational leadership emerges during crisis conditions.

Anderson (1992, p. 65) proposed a transforming leadership model that utilized an inter-disciplinary approach to capture philosophy, theory, and scientific results that have a range of applications. He suggested the following theory and practice bases be recognized as being important in the formation of a comprehensive model: interpersonal communication, counseling, human development, human resource development, organization development, transforming leadership theory and principles, and effective personnel practices. A visual overview of the Transforming Model is presented in Figure 2 on page 9.

There are so many theories about what one should do to become more effective that it is difficult to believe just anyone promoting another panacea training program. The concepts in the model are based on validated theory in communication, counseling, and consulting. Philosophers and practitioners often attempt to convince others that their one school of thought is the correct one.

Leaders who utilize the skills and knowledge areas in the model have greater potential to mold organizational climate and the interpersonal environment to achieve desired results. In reality transforming leadership is not a rigid, linear, step-by-step process, even though there is a series of steps that can be used to assist in understanding how the process can happen.

HUMAN RESOURCE DEVELOPMENT RESULTS

Role, Style and Skill Shifting

Communication

ORGANIZATION DEVELOPMENT RESULTS

Organization
Design - Development - Transformation

Consulting

SELF -PRESENTATION

SELF-MANAGEMENT

SELF-UNDERSTANDING

BELIEFS/VALUES/ETHICS
CLARIFICATION

Counseling
Coaching - Mentoring

Team Development
and Group Facilitation

HIGH PERFORMANCE CULTURE

Human
Development
Perspective

Transforming Leadership
Theory and Practice

EFFECTIVE PERSONNEL PRACTICES

Figure 2: Knowledge and Skills Which Develop and Transform People and
Organizations

Anderson (1992) believes that there are six steps in the transforming leadership

process. These steps include envisioning, planning, teaming, motivating, evaluating, and

recycling. Anderson's (1992, p. 37) definition of transformational leadership is as

follows: "Transforming leadership is vision, planning, communication, and creative

action which has a positive unifying effect on a group of people around a set of clear

values and beliefs, to accomplish a clear set of measurable goals."

Statement of the Problem

Even though significant research has been done on transformational leadership,

little research on the leadership styles of top management in the banking industry has

been conducted. Previous research by Howell and Avolio (1993) evaluated the top four

levels of management in a large Canadian financial institution to compare the effects of

transformational and transactional leadership on individual performance, satisfaction, and

performance. The research findings showed (1) transactional and transformational

leadership behavior had discriminant validity, (2) unit-level performance was positively

predicted in transformational leadership, (3) support for innovation between

transformational leadership and performance was moderated, and (4) key personality

characteristics were positively related to transformational leadership ratings. However,

this research was very limited.

Purpose of the Study

Many different approaches and theories have been examined by researchers to

attempt to understand what constitutes successful and effective leadership. The purpose

of this study is to conduct empirical research on the leadership styles utilized by bank

presidents in Tennessee to evaluate subordinates' perceptions of the president's ability to

inspire extra effort, the president's effectiveness, and the president's ability to enhance

subordinates' satisfaction.

To guide the research, the following research questions are posed:

1. Is there a positive correlation of the leadership style of the bank president with the subordinates' perceptions of the president's ability to inspire extra effort?

2. Is there a positive correlation of the leadership style of the bank president with the subordinates' perceptions of the president's effectiveness?

3. Is there a positive correlation of the leadership style of the bank president with the subordinates' perceptions of the president's ability to enhance satisfaction through his or her behavior?

Hypotheses

Based on the research questions, the following hypotheses will be explored in this study:

Null Hypothesis No. 1. The leadership style of the bank president is not positively correlated with the subordinates' perceptions of the president's ability to inspire extra effort.

Alternative Hypothesis No. 1. The leadership style of the bank president is positively correlated with the subordinates' perceptions of the president's ability to inspire extra effort.

Null Hypothesis No. 2. The leadership style of the bank president is not positively correlated with the subordinates' perceptions of the president's effectiveness.

Alternative Hypothesis No. 2. The leadership style of the bank president is positively correlated with the subordinates' perceptions of the president's effectiveness.

Null Hypothesis No. 3. The leadership style of the bank president is not positively correlated with the subordinates' perceptions of the president's ability to enhance satisfaction through his or her behavior.

Alternative Hypothesis No. 3. The leadership style of the bank president is positively correlated with the subordinates' perceptions of the president's ability to enhance satisfaction through his or her behavior.

Numerous studies have shown systematic associations between the Multifactor Leadership Questionnaire leadership factor scales and various rated outcomes by the same respondents (Avolio & Bass, 1988). Onnen (1987) found similar correlation in a survey of parishioners rating Methodist ministers. The same pattern of results concerning Organizational Effectiveness was reported by Murray (1988) sampling college presidents and by Medley (1986) examining the leadership and effectiveness of head nurses. Seltzer and Bass (1990) reported that supervisors rated as more transformational by their subordinates exhibited leadership behavior that was more self-actualizing for the subordinates.

CHAPTER II

LITERATURE IN REVIEW

As the world of business and industry adapts to the many changes and challenges of the 1990s, the need for utilizing transformational leadership increases. At a time when a volatile political atmosphere and intense global competition demand vision and strong leadership, transformational leadership provides a powerful sense of direction in many organizations.

Interest has increased in the study of transformational leadership and its applications in education and business. Since 1994, approximately 60 dissertations have been written on transformational leadership. Fifty-three of these studies have researched selected leadership qualities of administrators in public schools, junior and community colleges, and universities. The remaining seven researchers analyzed transformational leadership in either a military or a business environment.

One of the first references to a leader is found in the Bible in Exodus 3:17 when God selected Moses as the individual who would lead the Israelites out of the land of Egypt unto a land flowing with milk and honey. It took Moses over forty years to accomplish his task. By ideas and deeds, leaders like Moses show the way and influence the behaviors of others (Jennings, 1960).

One of the leaders who influenced the world was Jesus, whose ideas guide so many and who taught by his deeds. "Jesus' actions belong with his preaching totally. Jesus did not simply model what he understood as true openness for others; his behavior

empowered and encouraged to true love for their neighbors, those who themselves were at the point of giving up" (Braun, 1979).

Historically, nations who have had great leaders such as Caesar, Elizabeth, Napoleon, Hitler, or Churchill have made political history. In every lull, leadership has been missing. In the period of A.D. 800 to 1000, Europe lapsed into utter decentralization and lost for centuries the administrative unity that the reign of Charles the Great promised. A heavy blow was dealt at the slowly developing culture that the eighth century produced. It was not without justice that the ninth and tenth centuries have been called the "Dark Ages." The internal history of continental Europe became a dismal record of tiresome local feuds and private wars (Oman, 1962).

Leadership is a necessity in all areas of life. Reformers such as Martin Luther King, Jr., and Susan B. Anthony have influenced religious convictions and social conduct. Martin Luther King, Jr., said, "I have a dream. It is a dream deeply rooted in the American dream. I have a dream that one day in the red hills of Georgia, sons of former slaveowners will be able to sit down together at the table of brotherhood" (King, 1963). Susan B. Anthony was a passionate democrat, who saw "the vote" as the symbol of women's emancipation and independence as well as the indispensable condition of a true government. In her old age, still voteless, she conceded, "The world has never witnessed a greater revolution than in the status of women during the past half century" (Anthony, 1954, p. viii).

Military leaders such as Alexander the Great and Joan of Arc have determined the fates of nations. Alexander the Great opened a new era in the history of the world and, by his life's work, determined its development for many centuries. The permanent result of

his life was the development of Greek civilization into a civilization that was worldwide (Wikken, 1967). Joan of Arc organized an army of 4,000 at Routs for the relief of Orleans. This was Joan of Arc's army, an army led by a dressed-up peasant girl ignorant in the art of war. Her very presence that April 28, 1429, inflamed soldiers and civilians with a spirit of daring; and when the storming of the fortress started, the soldiers followed her (Ralchem, 1971).

Philosophers such as John Stuart Mill and Adam Smith have molded civilization. Mill was one of England's greatest philosophers, hardly surpassed by thinkers of the highest order. Mill taught that a popular representative government (democracy) inevitably makes for progress (Britton, 1969).

Adam Smith proclaimed in one of the earliest statements of his position: "Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism, but peace, easy taxes, and a tolerable administration of justice, all the rest being brought on by the natural cause of things (free enterprise)" (Winch, 1978, p. 68).

There is a multitude of ways to lead, and we are influenced by some great leaders even centuries after their death. Some are heroes, devoted to great causes and noble works; some are teachers, the rule breakers and value creators; and some are rulers, motivated principally to dominate others and to exercise power (Jennings, 1960).

Although the terms *leader* and *leadership* are freely used in the literature, there is a great deal of misunderstanding of what is meant by the terms. In layman's language, the leader is someone who is a little larger than life, one who draws people to him like a magnet by "charisma." He is the person others want to follow, the one who has their trust and respect. These are the heroes others want to emulate. Leaders who are more

mundane do most of the world's work. When we consider leadership, we must include the multitude of supervisors and managers as well as the charismatic and heroic personalities (McFarland, 1974).

Various researchers have defined leadership in many different ways. Stogdill (1948) defined leadership as "the process of influencing group activities toward goal setting and goal achievement" (p. 35). Dubin (1951) stated "leadership is the exercise of authority and the making of decision" (p. 5). Terry (1954) viewed leadership as "the activity of influencing people to strive willingly for group objectives" (p. 228). Roach and Behling (1984) believed that the process of influencing the activities of an organized group toward goal achievement is leadership (p. 46). Davis' (1972) definition states "it's the ability to persuade others to seek defined objectives enthusiastically" (p. 124). Haimann & Scott (1974) defined leadership as a "process by which people are directed, guided, and influenced in choosing and achieving goals" (p. 349). Stoner's (1995) definition says, "it is the process of directing and influencing the task-related activities of group members" (p. 470). Rue & Byars (1995) advocate that "leadership is the ability to influence people to willingly follow one's guidance or adhere to one's decisions" (p. 375). Robbins' definition of leadership is "the ability to influence a group toward the achievement of goals" (Robbins & Coulter, 1999, p. 520).

Leadership and Management Differences

Management and leadership are not synonyms even though they are often used as if they were interchangeable. Managers should be effective leaders, but this is not always the case. Managers have subordinates who are under their supervision and are accountable to them. Mangers must answer for the actions of their employees. Leaders

have followers who are very supportive to them as long as they do not become discouraged with the tactics of the leader. Employees receive compensation for completing work assignments as supervised by managers. Followers of a leader receive immense personal fulfillment from being part of a leader's success.

Davis (1993) distinguishes between management and leadership as follows: Leadership is a part of management but not all of it . . .Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and motivates it toward goals. Management activities such as planning, organizing, and decision-making are dormant cocoons until the leader triggers the power of motivation in people and guides them toward goals (pp. 96-97).

Zaleznik (1977) believes that managers and leaders differ in motivation, personal history, and thoughts and actions. He describes the differences as follows:

Managers see themselves as conservators and regulators of an existing order of affairs with which they personally identify and from which they gain rewards. Perpetuating and strengthening existing institutions enhance a manager's sense of self-worth; he or she is performing in a role that harmonizes with the ideals of duty and responsibility. Leaders tend to be . . . . people who feel separate from their environment, including other people. They may work in organizations, but they never belong to them. Their sense of who they are does not depend upon memberships, work roles, or other social indicators of identity (p. 70).

Hersey and Blanchard (1993) make the differentiation between management and leadership as follows:

In essence, leadership is a broader concept than management. Management is thought of as a special kind of leadership in which the achievement of organizational goals is paramount. The key difference between the two concepts, therefore, lies in the work organization. Leadership occurs any time one attempts to influence the behavior of an individual or group, regardless of the reason. It may be for one's own goals or for those of others, and they may or may not be congruent with organizational goals (p. 5).

Kotter (1994) states that today's managers must know how to lead as well as manage, or their companies will suffer economic collapse. Kotter makes these distinctions between management and leadership:

Management is more formal and scientific than leadership. It relies on universal skills, such as planning, budgeting, and controlling. Management is a set of explicit tools and techniques, based on reasoning and testing, that can be used in a variety of situations.

Leadership involves having a vision of what the organization can become. Leadership requires exciting cooperation and teamwork from a large network of people and keeping the key people in that network motivated, using every manner of persuasion (p. 111).

Researchers usually define leadership according to their individual perspective and the aspect of the phenomenon of most interest to them. After a review of the leadership literature, Stogdill (1974) concluded that "there are almost as many definitions of leadership as there are persons who have attempted to define the concept" (p. 259). Leadership has been defined in terms of individual traits, leader behavior, interaction

patterns, role relationships, follower perception, influence over followers, influence on task goals, and influence on organizational culture. Most definitions of leadership involve an influence process, but the numerous definitions that have been proposed appear to have little else in common. They differ in many aspects, including important differences in who exerts the influence, the purposes of influence attempts, and the manner in which influence is exerted. The differences reflect deep disagreements about identifications of leaders and the leadership process. Differences between researchers in their perception of leadership lead to differences in the choice of phenomena to investigate and to differences in interpretation of the results.

The study of leadership has been an important part of the literature on management for several decades. The literature includes periodic review articles on leadership, such as those by House and Baetz (1974), Jago (1982), and Van Fleet and Yukl (1986).

Books that review leadership theory and research include Leadership in Organizations by Yukl (1981, 1989) and The Handbook of Leadership by Bass (1981). Several research papers on the advanced aspects of leadership theory, methodology, and research can be found in published leadership symposia edited by Jerry Hunt and his colleagues (e.g., Hunt, Baliga, Dachler, & Schriesheim, 1988: Hunt, Hosking, Schriesheim, & Stewart, 1984: Hunt, Sekaran, & Schriesheim, 1982). Practitioner-oriented books on managerial leadership include those by Bradford and Cohen (1984), Kotter (1988), Kouzes and Posner (1987), and Peters and Austin (1985), Nanus (1992), and Anderson (1998).

The field of leadership continues to be in transition. Several thousand empirical studies have been conducted on leadership effectiveness, but most of the results are contradictory and inconclusive. In 1974, after making an extensive review of more than 3000 leadership studies, Stogdill concluded: "Four decades of research on leadership have produced a bewildering mass of findings . . . . the endless accumulation of empirical data has not produced an integrated understanding of leadership." (Bass, 1981, p. xvii).

Perhaps the reason for Stogdill's conclusion can be attributed in large part to the disparity of approaches, the narrow focus of most researches, and the absence of broad theories that integrate findings from the different approaches. Leadership has been studied in different ways, depending on the researcher's conception of leadership and methodological preferences. Most of the studies divide naturally into distinct lines of research and can be classified according to whether the primary focus in on power-influence, leader behavior, leader traits, or situation factors that interact with behavior, traits, or power. Most researches deal only with a narrow aspect of leadership and ignore the other aspects. The research on leader power has not examined leadership behavior except for explicit influence attempts, and there has been limited concern for traits except ones that are a source of leader influence. The trait research has shown little concern for direct measurement of leadership behavior or influence, even though it is evident that the effect of leader traits is mediated by leadership behavior and influence. The behavior research has seldom included leader traits, even though they influence a leader's behavior, and power is seldom considered, even though some behavior is an attempt to exercise and strengthen power. Situational theories examine how the situation enhances or nullifies the effects of selected leader behaviors or traits, rather than taking a broader view of the

way traits, power, behavior, and situation all interact to determine leadership

effectiveness.

Models of Leadership

Several different research approaches have been studied to describe how effective

leaders influence others. There is no consensus of opinion as to which style of leadership

works best although several different authors have written numerous articles and books

on the subject. Yukl concluded: "Leadership models have been searched and researched,

but the accumulation of studies has produced no one central leadership theory" (Yukl,

1989, p. 115).

Power-Influence Approach

One of the foundations of effective leadership is the manner in which a leader

uses power to influence the behavior of subordinates. Power is the ability to get a

subordinate to accomplish the task that the leader wants done. Research recognizes that

power is very important to success.

French and Raven (1960) developed a framework for understanding the power of

leaders. They identified five types of power: legitimate, reward, coercive, referent, and

expert. Successful leaders may incorporate all of these different types of power at

different times. Legitimate power is based on the leader's formal position in the

organization's hierarchy. Reward power is the ability of the leader to fulfill followers'

needs. Coercive power is the capability to obtain compliance through punishment.

Referent power is founded on the followers' personal identification with the leader.

Expert power is the result of a leader's specialized knowledge.

To be successful at leadership, an individual must be able to acquire and use position power and personal power. The leader's use of the different types of power can motivate subordinates to one of three types of behavior: commitment, compliance, or resistance (Pfeffer, 1981).

Research on the use of different forms of power by leaders suggests that effective leaders rely more on personal than on position power. However, methodological limitation of this research (Podsakoff & Schriesheim, 1985, and Yukl, 1981) raises doubts about the corollary implication that position power is ineffective and unnecessary. Research on positive reward behavior and the use of punishment suggests that both can be used to influence behavior by subordinates in some situations (Arvey & Ivancevich, 1980; Podsakoff, Todor, Grover, & Huber, 1984; Podsakoff, Todor, & Skov, 1982). Other research suggests that legitimate power is a major source of daily influence on routine matters for managers in formal organizations (Katz & Kahn, 1978; Thambain & Gemmill, 1974). Thus, a more tenable proposition is that effective leaders rely on a combination of power sources (Kotter, 1985; Yukl & Taber, 1983). They develop referent and expert power to supplement their position power, and they use it to make non-routine requests and motivate commitment to tasks that require high effort, initiative, and persistence.

The manner in which power is exercised largely determines whether it results in enthusiastic commitment, passive compliance, or stubborn resistance. Effective leaders exert both position power and personal power in a subtle, easy fashion that minimizes status differentials and avoids threats to the self-esteem of subordinates. In contrast,

leaders who exercise power in an arrogant, manipulative, domineering manner are likely to encounter resistance (McCall, 1978; Sayles, 1979; Yukl & Taber, 1983).

Several different leadership models have been proposed to show how effective leaders influence others. The results of this research have been divided into four categories of models: traits, behavioral, contingency, and transformational.

Trait

The trait approach emphasizes the personal attributes of leaders. It is one of the oldest approaches to the study of leadership. The underlying assumption concentrates on identifying the common traits that effective leaders possess. Early researchers believed that the traits could be physical, social, or personality traits such as height, attractiveness, intelligence, creativity, enthusiasm, self-confidence, knowledge, tact, tireless energy, intuition, foresight, and persuasive powers (Stogdill, 1948).

Stogdill stated that hundreds of trait studies were conducted during the 1930's and 1940's to discover the traits necessary to be a leader, but the massive research effort failed to find any traits that guarantee leadership success (Stogdill, 1974). Yukl (1989) concludes that "the old assumption that leaders are born has been discredited completely, and the premise that certain leader traits are absolutely necessary for effective leadership has never been substantiated in several decades of trait research (p. 176).

The search for traits relevant for effective leadership has continued through the years. For example, Boyatzis (1980) used "behavior event interviews," a variation of the critical incident method, to infer traits and skills from incidents reported by managers. McCall and Lombardo (1983) used interviews with managers to gather descriptions of managers who advanced into middle or top management but subsequently "derailed" and

were unsuccessful. These and other studies find a rather consistent pattern of results. Traits that related most consistently to managerial effectiveness or advancement include high self-confidence, energy, initiative, emotional maturity, stress tolerance, and belief in internal locus of control. With respect to interest and values, successful managers normally are more pragmatic and results oriented, and they enjoy persuasive activities requiring initiative and challenge (Bass, 1981).

One of the key principles emerging from the trait approach is the idea of balance. Sometimes balance must be achieved between competing values (Quinn & Rohrbaugh, 1983). Concern for the task must be balanced against concern for people (Blake & Mouton, 1982). Concern for a leader's own needs must be balanced against concern for organizational goals. Concern for the needs of subordinates must be balanced against concern for the needs of peers, superiors, and clients. Desire for change and innovations must be balanced against continuity (Bradford & Cohen, 1984).

Behavioral Models

After the trait theory did not produce a uniform set of personal traits for leadership, researchers began to examine behavioral models that focused on identifying behaviors that are characteristic of effective leaders. These models tend to focus on the differences in the actions of effective and ineffective leaders. Unlike traits, behaviors can be observed and reproduced in a given set of circumstances. Thus the goal was to develop a greater understanding of leadership behaviors.

Researchers at the University of Michigan, under the supervision of Likert, began studying leadership in the late 1940s (Likert, 1967). Based on extensive interviews with

leaders and followers, this research identified two basic forms of leader behavior: job centered and employee centered.

Stogdill and other researchers at Ohio State University initiated questionnaire research on effective leadership behaviors. The results suggested that there are two basic leadership styles: initiating-structure behavior and consideration behavior (Stogdill & Coons, 1951).

Mayo and his associates conducted a series of studies at Western Electric's Hawthorne plant between 1927 and 1932. Mayo concluded that human behavior was much more important in the workplace than had been previously believed. Individual and social processes played a major role in shaping worker's attitudes and behaviors (Mayo, 1933).

The human relations movement, which gained impetus from the Hawthorne studies, was a popular approach to management for a period of time. Its promise was that workers respond to the social context of the workplace. Maslow advanced a theory suggesting people are motivated by a hierarchy of needs, including money and social acceptance (Maslow, 1954). Meanwhile, McGregor's Theory X and Theory Y contrast two extreme belief sets that different managers have about their workers. Theory X is a negative view of workers, while Theory Y is more positive and represents the assumptions that human relations advocates treasure (McGregor, 1960).

Blake and Mouton developed the managerial grid, which is a method of classifying the leadership style of an individual. The grid identifies seven basic styles of management and rates a leader on the basis of concern for people and concern for production (Blake & Mouton, 1964).

One line of behavior research has been concerned with discovering what activities are typical of managerial work. Reviews of the earlier research have been published by Mintzberg (1973), McCall, Morrison and Hannan (1978), and McCall and Swgrist (1980). More recent studies include those by Kanter (1983), Kotter (1982), Kurke and Aldrich (1983), and Kaplan (1986). The descriptive research shows that managerial work is inherently hectic, varied, fragmented, reactive, and disorderly. Many interactions involve people other than subordinates, such as lateral peers, superiors, and outsiders.

Descriptive research on managerial decision making and problem solving provides additional insights into the nature of managerial work (Cohen & March, 1986; McCall & Kaplan, 1985; Mintzberg & McHugh, 1985; Quinn, 1980; Schweiger, Anderson, & Locke, 1985; Simon, 1987). Decision processes are highly political, and most planning is informal and adaptive to changing conditions. Effective managers develop a mental agenda of short and long-term objectives and strategies (Kotter, 1982). The network of relationships inside and outside of the manager's unit is used to implement plans and strategies. For plans involving significant innovations or affecting the distribution of power and resources, the manager must forge a coalition of supporters and sponsors which may involve expanding the network of contacts and allies (Kanter, 1983; Kaplan, 1984). Effective managers are able to recognize relationships among the streams of problems, issues, and opportunities they encounter. By relating problems to each other and to informal objectives, a manager can find opportunities to solve more than one problem at the same time (Isenber, 1984; McCall & Kaplan, 1985).

Participative leadership is another aspect of behavior that has been the subject of many studies. The research includes laboratory experiments, field experiments, and

correlational field studies. Several reviews have attempted to summarize this research (Cotton, Voilrath, Ftoggatt, Lengneck-Hall, & Jennings, 1988; Miller & Monge, 1986; Schweiger & Leana, 1986; Wayner & Gooding, 1987). The overall assessment of these studies is that participative leadership may result in higher satisfaction and performance. However, this conclusion is in sharp contrast to the findings from descriptive case studies of effective managers. Participation and empowerment of subordinates is an integral part of the leadership style found to be characteristic of effective managers in this research (Bradford & Cohen, 1984; Kanter, 1979; Kouzes & Posner, 1987; Peters & Austin, 1985; Peters & Waterman, 1982). The effectiveness of power sharing and delegation tends to be supported also by research on self-managed groups (Manz & Sims, 1987).

Some other, more narrowly defined managerial behaviors have been linked to leadership effectiveness. The largest number of studies involves positive reward behavior. A review of this literature by Podsakoff, Todor, Grover, and Huber (1984) found that praise and contingent rewards usually increase subordinate satisfaction and performance. The importance of recognition and appropriate rewards has been noted also in case studies of effective organizations (Peters & Waterman, 1982; Peters & Austin, 1985).

The behavior models discussed thus far were developed prior to the 1990s. Recently, a new behavior model has been suggested: the empowerment model. This model reflects a leader's sharing of influence and control with his followers. The leader involves employers in determining how to achieve the organization's goals, thus granting them a sense of meaning, competence, self-determination, and impact. Empowerment helps satisfy the basic human needs for achievement, a sense of belonging, and self-

esteem. Empowered workers feel more gratified with their work and less stressed
(Spreitzer, 1997).

Graen hypothesized that leaders use different styles with different followers.
When the theory was first introduced, it was known as the vertical-dyad linkage model. It
is now known as the leader-member exchange (LMX) model. The LMX model states a
leader forms with each follower a somewhat unique one-on-one relationship. In
organizations, the leader and follower are usually a supervisor and a subordinate. Their
relationship revolves around how they react in their work roles (Graen, 1995).

Behavior models have enriched our understanding of leadership. The focus has
shifted from who leaders are (traits) toward what leaders do (behaviors). Since the
behavioral models failed to uncover leadership styles that were consistently appropriate to
every situation, other models were devised.

Contingency Models

Yukl believes that the situation determines the best type of contingency model to
use (Yukl, 1989). The four most influential contingency models of leadership are
Fiedler's contingency model, Hersey and Blanchard's situational model, House's path-goal
model, and the leader-participation model.

Fiedler's contingency model is based on research on leadership styles that
involved many different groups with diverse backgrounds and work experiences. It is
based on the assumption that successful leadership depends on matching a leader's style
to a situation's demands. Each leadership style is most effective when it is used in the
right situation. According to this model, the leader must understand his leadership style,
diagnose the particular situation, and then match style and situation. This may mean

changing the situation to match the manager's style or giving the leadership function to someone whose style does match the situation. Fiedler viewed leadership style as a trait that is difficult to modify. Leadership style is determined by asking the manager to describe his or her least preferred co-worker (LPC), which is the employee with whom the manager can work least well. By determining how a leader describes this least preferred co-worker, the leader's style can be determined. Leaders are categorized as relationship oriented or task oriented. Fiedler's model has remained controversial; however, it is an interesting approach to understanding leadership. Its greatest contribution is that is has caused researchers to examine a situation more closely before attempting to find the leadership style most appropriate to the situation (Fiedler, 1967).

Hersey and Blanchard's Situational Leadership Theory (1969; 1988) proposes that the optimal amount of task and relations behavior depends upon subordinate maturity. The theory prescribes different patterns of the two behaviors, depending on a subordinate's confidence and skill in relation to the task. Some studies have tested the theory (Blank, Weitzel, & Green, 1986; Hambleton & Grumpert, 1982; Vecchio, 1987), and they find only partial support for it. A number of writers have pointed out conceptual weaknesses in the theory, including oversimplification and lack of intervening explanatory processes (Blake & Mouton, 1982; Graeff, 1983).

Later, Hersey and Blanchard hypothesized that the levels of directive and supportive leader behavior be based on the level of readiness of the followers (Hersey & Blanchard, 1993). In comparison with Fiedler, who believes that a leadership style is relatively rigid, Hersey and Blanchard advocate an emphasis on the leader's flexibility to adapt to changing events.

One shortcoming of this model is the question of whether leaders can actually choose a leadership style when confronted with a new situation. The response to this question can have implications for management selection, placement, and promotion. Some leaders can adapt their leadership styles better than others.

Hersey and Blanchard's situational leadership model has generated a great deal of research interest (Norris & Vecchio, 1992). The promise that leaders should be flexible with respect to the leadership style is appealing. However, the burden is placed on the leader to constantly monitor the maturity level of followers in order to determine the combination of directive and support behaviors that is best.

Robert House developed another contingency model. House's path goal model indicates that effective leaders clearly specify the task, reduce roadblocks to task achievement, and increase opportunities for task-related satisfaction. This approach clarifies the path by which employees can attain job satisfaction and improve performance. The leader's job is to motivate subordinates and help them reach their job objectives. The specific style of leaders' behavior exhibited should be determined by two contingency variables: employee characteristics and task characteristics (House, 1971).

Employees performing routine tasks have reported greater job satisfaction when leaders provide supportive rather then directive leadership. In contrast, employees performing nonroutine and complex tasks have reported higher productivity when leaders provided directive leadership, but they haven't necessarily reported greater job satisfaction. Like Fiedlers' and Hersey and Blanchard's models, House's model indicates that participative leadership styles are not always effective. Directive leadership appears to work better when employees do not share the manager's and/or organizational goals,

when the production schedule is tight, and when employees are receptive to top-down decision making (Wofford & Liska, 1993).

Research to validate House's hypothesis is generally encouraging. Although not every study has found positive support, the majority of the evidence supports the logic underlying path-goal theory (Indrik, 1986; Keller, 1989; Sagie & Koslowsky, 1994).

Another contingency model, developed by Vroom and Yetton, was the leadership participation model, which related leadership behavior and participation to decision making. Developed in the early 1970s, the model suggests that leader behavior must adjust to reflect the task structure whether it is routine, nonroutine, or somewhere in between. Vroom and Yetton's model is a normative one, because it provided a sequential set of rules that the leader should follow in determining the form and amount of participation in decision making, as determined by different types of situations (Vroom & Yetton, 1973).

Vroom and Jago have since revised the model. The new model retains five alternative leadership styles but expands the contingency variables to twelve, including factors such as importance of technical quality of the decision, importance of subordinate commitment to the decision, level of leader information about the decision, and likelihood of subordinate conflict over preferred solution (Vroom and Jago, 1988).

The leader-participation model offers a guide for determining the type and degree of subordinate participation in decision making. Research testing the original leader participation model was encouraging. Leaders use participation when the quality of the decision is important, when subordinates should accept the decision and they are unlikely to do so unless they are permitted some say in it, and when subordinates can be trusted to

strive for organizational rather than individual goals (Field & House, 1990; Vroom &

Jago, 1994; Korsgard, Schweiger, & Sapienza, 1995; and Sosik, Avolio, & Kahai, 1997).

The model emphasizes that the situation—not the leader—should receive

attention. With Hersey and Blanchard's and House's models, the leadership model

hypothesizes that a leader can adopt different styles of leadership to meet the demands of

different situations. However, before selecting a leadership style, the leader must assess

the situation. Not all leaders can do what the model suggests. Although they may know

how they should behave, they may lack the ability to alter their behavior to meet the

specific situation (Sosik, Avolio, & Kahai, 1997).

The leadership models discussed so far do not agree on ways in which leaders can

best influence followers. The early models focused on personality traits, and others look

at leader behaviors as determined by contingency or situational factors. With the

increased competition in both domestic and global markets, many executives have

recognized that they will have to make significant changes in the way business is

conducted if their organizations are to survive and prosper. Many executives view the

type of leadership needed for tomorrow's organization is what has been referred to as

transformational leadership (Synder & Graves, 1994).

Transformational Leadership

A simple definition of transformational leadership is leading by motivating

(Howell & Avolio, 1993). Transformational leaders give extraordinary motivation by

appealing to followers' ideals and moral values and inspiring them to think about

problems in new ways (Howell & Avolio, 1993).

Joan of Arc, Abraham Lincoln, Franklin D. Roosevelt, John F. Kennedy, and Martin Luther King, Jr., have transformed society through their words and by their actions. Followers of these leaders experienced trust, admiration, loyalty, and respect for them and were motivated to do more than they thought they could or would do. Leaders motivate subordinates by making them more aware of the importance and value of their tasks and the need to place them ahead of their own self-interest. Transformational leaders' influence rests on their ability to inspire others through their words, visions, and actions. Transformational leaders make tomorrow's dreams a reality for their followers (Anderson, 1992).

Transformational leadership began to emerge in the late 1970s and early 1980s. Burns (1978) was one of the first researchers to advocate transformational leadership. He defined transformational leadership as the process of influencing major changes in the attitudes and assumptions of organization members and building commitment for organization's mission, objectives, and strategies. The concept describes a leadership process that is recognized primarily by outcomes such as major changes in the culture and strategies of an organization or social system. Transformational leadership involves influence by a leader on subordinates, but the effect of the influence is to empower subordinates to participate in the process of transforming the organization. Thus, transformational leadership is usually viewed as a shared process, involving the actions of leaders at different levels and in different subunits of an organization (Burns, 1978).

Burns' initial research was descriptive with the emphasis on political leaders. According to Burns, leadership is a process of evolving inter-relationships in which leaders influence followers and are influenced to change their behavior as they meet

responsiveness or resistance. He views transformational leadership as a micro-level influence between individuals and as a macro-level process of mobilizing power to change social institutions. Burns states that transformational leadership may be used by anyone in the organization in any type of position. It may be used to influence subordinates, peers, or superiors. Burns believed that transformational leadership was different from transactional leadership. With transactional leadership, subordinates are motivated by appealing to their selfish desires and needs. He describes the relationship between leaders and followers as transactional, favor for favor exchange. He advocates a new view beyond the transactional approach toward a view of vision, framing, and impression management (Burns, 1978).

Kanter advocated transformational leadership. She believes that organizations need a responsible balanced leadership in serving the needs of followers and the needs of the organization simultaneously through participative leadership (Kanter, 1983).

Brown and Wiener's research shows that Japanese managers have not been strategic planners who have operated by formula management, but have been sensitive in accommodating to changes in the environment. They are more apt to distrust "master strategies" because they can limit a wider vision of changes occurring in clients, technologies, or the competition (Brown and Wiener, 1984).

Egan suggested that leaders need to understand the kind of leadership that stimulates positive transformation and breakdown prevention. His views of transformational leaders identify them as shapers of values, creators, interpreters of institutional purposes, examples, makers of meanings, pathfinders, and molders of organizational culture. The leaders by their actions stimulate modeling, advocating,

innovating, and motivating. The end result is to mold culture to the degree possible and to meet internal and external needs (Egan, 1985).

Bennis and Nanus advocated the use of the lost concept of power as a key to transformational leadership. Their research found that many leaders have lacked commitment to the challenges of leadership, have been overwhelmed by the rapid change and complexity of the times, and have lacked the integrity and credibility to earn the respect and trust of followers. They claim that this kind of leadership is transformational leadership and is needed in all organizations (Bennis & Nanus, 1985).

Bass used Burns' theory on transformational leadership and proposed a more detailed theory to describe transformational processes in organizations. He made a distinction among transformational, charismatic, and transactional leadership. Bass defined transformational leadership in terms of the leader's effect on followers. Leaders transform followers beyond their self-interest to participants activating their higher order needs for the sake of the organization. As a result followers feel trust and respect toward the leader and are motivated to accomplish more than they originally expected to do (Bass, 1985).

Bass defines charisma as a process by which a leader influences followers by arousing strong emotions and identification with the leader. Bass views charisma as necessary but not a sufficient condition for transformational leadership. He introduces two additional points, intellectual stimulation and individualized consideration. The manner in which subordinates respond to these two factors will help clarify the difference between charisma and transformational leadership (Bass, 1985).

Bass defined transactional leadership in broader terms than Burns. It includes clarifying the work needed to obtain rewards. He views transformational and transactional leadership as distinct but not mutually exclusive processes, and he knows that the same leader may use both types of processes at different times in varying situations. Bass developed the Multifactor Leadership Questionnaire to test his hypothesis. Most of the research using the questionnaire has found a relationship between transformational leadership and leader effectiveness (Bass, 1985; Bass, Avolio, & Goodheim, 1987; Bass, Waldheim, Avolio, & Bebb, 1987).

Posner and Kouzes advocate that love is the secret of leadership success. Their definition of love includes encouragement, loyalty, teamwork, commitment, and respect of others' dignity and worth, and claims it is an affair of the heart and not of the head (Posner and Kouzes, 1987).

In a research study of 1,500 managers, Posner and Kouzes sought to identify the positive practices used by managers. The four key qualities were honesty, competence, vision, and inspiration. Managers who possessed these attributes had credibility (Posner and Kouzes, 1987).

Popper, Landau, and Gluskinos (1992) studied the implementation of transformational leadership in the development of Israeli Infantry Officer Cadets in a six-month program. An analysis was completed on the various job characteristics that included requisite knowledge and abilities, vision, inspiration, and personal values. Transformational leadership workshops were given to 550 cadets for three days. The results of the research indicated a greater understanding of the transformational leadership and its relationship to the broad concept of leadership.

Howell and Avolio (1993) reconsidered the research of Bass (1985) relative to comparing the effects of transformational and transactional leadership on individual performance, satisfaction, and performance. The purpose of the research was to determine if transformational leadership predicts consolidated-unit performance over a one-year period. In addition, an assessment of the leader's level of locus of control was included. The study included a sample of 78 managers in the top four levels of management in a large Canadian financial institution. The ages of the respondents varied from 29 to 64 years with 97% male. The Multifactor Leadership Questionnaire—Form 10 was selected to gather information. The research supported the previous findings of Bass's (1985) model in four specific ways: Transactional and transformational leadership behavior showed discriminate validity, transformational leadership predicted unit-level performance, support for innovation moderated the relationship between transformation leadership and performance and locus of control was positively related to ratings of transformational leadership.

Seltzer and Bass (1990) studied the research question: Does transformational leadership add to initiation and consideration in explaining the outcomes of a leader's behavior? They hypothesized by adding the transformation variables of charismatic leadership, individualized consideration, and intellectual stimulation. The resulting findings would help explain the variance of subordinates' effectiveness, effort, and satisfaction.

The research used responses from 84 full-time managers in a Master of Business Administration elective course. The process involved the managers giving the MLQ-Form 10 to three subordinates. The subordinates returned the questionnaires to the

researchers. The findings support the claim that transformation scales would add to the variance of outcome measures explained by initiative and consideration. The authors concluded that transformational leadership makes a significant contribution in attempting to understand several outcome measures.

Keller (1992) reviewed the literature relating to the success of research and development based on leader behavior patterns. After reviewing Bass's 1985 study in which he suggested that a leader can have an intellectual stimulation to employees when the leader serves as a teacher of inquiry, Bass argued that in situations of loosely structured problems, leadership behavior can be very useful in motivating subordinates. Keller reviewed previous research by Bass (1990), Yukl (1989), and Seltzer and Bass (1990), which dealt with transactional and transformational leadership factors. Keller studied group performance in the research and development industry relative to charismatic leadership, intellectual stimulation, and initiating structure and consideration. The sample of 462 professional employees was used in the initial research. The findings support the use of transformational leadership, which improves unit performance and contributes to an understanding of groups of professional employees, by well-educated research and development professional employees.

Podsakoff, MacKenzie, and Bommer (1996) studied the potential effects that substitutes for leadership have on the relationships between transformational leader behaviors and followers' attitudes, role perception, and performance. Data was collected from 1539 employees, and matching performance data were collected for 1200 of them from their managers. The findings do not show support for the moderating effects of

Kerr and Jermier's 1978 study, which dealt with substitutes for leadership and the relationship between transformational leader behaviors and subordinate behavior.

Anderson (1998) advocates that successful transformational leaders must utilize envisioning (imagination and creativity), planning, teaming, motivating to action, evaluating, and recycling the process through evaluation. He suggests twelve principles of transforming leadership as listed below:

1. Every person in every situation is having an impact, for better or worse, on the people and the situations which are present.

2. Learning to observe this impact alerts us to the reality of positive or negative leadership opportunities and events. Increasing our level of awareness of people and events can be fruitful for everyone.

3. Every person can choose to try and make a positive difference in each moment with each person, and at least within that immediate sphere of influence can likely exert some positive, and therefore transforming leadership.

4. The use of positive and respectful power and influence is necessary for leadership to have enough impact to be effective. Knowing one's own strengths, gaining strategic position power, developing a power network of like-minded people, and communicating your personal and position power in a positive way to others will assist you to reach higher goals.

5. Everything begins with the initiative of each individual. Privately, inwardly, individuals determine in their own selves what to do, how to act, and how to treat people. If we are each clear within about our own beliefs, purpose, goals,

and objectives, we will much more likely achieve them from this solid and well-defined center within ourselves.

6. Leadership, in it's [sic] deepest sense is the understanding and meeting of the deeper needs of the people being led/served. Even when achieving goals of increased innovation or productivity, our meeting of the deeper human needs of worth, recognition, reward, accomplishment, and personal development of others are cornerstones of motivation and satisfaction. [sic]

7. Transforming leadership has a moral component that is centrally important to all other aspects of leadership, because few people will trust a leader who has lied, one who has embezzled, one who hurts others.

8. Transforming leadership understands and involves others, so that they can gain a critical sense of belonging, and experience the mutual sense of respect and trust which follow. Personal ownership in any venture can potentially increase motivation, morale, creativity, energy and productivity.

9. There is opportunity for leadership in every environment, in every interaction, in every situation, in every moment. Leadership is intentionally making a positive difference in the development of organizations and individuals for a specific purpose. Being awake to these opportunities and seizing them increases our personal meaning and impact in life and work.

10. Transforming leadership looks for long-term impact and long-term development, rather than just immediate results. Satisfaction increases when we can see a continuing positive development over longer periods of time, rather than just short-term successes.

11. Transforming leadership begins deep within a person's belief and value structures, and a solid sense of purpose or mission in life is necessary for leadership effectiveness to be sustained. Have [sic] a well defined, achievable sense of purpose which "sets you on fire" distinguishes you from the herd of people who follow along with a more vague purpose of some relatively unknown leader-heroes (such as political, sports, scientific heroes, etc.).

12. Transforming leadership is open to the potential that there could always be another, higher or deeper understanding of reality beyond that which is presently comprehended. An attitude of humility that is not "puffed up with pride" characterizes a transforming leader.

Leadership theory has become more and more complex as time has moved on. The simple authority relationship of boss and employee has shifted greatly toward a realization of the importance of the people factors—factors in each situation that affect overall outcomes, and people and situational factors that interact to affect one another.

Only a few people in a situation rise to the top for a number of complex reasons, and succeed or fail for a number of complex reasons. Theories of leadership are each limited and have been based upon interesting academic or valuable research trends, and upon the philosophical belief of a particular decade or era.

Transforming leadership is an emerging assessment and training model with promise for providing a clearer vision of how powerful and enlivening leadership can be integrated with the wisdom of traditional management. It offers concrete ways to help managers through expanding awareness and receiving training in deficit areas.

CHAPTER III

RESEARCH METHODOLOGY

Kerlinger (1986) believes that a research design must encompass both the research problem and the plan of investigation necessary to obtain empirical evidence on the relations of the problem of the research. While a design does not explain precisely what to do, it implies the direction of observation and analysis.

The research procedure utilized in this study tested the hypotheses offered in Chapter One. The study examined the relationship of the leadership styles of bank presidents in Tennessee in evaluating the president's ability to inspire extra effort from subordinates, the president's effectiveness, and the ability of the president to enhance satisfaction for subordinates. The target population consisted of the bank presidents of the 219 banks in Tennessee as listed in the *Tennessee Banking Directory*. Three bank officers (subordinates) evaluated the leadership style of the president. The Multifactor Leadership Questionnaire-Form 5X, which was developed by Bass and Avolio (1995), was used to evaluate the leadership styles.

Hypotheses

The study tested the following hypotheses as a partial test of the relationships and differences that may exist:

1. H_o: The leadership style of the bank president is not positively correlated with the subordinates' perceptions of the president's ability to inspire extra effort.

   H_1: The leadership style of the bank president is positively correlated with the subordinates' perceptions of the president's ability to inspire extra effort.

2. H_o: The leadership style of the bank president is not positively correlated with the subordinates' perceptions of the president's effectiveness.

   H_1: The leadership style of the bank president is positively correlated with the subordinates' perceptions of the president's effectiveness.

3. H_o: The leadership style of the bank president is not positively correlated with the subordinates' perceptions of the president's ability to enhance satisfaction through his or her behavior.

   H_1: The leadership style of the bank president is positively correlated with the subordinates' perceptions of the president's ability to enhance satisfaction through his or her behavior.

The focus of this study was on the leadership styles of bank presidents because of their importance in guiding their subordinates to accept group goals, high performance expectations, and intellectual stimulation. Leadership has been an important topic in the social sciences for many years. Meindl (1990) states that the recent resurgence of interest in studying leadership appears to be accompanied by an acceptance of the distinction between transactional and transformational leadership.

Shamir, House, and Arthur (1993) reviewed more than 20 studies that found transformational leadership to be positively related to followers' performance, attitudes, and perceptions. Bass and Avolio (1993) reviewed 15 studies that showed positive findings similar to Shamir, House, and Arthur's conclusions.

Several other studies support significant correlations between transforming leadership facets and organizational functioning. For example, subordinates' satisfaction with their supervisors is associated with the extent to which supervisors manifest

transformational leadership (Hater and Bass, 1988; Koh, Steers, and Terborg, 1991).

Higher levels of transformational leadership are also associated with subordinates'

organizational commitment (Bycio, Hachett, and Allen, 1995), organizational citizenship

behavior (Koh, 1995), and performance (Howell and Avolio, 1993).

Subject Population

The target population consisted of 219 bank presidents in Tennessee. Three

subordinates evaluated each president. The subordinates completed the Multifactor

Leadership Questionnaire-Form 5X on their presidents to evaluate how frequently or to

what degree they had observed the president engaging in 32 specific behaviors.

The Instrument

The researcher elected to use the Multifactor Leadership Questionnaire-Form 5X

(MLQ-Form 5X) that was developed by Bass and Avolio (1995). Bass (1985) developed

the initial MLQ. The original questionnaire has been used in numerous investigations

over the last fifteen years. In 1991, Bass and Avolio began developing an experimental

form MLQ-Form 5X that would be used for research and further development of the

MLQ. The psychometric data for MLQ-Form 5X was the result of responses from 3,570

individuals from a variety of business, industrial, nursing, military, and professional

organizations and agencies. In 1995, the MLQ-Form 5X became the basis for three

hundred and sixty degree assessment and feedback (Avolio, Bass, and Jung, 1996). Some

researchers criticized the original MLQ for its lack of discriminant validity with respect to

the factors making up the survey and for including behavioral, impact, and attitudinal

items in the same scale. In addition, the factor structure originally proposed by Bass

(1985) has not always been replicated in subsequent research (Smith and Peterson, 1988,

and Hunt, 1991). After reviewing their prior empirical studies completed using the MLQ, Bass and Avolio (1993) concluded "that the original factor structure presented by Bass (1985) does still represent conceptually and in many instances empirically, the factors of transformational, transactional, and laissez-faire leadership. But already we see that the structure is more complex than originally proposed. Further refinements are in the offing" (p. 61).

The MLQ-Form 5X was developed by Bass and Avolio in 1995 to address some of the core criticisms of the earlier MLQ survey instrument. Bass and Avolio (1995) used confirmatory factor analysis to test the construct validity of the MLQ-Form 5X for two reasons. One reason was there are over ten years of published research on the MLQ, which includes the original surveys reported by Bass (1985) as well as those for the published MLQ-Form 5R version by Bass and Avolio (1990). This large body of research provided an adequate basis for proposing a conceptual model and factor structure to be tested with the data collected using the MLQ-Form 5X. Another reason for using confirmatory analysis is that it provides a more rigorous test of the underlying factor structure of a survey instrument than more traditional exploratory analysis (Bollen, 1989, and Long, 1983).

By using two powerful confirmatory factor analyses, Bass and Avolio (1995) refined the original MLQ into an instrument that best represented each leadership component within the full range of leadership styles. Their findings from the validation and cross validation studies have resulted in the selection of 45 items for the MLQ-Form 5X.

The item development of the scales comprising the MLQ-Form 5X have not only benefited from the research findings of Bass and Avolio (1995) but also from the research since 1985 of Kotter (1990), Hunt (1991), Bryman (1992), Yukl (1994), and House (1995). The current results provide a broader base of evidence for the validity of the MLQ-Form 5X, while expanding the range of leadership styles that have been examined in prior research.

The MLQ-Form 5X contains 45 items that identify and measure key leadership and effectiveness behaviors shown in prior research to be strongly linked with both individual and organizational success. Each of the leadership components shown below contain a full range of leadership styles and is measured by four interconnected items that are as low in correlation as possible with items of the other eight components.

Scale	Number of Items
Transformational Leadership	
Idealized Influence (Behavior)	4
Idealized Influence (Attributed)	4
Inspirational Motivation	4
Intellectual Stimulation	4
Individualized Consideration	4
Transactional Leadership	
Constructive Transactions	
Contingent Reward	4
Corrective Transactions	
Management-by-Exception (Active)	4
Management-by-Exception (Passive)	4
Nontransactional Leadership	
Laissez-Faire	4
Outcome Factors	
Satisfaction with the Leader	2
Individual, Group, and Organizational Effectiveness	4
Extra Effort by Associates	3
Total	45

A five-point scale for rating the frequency of observed leader behaviors is used

and bears a magnitude estimation-based ratio of 4:3:2:1:0, according to a tested list of

responses provided by Bass, Casio, and O'Connor (1974). The responses to be used to

evaluate the MLQ factors are listed below:

Rating Scale For Leadership Items

0 = Not at all
1 = Once in a while
2 = Sometimes
3 = Fairly often
4 = Frequently, if not always

Administration

The MLQ-Form 5X can be easily administered to individuals or groups,

depending on the needs of the researcher. Simple, clear instructions and sample items

allow respondents to complete the 45-item questionnaire without direct supervision. On

the average, it takes 15 minutes to complete the questionnaire. Respondents should have

a reading ability comparable to the U.S. ninth grade level.

Three subordinates who work with the bank president received an MLQ-Form 5X

evaluation form on the president in the mail. After completing the MLQ-Form 5X, the

respondents returned the survey in a stamped envelope to the researcher.

Reliability

Descriptive statistics and reliabilities for the MLQ-Form 5X are shown below in

Table One for all items in the scale based on ratings by direct reports evaluating their

leader reliabilities for the total items ranged from .74 to .94 (Bass and Avolio, 1995).

Scale	Total Sample (N = 2080)			Sample 1			Sample 2		
	Mean	SD	Reliability	M	SD	R	M	SD	R
11 (AC)	2.56	.84	.86	2.88	.49	.54	2.19	.92	.87
11 (II)	2.64	.85	.87	2.89	.49	.54	2.03	.92	.87
IM	2.64	.87	.91	3.00	.47	.68	2.22	.90	.91
IS	2.51	.86	.90	2.88	.49	.70	1.85	.85	.89
IC	2.66	.93	.90	3.07	.50	.66	2.05	.97	.91
CR	2.20	.89	.87	2.63	.63	.87	1.85	.91	.89
MBEA	1.75	.77	.74	2.02	.60	.55	1.67	.71	.70
MBEP	1.11	.82	.82	1.12	.66	.66	1.63	.92	.84
LF	.89	.74	.83				1.23	.84	.85
EE	2.60	1.16	.91				1.81	1.28	.91
EFF	2.62	.72	.91				2.39	.88	.88
SAT	2.57	1.28	.94				2.18	1.34	.90

Note: Each scale varied from 0 = "Not at all" to 4 = "Frequently, if not always"
[Attributed Charisma (AC); Idealized Influence (II); Inspirational Motivation (IM);
Intellectual Stimulations (IS); Individualized Consideration (CR); Management-by-
Exception (Active) (MBEA); Management–by-Exception (Passive) (MBEP); Laissez-
Faire (LF); Extra Effort (EE); Effectiveness (EFF); Satisfaction (SAT)].

Table Two below shows the interrelations among the MLQ-Form 5X factor scores

(Bass and Avolio, 1995). The positive correlation among the five transformational

leadership scales is consistent with the correlations obtained for the MLQ-Form 5R

survey (Bass and Avolio, 1990). The average intercorrelation among the five

transformational scales is .83. The correlation matrix presented in Table Two confirms

earlier patterns and results with the MLQ-Form 5R that transformational leadership scales

are highly correlated with all criterion variables such as followers rated Extra Effort (EE),

Effectiveness (EFF), and Satisfaction (SAT). Contingent Rewards is less highly

correlated to these same outcome measures. The hierarchical pattern of relationships is

consistent with earlier results reported with the MLQ-Form 5R (Bass and Avolio, 1990).

<div align="center">

Table Two

Intercorrelations among MLQ Factor Scores
</div>

	II(A)	II(B)	IM	IS	IC	CR	MBEA	MBEP	LF	EE	EFF	SAT
II (A)	-											
II (B)	.79**-											
IM	.85**	.86**										
IS	.76**.	84**	. 85**									
IC	82**	.82**	.87**	.84**								
CR	.68**	.69**	.73**	.70**	.75**							
MBEA	.12**-	.03**-	.10**	-.08**	-.12.	.03						
MBEP	-.54**	-.54**-	.55**	-.52**	.54**	-.34**	. 28**					
LF	-.53**	-.54**-	.51**	-.47**	-.49**	-.29**	.18**	.74**				
EE	.68**	.69**	.73**	.69**	.74**	.62**	0.03	-.36**	-.34**			
EFF	.51**	.44**	.46**	.41**	.44**	.32**	-.14**	-.35**	-.41**	.45**		
SAT	.25**	.22*	.21**	.18**	.27**	.19**	0.06	.21**	-.25**	23**	.15**	

$* \ p < .05 \quad ** \ p < .01$

Validity

The Confirmatory Factor Analysis (CFA) was used to test the convergent and discriminant validity of each MLQ-Form 5X scale. Table Three shows the comparison of the Goodness of Fit Index (GFI), the Adjusted Goodness of Fit Index (AGFI), and the Root Mean Square Residuals (RMSR), and the Chi-square test results. The fit measures and the chi-square test improved as the factors increased from the one factor solution to the nine factor full range of leadership model solution.

<div align="center">

Table Three

Comparison of overall fit measures among several factor models
</div>

Fit Measure	one factor model	two factor model	three factor model	nine factor (full model)
Chi-square/ df	5.674/ 594	5.260/ 593	3.529/ 591	2.394/ 558
GFI*	0.75	0.77	0.86	0.91
AGFI**	0.72	0.74	0.84	0.89
RMSR***	0.07	0.08	0.05	0.04

* Goodness of Fit Index
** Adjusted Goodness of Fit Index
*** Root Mean Square residuals

Also, convergent and discriminant validation studies with 3,750 cases and 14 samples resulted in the selection of the 45 items of the MLQ-Form 5X as the best

measures of their constructs for item development (Avolio and Jung, 1996). By employing the confirmatory factor analyses techniques, the survey instrument represents each leadership concept within the full range of leadership model. All indicators loading on each construct are significant, demonstrating satisfactory levels of internal consistency for each scale as presented above. Table Four shows all indicators loading on each construct are significant, demonstrating that each of these scales has satisfactory levels of internal consistency. The nine-factor model is at a level of fit similar to these results (Bentler, 1990; Bollen, 1989).

Bass's theory of transformational and transactional leadership has generated a considerable amount of research. Curphy's (1991) comprehensive review of this literature showed that most of these studies consisted of administering the MLQ to followers and examining the relationships among the MLQ factors or the relationship between the MLQ factors and followers' satisfaction and leader effectiveness ratings, leaders' promotion rates, or leaders' performance appraisal ratings. Curphy found that these studies showed the two dimensions of the MLQ, transformational and transactional leadership, were not independent dimensions of leadership. Instead, these two dimensions were highly related; leaders getting high ratings on one dimension tended to get high ratings on the other dimension and vice versa. These research studies showed that both the transformational factors and the contingent-reward factor of transactional leadership were strongly related to followers' satisfaction and leader effectiveness ratings. The relationship between these leadership factors and leaders' promotion rates and performance appraisal ratings were lower.

Table Four
Means, Standard Deviations, and Intercorrelations
Among MLQ Factor Scores Based on Leaders' Self-Reports

Variable	M	SD	1	2	3	4	5	6	7	8	9	10	11
1. Attributed Charisma	2.91	.75	.73										
2. Idealized Influence	2.76	.75	.60	.70									
3. Inspirational Motivation	2.89	.76	.65	.64	.81								
4. Intellectual Stimulation	2.76	.69	.60	.51	.54	.69							
5. Individualized Consideration	2.84	.77	.62	.52	.49	.60	.70						
6. Contingent Reward	2.91	.75	.61	.55	.57	.54	.63	.71					
7. Management-by- Exception (Passive)	1.65	.92	-.03	.10	-.03	.02	-.03	.06	.73				
8. Management-by- Exception (Active)	1.06	.89	-.28	-.15	-.22	-.22	-.20	-.24	.16	.78			
9. Laissez-Faire	.71	.81	-.36	-.20	-.25	-.25	-.27	-.30	.17	.70	.80		
10. Extra Effort	2.74	.90	.68	.50	.59	.57	.58	.58	-.02	-.22	-.28	.85	
11. Effectiveness	3.06	.74	.73	.52	.60	.57	.63	.66	-.04	-.34	-.41	.69	.79

Note. each factor was rated on the 5 point scale from 0(not at all) to 4 (frequently, if not always). Alpha coefficients are reported in boldface along the diagonal. (N=1,501-1,545)

In addition to reviewing the previous research, Curphy (1992) conducted several studies at the U. S. Air Force Academy that helped to support Bass's theory. Curphy's studies were completed over a two-year period; used much larger sample sizes than previously reported (over 11,500 cadets rated 160 officer leaders); and used unit performance indices, attrition rates, and organizational climate ratings for leadership effectiveness criteria. He reported that transformational leadership and transactional leadership were not independent but rather highly interrelated. He also found both the

transformational leadership and contingent-reward factors had strong positive correlations with organizational climate ratings.

Other research with the MLQ has yielded findings consistent with those reported by Curphy. In terms of performance, Howell and Avolio (1993) found that business unit performance over a one-year period was more related to transformational than to transactional leadership. Yammarino, Spangler, and Bass (1993) reported that transformational leaders tended to get better performance appraisal ratings later in their careers than transactional leaders. Both studies indicated that it might take time before the effects of transformational leadership are realized. Other researchers have also reported that transformational leadership has higher correlations with subordinate satisfaction levels than transactional leadership (Bass and Avolio, 1994; Yammarino, Spangler, and Bass, 1993).

One of the most comprehensive reviews of the MLQ to date was conducted by Lowe, Kroeck, and Sivasubramaniam (1996). They conducted a meta-analysis to determine the statistical robustness of the MLQ and the effects of transformational and transactional leadership on various follower and organizational outcomes. With a meta-analysis, researchers collect as many published and unpublished studies on the topics as possible and then use sophisticated statistical techniques to identify themes and trends across the studies. This particular meta-analysis looked at approximately 40 studies from a variety of countries, institutions, and organizational levels and concluded that the MLQ was a valid and reliable measure of transformational, transactional, and laissez-faire leadership.

Data Analysis Techniques

Statistical analysis was provided by regression analysis. In this analysis, a dependence statistical technique was used to evaluate the degree of the relationship between a single dependent variable and multiple independent variables (Hair, Anderson, Tatham, and Black, 1995). The independent variables are (1) transformational leadership style composed idealized influence—attributed, idealized influence—behavior, inspirational motivation, intellectual stimulation, and individualized consideration; (2) transactional leadership style composed of contingent reward, management-by-exception (active), and management-by-exception (passive); and (3) laissez-faire or non-leadership style.

The dependent variables are (1) extra effort, (2) president's effectiveness, and (3) satisfaction. Linear regression was used to describe the relationship between transformational, transaction, and laissez-faire leadership behaviors and the subordinates' view of job satisfaction, perceived leader effectiveness, and extra effort on the job.

CHAPTER IV

ANALYSIS AND PRESENTATION OF FINDINGS

Introduction

This chapter presents responses to the MLQ instrument and discussion of this information. The study examined the relationship between the leadership styles of the bank presidents in Tennessee and their subordinates' perception of the president's ability to inspire extra effort and to enhance the subordinates' satisfaction through his or her behavior. In addition, the study examined the relationship between the leadership style of bank presidents with the subordinates' perceptions of the president's effectiveness. The research was completed using the Bass (1985, 1988) and Bass and Avolio (1995) full range leadership model of transformational, transactional, and laissez-faire leadership.

Response Rates, Data Consideration, and Treatment

The MLQ was distributed via mail to the immediate subordinates of the 219 bank presidents in Tennessee. Three subordinates from each bank evaluated the leadership style (transformational, transactional, or laissez-faire) of the bank president. The subordinates shared their perceptions concerning the president's effectiveness, the president's ability to inspire extra effort, and the president's ability to improve subordinates' satisfaction.

Two hundred forty-seven surveys were returned from a total of 657 that were mailed. The response rate was 37.6 percent. Two surveys were returned as being undeliverable since the subordinates had changed jobs. One respondent did not complete

the portion of the survey dealing with extra effort. The data were reviewed, coded by the researcher, and entered into a spreadsheet format for analysis.

Leadership Hypothesis Testing

In evaluation of the three null and alternative hypotheses, the individual factors of the dimension of leadership were studied. Linear regression was used to examine the relationship between the combination of the three factors comprising the independent variable of leadership style (transformational, transactional, and laissez-faire) and the three dependent variable leadership outcomes (extra effort, satisfaction, and leader effectiveness). Significance was tested at the alpha = .05 level.

Subordinate Perceived Leadership Styles

Summaries of the statistics of the perceived leadership styles are presented in Table 1 on page 67. The mean and standard deviations were calculated for each of the leadership factors and the outcome variables. The mean is the index of central tendency, and standard deviation represents the deviation of the data from the mean (Anderson, Sweeney, and Williams, 2001). A higher value indicates that the factor had a greater perception of the variable to be present in their bank president. The highest sample mean score derived for the perceived leadership factors was the transformational factor of inspirational motivation (2.83). The second highest sample mean score derived was the transformational factor of idealized influence—attributed (2.74). The lowest mean score derived was laissez-faire or non-leadership (1.16). The sample mean produced mean scores for outcome variables of extra effort (2.53), leader effectiveness (2.79), and satisfaction (2.79).

Table 5
Mean Leadership Scores of the Bank Presidents
as Perceived by Their Immediate Subordinates

Leadership Style	Perceptions about Bank Presidents (n = 247)	
	Mean	Std. Dev.
Transformational		
Idealized Influence—Attributed	2.74	1.20
Idealized Influence—Behavior	2.66	1.15
Inspirational Motivation	2.83	1.05
Intellectual Stimulation	2.48	1.08
Individualized Consideration	2.39	1.30
Transactional		
Contingent Reward	2.60	1.18
Management-by-Exception (Active)	1.87	1.21
Management-by-Exception (Passive)	1.76	1.28
Non-Leadership		
Laissez-Faire	1.16	1.21
Outcomes		
Extra Effort	2.53	1.24
Effectiveness	2.79	1.14
Satisfaction	2.79	1.18

The subordinates' perceived mean score ratings in the present study were consistent with Avolio, Bass, and Jung's (1996) summary report for ten selected studies (n=2,080) based on the MLQ Form-5X short survey instrument. Their study indicated the means for idealized influence—attributed (2.56), idealized influence—behavior (2.64), inspirational motivation (2.64), intellectual stimulation, (2.51), and individualized consideration (2.66). The sample means in this study, respectively, were 2.74, 2.66, 2.83, 2.48, and 2.39.

The immediate subordinates' sample mean for the transactional leadership variables contingent reward, management-by-exception (active), and management-by-exception (passive) were 2.60, 1.87, and 1.76. The Avolio, Bass, and Jung (1996) report showed total means of 2.20, 1.75, and 1.11. The results of this study differ slightly.

The sample produced a mean score of 1.16 for laissez-faire leadership indicating this behavior was perceived as occurring infrequently. Maher's (1994) study and Kilker's (1994) study reported similar findings. Avolio, Bass, and Jung's (1996) summary reported means for laissez-faire leadership of 1.23, 0.71, and 0.89 respectively.

Bass and Avolio (1997) believe that the high correlation among the MLQ leadership scores shows "empirical support for the theoretical links between transformational and transactional leadership" (p. 37). The high correlations of the transformational factors are consistent with the findings by Avolio (1995) and Bass and Avolio (1997).

The outcome means for transformational leaders were higher than the outcome means for transactional and laissez-faire leaders. This research lends further support to the generality and universality of the results across diverse settings (Bass, 1995 and Bass,

1997). The means of the transformational leadership items were higher than the means of

the transactional leadership with the exception of contingent reward. Contingent reward

also had a higher mean than management-by-exception (active) and management-by-

exception (passive) as well as laissez-faire. Many previous analyses have reported

similar findings. The hierarchical ordering of the leadership constructs with respect to

their relationship with performance outcomes confirms earlier research (Bass, 1985, and

Avolio and Bass, 1991).

Research Questions

The data were organized to answer the following research questions:

1. Is there a positive correlation of the leadership style of the bank president with

   the subordinates' perceptions of the president's ability to inspire extra effort?

2. Is there a positive correlation of the leadership style of the bank president with

   the subordinates' perceptions of the president's effectiveness?

3. Is there a positive correlation of the leadership style of the bank president with

   the subordinates' perceptions of the president's ability to enhance satisfaction

   through his or her behavior?

Hypotheses Test Results

The three hypotheses that were tested are presented in Chapter III. Linear

regression analysis was used to test these hypotheses. Significance was accepted at the

.05 level.

The Multifactor Leadership Questionnaire, Form 5X, results are reported by each

leadership style and each outcome variable in Tables 2A-4C. The null hypotheses were

tested.

<u>Hypothesis One</u>

H_0: The leadership style of the bank president is not positively correlated with the subordinates' perceptions of the president's ability to inspire extra effort.

H_1: The leadership style of the bank president is positively correlated with the subordinates' perceptions of the president's ability to inspire extra effort.

The results of the test of Hypothesis One for transformational leadership, shown in Table 2A on page 71, resulted in the rejection of the null hypothesis based on the following decision rule: If calculated $F > 3.88$ and the calculated p-value < 0.05, then reject H_0. If the calculated F statistic exceeds critical F, the null hypothesis is rejected. A test calculated statistic reported with a p-value smaller than the level of significance supports rejection of the null hypothesis.

Rejection of Null Hypothesis One (H_0) based on linear analysis provides empirical support for the alternative hypothesis (H_1) and answers affirmatively Research Question One. These results imply that there is a significant relationship between the transformational leadership style (idealized influence—attributed, idealized influence—behavior, inspirational motivation, intellectual stimulation, and individual consideration) and the subordinates' extra effort. These findings were consistent with the results found by Bass (1985); Bass and Avolio (1996); Avolio, Bass, and Jung (1996); and Bass and Avolio (1997).

The results of the test of Hypothesis One for transactional leadership, as shown in Table 2B on page 72, resulted in the rejection of the null hypothesis based on the following decision rule: If calculated $F > 3.88$ and the calculated p-value < 0.05, then reject H_0. If the calculated F statistic exceeds F critical, the null hypothesis is rejected. A

test calculated statistic reported with a p-value smaller than the level of significance

supports rejection of the null hypothesis.

The rejection of the null hypothesis provides support for the alternative

hypothesis and thus allows the researcher to infer that a relationship does exist between

the independent transactional variables contingent reward, management-by-exception

(active), and management-by-exception (passive), and the dependent variable extra effort.

These results are consistent with results found by Bass (1985); Bass and Avolio (1990);

Avolio, Bass, and Jung (1996); and Bass and Avolio (1997).

Table 6A

Relationship Between Transformational Leadership Style and Subordinates' Extra Effort

Dependent Variable: Subordinates' Extra Effort
M: 2.53   SD: 1.24

Independent Variable:	M	SD
Transformational Leadership Factors:		
Idealized Influence—Attributed	2.74	1.20
Idealized Influence—Behavior	2.66	1.15
Inspirational Motivation	2.83	1.05
Intellectual Stimulation	2.48	1.08
Individual Consideration	2.39	1.30

H_0: The leadership style of the bank president is not positively correlated with the subordinates' perceptions of the president's ability to inspire extra effort.

H_1: The leadership style of the bank president is positively correlated with the subordinates' perceptions of the president's ability to inspire extra effort.

n = 246   Critical F = 3.88   Calculated F = 591.11

Decision Rule: If calculated F > 3.88, reject H_0.
                        If calculated F ≤ 3.88, fail to reject H_0.

Conclusion: Reject H_0.

Table 6B
Relationship Between Transactional Leadership Style and Subordinates' Extra Effort

Dependent Variable: Subordinates' Extra Effort
M: 2.53   SD: 1.24

Independent Variable:	M	SD
Transactional Leadership Factors:		
Contingent Reward	2.60	1.18
Management-by-Exception (Active)	1.87	1.21
Management-by-Exception (Passive)	1.76	1.28

H_0:   The leadership style of the bank president is not positively correlated with the subordinates' perceptions of the president's ability to inspire extra effort.

H_1:   The leadership style of the bank president is positively correlated with the subordinates' perceptions of the president's ability to inspire extra effort.

n = 246   Critical F = 3.88   Calculated F = 44.21

Decision Rule: If calculated F > 3.88, reject H_0.
If calculated F ≤ 3.88, fail to reject H_0.

Conclusion: Reject H_0.

The results of the test of Hypothesis One for laissez-faire leadership, as shown in Table 2C on page 73, resulted in the rejection of the null hypothesis based on the following decision rule: If calculated F > 3.88 and the calculated p-value < 0.05, then reject H_0. If the calculated F statistic exceeds F critical, the null hypothesis is rejected. A test calculated statistic reported with a p-value smaller than the level of significance supports rejection of the null hypothesis.

The rejection of the null hypothesis provides support for the alternative hypothesis and thus allows the researcher to infer that a relationship does exist between the independent laissez-faire variable and the dependent variable extra effort and answers affirmatively Research Question One. These findings imply that there is a significant

relationship between the transformational leadership style (idealized influence—

attributed, idealized influence—behavior, inspirational motivation, intellectual

stimulation, individual consideration), the transactional leadership style (contingent

reward, active management-by-exception, passive management-by-exception), and the

laissez-faire leadership style of bank presidents as perceived by their subordinates and the

subordinate's self-reported willingness to exert extra effort. These results are consistent

with the results found by Bass (1985); Bass and Avolio (1990); Avolio, Bass, and Jung

(1996); and Bass and Avolio (1997).

Table 6C
Relationship Between Laissez-Faire Leadership Style and Subordinates' Extra Effort

Dependent Variable: Subordinates' Extra Effort
               M: 2.53   SD: 1.24

Independent Variable:	M	SD
Laissez-Faire Leadership	1.16	1.21

H_0:   The leadership style of the bank president is not positively correlated with the
       subordinates' perceptions of the president's ability to inspire extra effort.
H_1:   The leadership style of the bank president is positively correlated with the
       subordinates' perceptions of the president's ability to inspire extra effort.

n = 246   Critical F = 3.88   Calculated F = 110.54

Decision Rule: If calculated F > 3.88, reject H_0.
                If calculated F ≤ 3.88, fail to reject H_0.

Conclusion: Reject H_0.

Hypothesis Two

H_0: The leadership style of the bank president is not positively correlated with the subordinates' perceptions of the president's effectiveness.

H_1: The leadership style of the bank president is positively correlated with the subordinates' perceptions of the president's effectiveness.

The results of the test of Hypothesis Two for transformational leadership, as shown in Table 3A on page 75, resulted in the rejection of the null hypothesis based on the following decision rule: If calculated $F > 3.88$ and the calculated p-value < 0.05, then reject H_0. If the calculated F statistic exceeds the F critical, the null hypothesis is rejected. A test calculated statistic reported with a p-value smaller than the level of significance supports rejection of the null hypothesis.

Rejection of Null Hypothesis Two (H_0) based on linear analysis provides empirical support for the alternative hypothesis (H_1) and answers affirmatively Research Question Two. These results imply that there is a significant relationship between the transformational leadership style (idealized influence—attributed, idealized influence—behavior, inspirational motivation, intellectual stimulation, and individual consideration) and the president's effectiveness.

The results of the test of Hypothesis Two for transactional leadership, as shown in Table 3B on page 76, resulted in the rejection of the null hypothesis based on the following decision rule: If calculated $F > 3.88$ and the calculated p-value < 0.05, then reject H_0. If the calculated F statistic exceeds F critical, the null hypothesis is rejected. A test calculated statistic reported with a p-value smaller than the level of significance supports rejection of the null hypothesis.

Table 7A
Relationship Between Transformational Leadership Style and Subordinates' Perceptions of the President's Effectiveness

Dependent Variable: Subordinates' Perceptions of the President's Effectiveness
M: 2.79   SD: 1.14

Independent Variable:	M	SD
Transformational Leadership Factors:		
Idealized Influence—Attributed	2.74	1.20
Idealized Influence—Behavior	2.66	1.15
Inspirational Motivation	2.83	1.05
Intellectual Stimulation	2.48	1.08
Individual Consideration	2.39	1.30

H_0: The leadership style of the bank president is not positively correlated with the subordinates' perceptions of the president's effectiveness.

H_1: The leadership style of the bank president is positively correlated with the subordinates' perceptions of the president's effectiveness.

n = 247   Critical F = 3.88   Calculated F = 807.43

Decision Rule: If calculated F > 3.88, reject H_0.
                   If calculated F ≤ 3.88, fail to reject H_0.

Conclusion: Reject H_0.

The rejection of Null Hypothesis Two provides support for the alternative hypothesis and thus allows the researcher to infer that a relationship does exist between the independent transactional leadership variables contingent reward, management-by-exception (active), and management-by-exception (passive) and the dependent variable effectiveness.

Table 7B
Relationship Between Transactional Leadership Style and Subordinates' Perceptions of the President's Effectiveness

Dependent Variable: Subordinates' Perceptions of the President's Effectiveness
M: 2.79   SD: 1.14

Independent Variable:	M	SD
Transactional Leadership Factors:		
Contingent Reward	2.60	1.18
Management-by-Exception (Active)	1.87	1.21
Management-by-Exception (Passive)	1.76	1.28

H_0: The leadership style of the bank president is not positively correlated with the subordinates' perceptions of the president's effectiveness.

H_1: The leadership style of the bank president is positively correlated with the subordinates' perceptions of the president's effectiveness.

n = 247   Critical F = 3.88   Calculated F = 32.587

Decision Rule: If calculated F > 3.88, reject H_0.
If calculated F ≤ 3.88, fail to reject H_0.

Conclusion: Reject H_0.

The results of the test of Hypothesis Two for laissez-faire leadership, as shown in

Table 3C on page 77, resulted in the rejection of the null hypothesis based on the

following decision rule: If calculated F > 3.88 and the calculated p-value < 0.05, then

reject H_0. If the calculated F statistic exceeds F critical, the null hypothesis is rejected. A

test calculated statistic reported with a p-value smaller than the level of significance

supports rejection of the null hypothesis.

Rejection of Null Hypothesis Two provides empirical support for the alternative

hypothesis and answers affirmatively Research Question Two. These findings imply that

there is a significant relationship between the transformational leadership style (idealized

influence—attributed, idealized influence—behavior, inspirational motivation,

intellectual stimulation, individual consideration), the transactional leadership style

(contingent reward, active management-by-exception, passive management-by-

exception), or the laissez-faire leadership of bank presidents as perceived by their

subordinates and the president's effectiveness. These results shown in tables 3A, 3B, and

3C are consistent with the results found by Bass (1985); Bass and Avolio (1990); Avolio,

Bass, and Jung (1996); and Bass and Avolio (1997).

Table 7C
Relationship Between Laissez-Faire Leadership Style and Subordinates' Perceptions
of the President's Effectiveness

Dependent Variable: Subordinates' Perceptions of the President's Effectiveness
$\quad\quad\quad\quad\quad\quad\quad$ M: 2.79 $\quad\quad$ SD: 1.14

Independent Variable:	M	SD
Laissez-Faire Leadership	1.16	1.21

H_0: $\quad$ The leadership style of the bank president is not positively correlated with the
$\quad\quad$ subordinates' perceptions of the president's effectiveness.
H_1: $\quad$ The leadership style of the bank president is positively correlated with the
$\quad\quad$ subordinates' perceptions of the president's effectiveness.

$n = 247$ $\quad\quad\quad\quad$ Critical $F = 3.88$ $\quad\quad\quad\quad$ Calculated $F = 163.119$

Decision Rule: $\quad\quad$ If calculated $F > 3.88$, reject H_0.
$\quad\quad\quad\quad\quad\quad\quad$ If calculated $F \leq 3.88$, fail to reject H_0.

Conclusion: $\quad$ Reject H_0.

Hypothesis Three

H_0: The leadership style of the bank president is not positively correlated with the subordinates' perceptions of the president's ability to enhance satisfaction through his or her behavior.

H_1: The leadership style of the bank president is positively correlated with the subordinates' perception of the president's ability to enhance satisfaction through his or her behavior.

The results of the test of Hypothesis Three for transformational leadership, as shown in Table 4A on page 79, resulted in the rejection of the Null Hypothesis based on the following decision rule: If calculated $F > 3.88$ and the calculated p-value < 0.05, then reject H_0. If the calculated F statistic exceeds F critical, the null hypothesis is rejected. A test calculated statistic reported with a p-value smaller than the level of significance supports rejection of the null hypothesis.

Rejection of Null Hypothesis Three (H_0) based on linear analysis provides empirical support for the alternative hypothesis (H_1) and answers affirmatively Research Question Three. These results imply that there is a significant relationship between the transformational leadership style (idealized influence—attributed, idealized influence—behavior, inspirational motivation, intellectual stimulation, and individual consideration) and the subordinates' satisfaction.

The results of the test of Hypothesis Three for transactional leadership, as shown in Table 4B on page 80, resulted in the rejection of the null hypothesis based on the following decision rule: If calculated $F > 3.88$ and the calculated p-value < 0.05, then reject H_0. If the calculated F statistic exceeds F critical, the null hypothesis is rejected. A

test calculated statistic reported with a p-value smaller than the level of significance

supports rejection of the null hypothesis.

Table 8A
Relationship Between Transformational Leadership Style and Subordinates' Perceptions of the President's Ability to Enhance Satisfaction Through His or Her Behavior

Dependent Variable: Subordinates' Perceptions of the President's Ability to Enhance
Satisfaction Through His or Her Behavior
M: 2.79   SD: 1.18

Independent Variable:	M	SD
Transformational Leadership Factors:		
Idealized Influence—Attributed	2.74	1.20
Idealized Influence—Behavior	2.66	1.15
Inspirational Motivation	2.83	1.05
Intellectual Stimulation	2.48	1.08
Individual Consideration	2.39	1.30

H_0:   The leadership style of the bank president is not positively correlated with the subordinates' perceptions of the president's ability to enhance satisfaction through his or her behavior.

H_1:   The leadership style of the bank president is positively correlated with the subordinates' perceptions of the president's ability to enhance satisfaction through his or her behavior.

n = 247   Critical F = 3.88   Calculated F = 675.00

Decision Rule: If calculated F > 3.88, reject H_0.
                   If calculated F ≤ 3.88, fail to reject H_0.

Conclusion: Reject H_0.

The rejection of the null hypothesis provides support for the alternative

hypothesis and thus allows the researcher to infer that a relationship does exist between

the independent transactional leadership variables contingent reward, management-by-

exception (active), and management-by-exception (passive), and the dependent variable

satisfaction.

Table 8B

Relationship Between Transactional Leadership Style and Subordinates' Perceptions
of the President's Ability to Enhance Satisfaction Through His or Her Behavior

Dependent Variable: Subordinates' Perceptions of the President's Ability to Enhance
Satisfaction Through His or Her Behavior
M: 2.79   SD: 1.18

Independent Variable:	M	SD
Transactional Leadership Factors:		
Contingent Reward	2.60	1.18
Management-by-Exception (Active)	1.87	1.21
Management-by-Exception (Passive)	1.76	1.28

H_0:   The leadership style of the bank president is not positively correlated with the
subordinates' perceptions of the president's ability to enhance satisfaction through
his or her behavior.

H_1:   The leadership style of the bank president is positively correlated with the
subordinates' perceptions of the president's ability to enhance satisfaction through
his or her behavior.

n = 247   Critical F = 3.88   Calculated F = 17.13

Decision Rule: If calculated F > 3.88, reject H_0.
If calculated F ≤ 3.88, fail to reject H_0.

Conclusion: Reject H_0.

The results of the test of Hypothesis Three for laissez-faire leadership , as shown

in Table 4C on page 81, resulted in the rejection of the null hypothesis based on the

following decision rule: If calculated F > 3.88 and the calculated p-value < 0.05, then

reject H_0. If the calculated F statistic exceeds F critical, the null hypothesis is rejected. A

test calculated statistic reported with a p-value smaller than the level of significance

supports rejection of the null hypothesis.

The rejection of the null hypothesis provides support for the alternative

hypothesis and thus allows the researcher to infer that a relationship does exist between

the independent laissez-faire variable and the dependent variable satisfaction. These

findings support that the premise that the practice of laissez-faire leadership contributes

to reduced levels of satisfaction, extra effort on the job, and perceived effectiveness of the

leader as compared to the practices of transformational and transactional leadership.

These results are consistent with the results found by Bass (1985); Bass and Avolio

(1990); Avolio, Bass, and Jung (1996); and Bass and Avolio (1997).

Table 8C
Relationship Between Laissez-Faire Leadership Style and Subordinates' Perceptions
of the President's Ability to Enhance Satisfaction Through His or Her Behavior

Dependent Variable: Subordinates' Perceptions of the President's Ability to Enhance
Satisfaction Through His or Her Behavior
M: 2.79   SD: 1.18

Independent Variable:	M	SD
Laissez-Faire Leadership	1.16	1.21

H_0: The leadership style of the bank president is not positively correlated with the
subordinates' perceptions of the president's ability to enhance satisfaction through
his or her behavior.

H_1: The leadership style of the bank president is positively correlated with the
subordinates' perceptions of the president's ability to enhance satisfaction through
his or her behavior.

n = 247   Critical F = 3.88   Calculated F = 141.23

Decision Rule: If calculated F > 3.88, reject H_0.
If calculated F ≤ 3.88, fail to reject H_0.

Conclusion: Reject H_0.

In summary, for the three hypotheses using the MLQ 5X Short, the results of the

linear regression model indicated that the bank presidents' three perceived leadership

styles are predictors of immediate subordinates' self-reported satisfaction, extra effort,

and perceived leader effectiveness. The transformational leadership scales were highly correlated with all criterion variables. Contingent reward was also positively correlated with the outcome measures. Overall, in descending order, the management-by-exception (active), management-by-exception (passive), and laissez-faire scores had the weakest relationship with the three outcome measures.

The findings from this research support Bass's (1985) premise that transformational leadership has a greater effect upon the outcome measure of satisfaction, extra effort, and perceived effectiveness of the leader than either transactional or laissez-faire leadership.

Summary

This chapter has presented response rates and the analysis and presentation of findings in the evaluation of the relationship of leadership characteristics to the subordinates' outcomes of extra effort, leader effectiveness, and satisfaction with the leader. It was hypothesized that there would be no significant relationship between the leadership style (transformational, transactional, and laissez-faire) of bank presidents and subordinates' extra effort, perceived leader satisfaction, and satisfaction with their leader. Strong empirical evidence was provided for the rejection of the null hypotheses through linear regression analysis. Chapter 5 presents a summary of the findings and the implications for future research and discussion.

CHAPTER V

SUMMARY AND CONCLUSIONS

Introduction

This chapter presents a summary of the findings and implications for future

research and discussion. The purpose of this study was to determine the relationship

between the transformational, transactional, and laissez-faire leadership styles of bank

presidents in Tennessee as perceived by their subordinates and the satisfaction of the

subordinates with the president, the subordinates' willingness to exert extra effort, and

perception of the president's effectiveness. The research was completed using the Bass

(1985, 1988) and Bass and Avolio (1995) full range leadership model of

transformational, transactional, and laissez-faire leadership style.

Summary of Findings

Bass and Avolio's (1995) theory of transformational, transactional, and laissez-

faire leadership has been examined in many studies and has the support of many

researchers as another measure toward an understanding of the factors of effective

leadership. The findings of this study supported the application of Bass's (1985, 1988)

conceptual framework of transformational and transactional leadership theory to the

leadership styles of bank presidents in Tennessee. This research provided additional

support for the universality of the model.

Strong empirical support was found for the rejection of the null hypotheses 1-3.

The findings were derived from analysis based on linear regression.

The hypotheses were tested at a significance level of alpha = .05; the calculated p values for the overall models in the linear analysis were <.05. This indicates a rejection of all three of the null hypotheses for any of the conventional levels of significance. There was a statistically significant linear association between the combination of leadership style dimensions and each of the three dimensions of leadership outcomes.

The first premise of the study was to establish that there was not a significant relationship between the transformational leadership of bank presidents in Tennessee and their subordinates' perceptions of the president's ability to inspire extra effort (Table 6A). The null hypothesis was rejected by the survey data. The results of the survey supported the substantive hypothesis, H_1. The results allowed the researcher to infer that a significant positive relationship exists between transformational leadership style of bank presidents and their subordinates' perceptions of the president's ability to inspire extra effort.

The next premise was to establish that there was not a significant relationship between the transactional leadership of bank presidents in Tennessee and their subordinates' perceptions of the president's ability to inspire extra effort (Table 6B). The null hypothesis was rejected by the survey data. The results of the study supported the substantive hypothesis, H_1. The results allowed the researcher to infer that a significant positive relationship exists between transactional leadership style of bank presidents and their subordinates' perception of the president's ability to inspire extra effort.

The next premise was to establish that there was not a significant relationship between the laissez-faire leadership of bank presidents in Tennessee and their subordinates' perceptions of the president's ability to inspire extra effort (Table 6C). The

null hypothesis was rejected by the survey data. The results of the study supported the substantive hypothesis, H_1. The results allowed the researcher to infer that a significant positive relationship exists between laissez-faire leadership style of bank presidents and their subordinates' perceptions of the president's ability to inspire extra effort.

As a result of the linear regression analysis, transformational factors were found statistically significant and correlated positively with the outcome variable of extra effort. The more the leader was perceived as demonstrating transformational behaviors, the greater the subordinates reported that they exerted extra effort. The relationship between transformational leadership and extra effort was stronger and more positive than with the transactional and laissez-faire styles. These findings were consistent with the hierarchical patterns reported by Bass (1985), Hater and Bass (1988), Seltzer and Bass (1990), and Bass and Avolio (1997). In addition, Lowe, Kroeck, and Sivasubramaniam (1996) found that transformational leadership was a significantly better predictor of followers' willingness to exert extra effort than transactional leadership or laissez-faire.

The results of the test of the second hypothesis revealed that there was not a significant relationship between the transformational leadership of bank presidents in Tennessee and the subordinates' perceptions of the president's effectiveness (Table 7A). The null hypothesis was rejected by the survey data. These results allow the researcher to infer that a significant positive relationship exists between the transformational leadership style of bank presidents and the subordinates' perceptions of the president's effectiveness.

The next premise was to establish that there was not a significant relationship between the transactional leadership of bank presidents and the subordinates' perceptions

of the president's effectiveness (Table 7B). The null hypothesis was rejected by the

survey data. The results of the study supported the substantive hypothesis, H_1. The

results allowed the researcher to infer that a significant positive relationship exists

between the transactional leadership style of bank presidents and the subordinates'

perceptions of the president's effectiveness.

The next premise was to establish that there was not a significant relationship

between the laissez-faire leadership of bank presidents and the subordinates' perception

of the president's effectiveness (Table 7C). The null hypothesis was rejected by the

survey data. The results of the study supported the substantive hypothesis, H_1. The

results allowed the researcher to infer that a significant positive relationship exists

between the laissez-faire leadership style of bank presidents and the subordinates'

perceptions of the president's effectiveness.

As a result of the analysis, transformational factors were statistically significant

and correlated positively with the outcome variable effectiveness. These findings

corroborate a fundamental premise of Bass's (1985) model for leadership: Transactional

leadership provides a basis for effective leadership, but greater effectiveness can be

realized with transformational leadership (Waldman, Bass, and Yammarino, 1990;

Howell and Avolio, 1993; and Lowe, et al., 1996). Barling, Weber, and Kelloway (1996)

examined the effects of transformational leadership training on the performance of 20

bank branch managers in Canada. Managers who went through the transformational

leadership training received significantly higher transformational leadership ratings for

effectiveness from followers than those managers who did not receive any

transformational leadership training. In terms of effectiveness, Howell and Avolio

(1993) found that business unit performance over a one-year period was more related to transformational than to transactional or laissez-faire leadership.

The next premise of the study was to establish that there was not a significant relationship between the transformational leadership of bank presidents and the subordinates' perceptions of the president's ability to enhance satisfaction through his or her behavior (Table 8A). The null hypothesis was rejected by the survey data. The results of the survey supported the substantive hypothesis, H_1. The results allowed the researcher to infer that a significant positive relationship exists between transformational leadership and the subordinates' satisfaction.

The next premise was to establish that there was not a significant relationship between the transactional leadership of bank presidents and the subordinates' perceptions of the president's ability to enhance satisfaction (Table 8B). The null hypothesis was rejected by the survey data. The results of the survey supported the substantive hypothesis, H_1. The results allowed the researcher to infer that a significant positive relationship exists between transactional leadership style of bank presidents and the subordinates' perceptions of the president's ability to enhance satisfaction.

The final premise was to establish that there was not a significant relationship between laissez-faire leadership of bank presidents and the subordinates' perceptions of the president's ability to enhance satisfaction (Table 8C). The null hypothesis was rejected by the survey data. The results of the study supported the substantive hypothesis, H_1. The results allowed the researcher to infer that a significant positive relationship exists between laissez-faire leadership style of bank presidents and the subordinates' perceptions of the president's ability to enhance satisfaction.

Several researchers have reported that transformational leadership has higher

correlations with subordinate satisfaction levels than transactional and laissez-faire

leadership (Bass & Avolio, 1994; Yammarino, Spangler, and Bass, 1993). These

findings provide further support for Bass's (1985) conceptual framework of

transformational and transactional leadership theory.

Recommendations for Future Research

The findings of this study support the existence of the basic transformational

leadership paradigm within the banking field. Additional research studies are needed to

examine the role that geography, race, gender, and age play in the relationship between

leadership styles and subordinates' extra effort, perceived leader effectiveness, and

subordinates' satisfaction.

A comprehensive search of the literature has revealed limited studies to determine

what constitutes effective leadership in the banking environment. Future research could

examine banking leadership on a national or regional basis by extending the investigation

of leadership styles to include outcome measures of organizational performance. One

suggested outcome measure to study would be financial performance and the influence

that leadership styles play in this analysis. Financial performance could be utilized in

combination with the MLQ (Form 5X) questionnaire to determine if there is a

relationship between the financial performance of the bank and the leadership style of the

bank president.

Bass (1993) believes that transformational leadership can be learned. Research

dealing with the Advanced Full Range Leadership Training program indicates that 115

leaders received ratings from their subordinates with significant increases in inspirational

motivation and intellectual stimulation and a decline in management-by-exception, both active and passive (Bass, 1997). Future research studies could investigate the relationship between effective transformational leadership and the specific behaviors associated with each of the transformational factors. Future research studying the pre- and post-application of training programs using the MLQ instrument would be appropriate.

Bass (1985) states that transformational leaders emerge in times of organizational growth, change, and crisis. The continuing changes in the field of banking during the next decade provide an opportunity for transformational leaders to be more forceful and effective. The transformational leader changes the organization's culture while the existing transactional leader deals with the existing organizational culture. Transformational leaders lead organizations by defining and redefining the organizational culture. Bank leaders today and in the future face major regulatory changes, greater demand for better customer service, and major shifts in technological areas. Future research should address these organizations that are experiencing rapid change and how transformational leadership can contribute to their success.

APPENDIX A

SURVEY LETTER

Motlow State Community College

A Tennessee Board of Regents Institution

Dear Bank Officer:

Will you please help a bank board member and a doctoral candidate who is writing his dissertation on the leadership styles of bank presidents in Tennessee. I am an associate professor of accounting at Motlow State Community College, pursuing my doctoral degree from Nova Southeastern University. For the past eight years, I have served on the Board of Directors of Farmers Bank of Lynchburg; I currently serve as Chairman of the Board.

The research for my dissertation is a study of the leadership styles of bank presidents in Tennessee using the enclosed Multifactor Leadership Questionnaire (Form 5X). This questionnaire is being sent to three officers in 220 banks in Tennessee. The leadership style of bank presidents in Tennessee overall will be evaluated by this questionnaire; the leadership style of individual bank presidents will not be evaluated in this study.

Please take 15 minutes to complete the enclosed questionnaire, evaluating the leadership style of your bank president. Please return the completed questionnaire to me in the enclosed stamped, addressed envelope by Friday, July 21. Your responses will be kept strictly confidential.

The enclosed letter from Brad Barrett, Executive Vice President of the Tennessee Bankers Association, indicates the banking industry's interest in and support of this research. Thank you very much for taking the time to complete and return the questionnaire by July 21. If you have any questions about this process, please call me at 931-393-1630.

Sincerely yours,

Ward D. Harder, CPA
Associate Professor of Accounting

Enclosures: MLQ (Form 5X)
                Envelope
                Brad Barrett Letter

APPENDIX B

SURVEY ENDORSEMENT

TENNESSEE
BANKERS
ASSOCIATION

PROGRESS THROUGH SERVICE

Dear Bank Officer:

The Tennessee Bankers Association is always interested in academic research that will contribute to a better understanding of banking. Ward D. Harder, associate professor of accounting at Motlow State Community College in Lynchburg, Tennessee. is writing a dissertation on the leadership styles of bank presidents in Tennessee. Harder is completing a Doctor of Business Administration from Nova Southeastern University in Ft. Lauderdale, Florida.

I invite and encourage you to support his research effort by taking 15 minutes and completing the multi-factor leadership questionnaire that is enclosed. You will be evaluating the leadership style of your bank president. Your response will be kept strictly confidential and will be seen and utilized only by Mr. Harder.

For your information, Harder has served as a director of Farmers Bank in Lynchburg for the past eight years and currently serves as chairman of the board of directors. I would appreciate your support for a fellow member of the Tennessee banking community by completing this project.

Sincerely,

Bradley L. Barrett
Executive Vice President

APPENDIX C

SURVEY INSTRUMENT

mind garden

MLQ   Multifactor Leadership Questionnaire
Rater Form (5x-Short)

Name of Leader: __Bank President_____   Date: _____

Organization ID #: __Not Applicable_____   Leader ID #: __Not Applicable_____

This questionnaire is to describe the leadership style of the above-mentioned individual as you perceive it. Please answer all items on this answer sheet. If an item is irrelevant or if you are unsure or do not know the answer, leave the answer blank. Please answer this questionnaire anonymously.

IMPORTANT (necessary for processing): Which best describes you?

___ I am at a higher organizational level than the person I am rating.
___ The person I am rating is at my organizational level.
___ I am at a lower organizational level than the person I am rating.
___ I do not wish my organizational level to be known.

Forty-five descriptive statements are listed on the following pages. Judge how frequently each statement fits the person you are describing. Use the following rating scale:

Not at all	Once in a while	Sometimes	Fairly often	Frequently or always
0	1	2	3	4

THE PERSON I AM RATING. .

1.	Provides me with assistance in exchange for my efforts	0 1 2 3 4
2.	Re-examines critical assumptions to question whether they are appropriate	0 1 2 3 4
3.	Fails to interfere until problems become serious	0 1 2 3 4
4.	Focuses attention on irregularities, mistakes, exceptions, and deviations from standards	0 1 2 3 4
5.	Avoids getting involved when important issues arise	0 1 2 3 4
6.	Talks about their most important values and beliefs	0 1 2 3 4
7.	Is absent when needed	0 1 2 3 4
8.	Seeks differing perspectives when solving problems	0 1 2 3 4
9.	Talks optimistically about the future	0 1 2 3 4
10.	Instills pride in me for being associated with him/her	0 1 2 3 4
11.	Discusses in specific terms who is responsible for achieving performance targets	0 1 2 3 4
12.	Waits for things to go wrong before taking action	0 1 2 3 4
13.	Talks enthusiastically about what needs to be accomplished	0 1 2 3 4
14.	Specifies the importance of having a strong sense of purpose	0 1 2 3 4
15.	Spends time teaching and coaching	0 1 2 3 4

Not at all	Once in a while	Sometimes	Fairly often	Frequently or always
0	1	2	3	4

16. Makes clear what one can expect to receive when performance goals are achieved 0 1 2 3 4

17. Shows that he/she is a firm believer in "If it ain't broke, don't fix it." 0 1 2 3 4

18. Goes beyond self-interest for the good of the group 0 1 2 3 4

19. Treats me as an individual rather than just as a member of a group 0 1 2 3 4

20. Demonstrates that problems must become chronic before taking action 0 1 2 3 4

21. Acts in ways that builds my respect 0 1 2 3 4

22. Concentrates his/her full attention on dealing with mistakes, complaints, and failures 0 1 2 3 4

23. Considers the moral and ethical consequences of decisions 0 1 2 3 4

24. Keeps track of all mistakes 0 1 2 3 4

25. Displays a sense of power and confidence 0 1 2 3 4

26. Articulates a compelling vision of the future 0 1 2 3 4

27. Directs my attention toward failures to meet standards 0 1 2 3 4

28. Avoids making decisions 0 1 2 3 4

29. Considers me as having different needs, abilities, and aspirations from others 0 1 2 3 4

30. Gets me to look at problems from many different angles 0 1 2 3 4

31. Helps me to develop my strengths 0 1 2 3 4

32. Suggests new ways of looking at how to complete assignments 0 1 2 3 4

33. Delays responding to urgent questions 0 1 2 3 4

34. Emphasizes the importance of having a collective sense of mission 0 1 2 3 4

35. Expresses satisfaction when I meet expectations 0 1 2 3 4

36. Expresses confidence that goals will be achieved 0 1 2 3 4

37. Is effective in meeting my job-related needs 0 1 2 3 4

38. Uses methods of leadership that are satisfying 0 1 2 3 4

39. Gets me to do more than I expected to do 0 1 2 3 4

40. Is effective in representing me to higher authority 0 1 2 3 4

41. Works with me in a satisfactory way 0 1 2 3 4

42. Heightens my desire to succeed 0 1 2 3 4

43. Is effective in meeting organizational requirements 0 1 2 3 4

44. Increases my willingness to try harder 0 1 2 3 4

45. Leads a group that is effective 0 1 2 3 4

APPENDIX D

SCORING OF SURVEY INSTRUMENT

mind garden

MLQ Multifactor Leadership Questionnaire Scoring Key (5x) Short

My Name: _____ Date: _____

Organization ID = _____ Leader ID = _____

Scoring: The MLQ scale scores are average scores for the items on the scale. The score can be derived by summing the items and dividing by the number of items that make up the scale. All of the leadership style scales have four items. Extra Effort has three items. Effectiveness has four items, and Satisfaction has two items.

Not at all	Once in a while	Sometimes	Fairly often	Frequently or always
0	1	2	3	4

Attributed Charisma total/4 =   Management-by-Exception (Active) total/4 =

Idealized Influence total/4 =   Management-by-Exception (Passive) total/4 =

Inspirational Motivation total/4 =   Laissez-faire Leadership total/4 =

Intellectual Stimulation total/4 =   Extra Effort total/3 =

Individual Consideration total/4 =   Effectiveness total/4 =

Contingent Reward total/4 =   Satisfaction total/2 =

1.	Contingent Reward	0 1 2 3 4
2.	Intellectual Stimulation	0 1 2 3 4
3.	Management-by-Exception (Passive)	0 1 2 3 4
4.	Management-by-Exception (Active)	0 1 2 3 4
5.	Laissez-faire Leadership	0 1 2 3 4
6.	Idealized Influence	0 1 2 3 4
7.	Laissez-faire Leadership	0 1 2 3 4
8.	Intellectual Stimulation	0 1 2 3 4
9.	Inspirational Motivation	0 1 2 3 4
10.	Attributed Charisma	0 1 2 3 4
11.	Contingent Reward	0 1 2 3 4
12.	Management-by-Exception (Passive)	0 1 2 3 4
13.	Inspirational Motivation	0 1 2 3 4
14.	Idealized Influence	0 1 2 3 4
15.	Individual Consideration	0 1 2 3 4

Not at all	Once in a while	Sometimes	Fairly often	Frequently or always
0	1	2	3	4

#					
16.	Contingent Reward	0	2	3	4
17.	Management-by-Exception (Passive)	0	2	3	4
18.	Attributed Charisma	0	2	3	4
19.	Individual Consideration	0	2	3	4
20.	Management-by-Exception (Passive)	0	2	3	4
21.	Attributed Charisma	0	2	3	4
22.	Management-by-Exception (Active)	0	2	3	4
23.	Idealized Influence	0	2	3	4
24.	Management-by-Exception (Active)	0	2	3	4
25.	Attributed Charisma	0	2	3	4
26.	Inspirational Motivation	0	2	3	4
27.	Management-by-Exception (Active)	0	2	3	4
28.	Laissez-faire Leadership	0	2	3	4
29.	Individual Consideration	0	2	3	4
30.	Intellectual Stimulation	0	2	3	4
31.	Individual Consideration	0	2	3	4
32.	Intellectual Stimulation	0	2	3	4
33.	Laissez-faire Leadership	0	2	3	4
34.	Idealized Influence	0	2	3	4
35.	Contingent Reward	0	2	3	4
36.	Inspirational Motivation	0	2	3	4
37.	Effectiveness	0	2	3	4
38.	Satisfaction	0	2	3	4
39.	Extra Effort	0	2	3	4
40.	Effectiveness	0	2	3	4
41.	Satisfaction	0	2	3	4
42.	Extra Effort	0	2	3	4
43.	Effectiveness	0	2	3	4
44.	Extra Effort	0	2	3	4
45.	Effectiveness	0	2	3	4

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