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The Relation of Transformational Leadership and

Transactional Leadership to Constructive

Organizational Culture

A dissertation submitted in partial satisfaction of the

requirements for the degree of

Doctor of Philosophy in Psychology

by

Lisa Tamiko Sueki

1998

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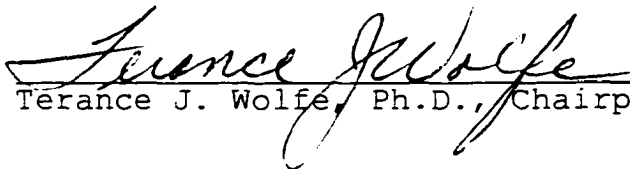CALIFORNIA SCHOOL OF PROFESSIONAL PSYCHOLOGY

Los Angeles Campus

The dissertation of Lisa Tamiko Sueki, directed
and approved by the candidate's Committee, has
been accepted by the Faculty of the California
School of Professional Psychology in partial
fulfillment of the requirements for the Degree of

DOCTOR OF PHILOSOPHY

9/28/98
DATE

Dissertation Committee:

Terance J. Wolfe, Ph.D., Chairperson

Theodora T. Chau, Ph.D.

Samuel Q. Chan, Ph.D.

1998

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DEDICATION

For their generous gifts of understanding, love, and support, I dedicate this dissertation to my father, Tom, my sister, Gail, and the loving memory of my mother, May.

This one's for you . . . finally!

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to raise a Ph.D. . . .

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VITA

1988	Bachelor of Science, Biology Santa Clara University Santa Clara, California
1990	Master of Arts, Psychology Pepperdine University Culver City, California
1990-1991	Research Associate National Research Center on Asian American Mental Health University of California, Los Angeles
1990-1991	Intern/Counselor The Wellness Community Redondo Beach, California
1994-1996	Intern/Organizational Change and Development Consultant National Conference for Community and Justice Los Angeles, California
1994-Present	Independent Management Consultant
1994-Present	Volunteer National Conference for Community and Justice Los Angeles, California
1997	Master of Science, Organizational Psychology California School of Professional Psychology Los Angeles, California

CERTIFICATIONS

1996	Workplace Diversity Society for Human Resource Management Marina del Rey, California
1996	Skills Training for Facilitating Dialogue in the Workplace National Conference for Community and Justice Los Angeles, California
1996	Workplace Diversity National Multicultural Institute Washington, DC

ABSTRACT OF THE DISSERTATION

The Relation of Transformational Leadership and

Transactional Leadership and to

Constructive Organizational Culture

by

Lisa Tamiko Sueki

Doctor of Philosophy in Psychology

California School of Professional Psychology, Los Angeles

1998

Terance J. Wolfe, Ph.D., Chairperson

An understanding of the interplay between leadership
and organizational culture is an important factor for
developing effective organizations. The purpose of this
study is to predict constructive culture from
transformational leadership and transactional leadership.
Leadership factors were measured using Bass and Avolio's
(1995) Multifactor Leadership Questionnaire (MLQ)
and constructive culture was measured using Cooke and
Lafferty's (1994) Organizational Culture Inventory (OCI).

Correlations and hierarchical multiple regression analyses were conducted to test the relations between the key factors. The ordering of predictor variables was based on Bass and Avolio's (1997) hierarchy of effective and active leadership styles.

A positive correlation was found between transformational leadership scores and constructive culture scores. Results from a hierarchical multiple regression analysis indicated that only two of five transformational leadership subfactors were significant. The two significant factors, individualized consideration and inspirational motivation, accounted for 19% of constructive culture variance. The relation between transactional leadership constructive culture was inconclusive.

CHAPTER I

INTRODUCTION

The difficulty in studying concepts such as leadership, organizational culture, and the inter-relations between the two constructs, is that these terms are hard to define and to measure systematically. The disagreement among theorists concerning the definitions of these variables has led to further controversy about research design and instrumentation. It is this contention among leadership and organizational culture researchers that promotes the need for more formal scientific method in these fields.

Leadership and organizational culture are complementary functions within an organization. Leaders, according to Schein (1992), create and manage the culture of groups and organizations. Strategic vision, role modeling, and policy making are examples of some methods by which leaders create organizational culture. After the initial creation of culture (based on the founder's vision), the culture of the organization evolves as group members incorporate and sustain the original norms. As the organization adapts to environmental forces, the

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organizational culture eventually defines the leadership (Schein, 1992).

An understanding of the interplay between leadership and organizational culture is an important factor for developing effective organizations. Employees in rigid and immobile organizations often find themselves adjusting to environmental uncertainty when they are forced into organizational change by default. Forecasting environmental uncertainty and aligning organizational strategy are crucial if one is to develop appropriate response mechanisms for maintaining effective organizational cultures in changing or dynamic environments.

Company leaders must determine the optimal fit between the corporate strategy and the organizational structure. Organizations whose administrators do not actively pursue and adopt a plan for the future are subjected to operating within a reactor strategy. Workers in these ill-prepared companies must constantly adjust to the environment, while those in flexible companies predict and prepare for future changes. To avoid the reactor strategy, leaders must aggressively commit to a specific strategy for the future,

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and must effectively communicate their goals throughout the organization (Miles & Snow, 1978).

In today's service-based economy, many companies have drifted away from traditional models of management, originally developed for industrial-age firms, and now demand a broader range of leadership styles that are adaptive to the dramatic changes in the work environment. Several of the promising paradigms of leadership and organizational culture include components on valuing people: "the value of people" (Sashkin, 1984), "people orientation" (Cooke & Lafferty, 1994), "human concern" (Kilmann & Saxton, 1991), "concern for people" (Blake & Mouton, 1964), and "individualized consideration" (Bass, 1985).

In their definition of constructive organizational cultures, Cooke and Rousseau (1988) emphasized the importance of people and tasks to meet higher-order needs. Effective leadership balances both transformational leadership and transactional leadership. Transformational leaders motivate followers both to work for transcendental goals and to perform beyond the expectations those followers have for themselves. Transactional leaders

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maintain the status quo in the organization by relying on traditional exchanges between leaders and followers.

To accommodate new environmental challenges, organizational cultures and leadership are constantly evolving. Cascio (1995) asserted that, in particular, transformational leadership is required for networked and culturally diverse organizations. Both transformational and transactional leadership are essential for effective leadership, and together, impact organizational culture. According to Bass (1985) transformational leaders change culture by realigning the organizational culture with a new vision. Transactional leaders, in contrast, sustain the existing organizational culture.

The predictability of the development of constructive organizational cultures from transformational leadership and from transactional leadership is the basis for the central research question for this study. Recognizing that there is no "one-best-way" to lead, nor "one best culture," the researcher designed the hypotheses in this study to link the two constructs of leadership and organizational culture empirically, while still acknowledging the vast array of complexities within the intersection of the two concepts. Thus, the scope of this study has been limited

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to three constructs: transformational leadership, transactional leadership, and constructive organizational culture. To examine these constructs, a field study at an organization was employed.

The organization and its employees have not been identified by name for reasons of confidentiality; the research site for this study has been referred to as Company XYZ in this document. Ethical guidelines used to protect human subjects in this research are outlined in Chapter III.

Company XYZ is a technical service organization in a rapidly changing environment. The company structure is a relatively decentralized one, with multiple sites throughout the U.S. While control over most current activities is comparatively tight for new projects, some flexibility in structure is allowed. A detailed description of Company XYZ and the company's industry are included in Chapter III.

With the acquisition of new business units, an international partnership, and potential growth on its horizon, Company XYZ has much to gain by aligning its leadership styles with the organizational cultures of the newly acquired sites. Organizational culture and

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leadership each play a role in identifying purpose and in reinforcing commitment to core values and vision.

Currently, Company XYZ is actively implementing Bass and Avolio's Full-Scale Leadership Development Model (Bass & Avolio, 1997) to foster effective leadership at all levels of the company. The first step in this endeavor is to assess the employees' leadership styles using the Multifactor Leadership Questionnaire (leader 5X-short) (Appendix A). The second step in this project is to develop training programs to strengthen individuals' leadership skills. Opportunities to improve both transactional and transformational skills are implied in the training.

This dissertation is organized into four remaining chapters: literature review, method, results, and discussion. An examination of leadership theory and organizational culture theory is located in Chapter II, Literature Review. Transformational leadership, transactional leadership, and constructive organizational culture are highlighted, and six hypotheses are offered to test the predictability of constructive organizational cultures from both transformational and transactional leadership styles.

The intention in Chapter III is to provide a detailed description of the parameters involved and method employed for

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testing the proposed hypotheses. Background information on

the context of this study is provided, along with

specifications for the research design, procedures,

instrumentation, and data analyses. Suggestions for

minimizing the effects of the assumptions and limitations in

this study are discussed at the end of the chapter.

Noteworthy findings from this study are presented in

Chapter IV, Results, followed by a comprehensive discussion of

these results in Chapter V. Limitations of this study and

recommendations for further research are proposed in the

conclusion of this dissertation.

CHAPTER II

REVIEW OF THE LITERATURE

Leadership theory, organizational culture theory, and an assessment of the relations between these concepts are examined in this literature review. The leadership concepts explored in this chapter include trait theories, behavioral theories, situational theories, and transformational leadership theories.

The review of organizational culture theories is focused primarily on constructive and defensive styles. Following a summary and a critical analysis of the literature, the principal research question and the hypotheses for this study are presented.

Leadership

Throughout the past 50 years, researchers have grappled with the complexities of defining leadership. Some theorists focused on leadership characteristics (Lord, DeVader, & Alliger, 1986; Mann, 1959; Stogdill, 1948), and behaviors (Blake & Mouton, 1964; Fiedler, 1967), while other researchers concentrated on situational variables (Hersey & Blanchard, 1977; House, 1971) and desired end

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results (Bass, 1990; Kouzes & Posner 1990; Tichy & Devanna, 1986).

Prior to the development of transformational leadership models, leadership theories primarily were centered on interpersonal transactions between managers and employees. Transformational leadership theorists attempted to integrate aspects of previous leadership theories, but emphasized leadership vision and motivation (Bass, 1985) to stimulate employees to achieve high levels of performance, levels beyond the employee's self-interests.

It is important to acknowledge that the wealth of leadership theories extends far beyond the group of approaches that have been selected for this review. An overview is provided of the causal linkages among leadership theories that fostered the advancement of transformational leadership theories. First, a discussion of trait and behavioral theories is presented, followed by a description of situational theories. An examination of transformational leadership theories will conclude this section.

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Trait Theories

The earliest studies on leadership were focused on the personal attributes of leaders. Assumed in trait theory is the notion that leaders possess innate superior qualities that differentiate them from other persons. Trait theorists concentrated their research on locating significant correlations between effective leadership and leadership characteristics (Katz, 1955; Lord, DeVader, & Alliger, 1986; Mann, 1965; Stogdill, 1948, 1974). The most common attributes in leaders that trait theory researchers detected included: physical characteristics, intelligence, personality, social background, task-related characteristics, and social characteristics (Bass, 1994).

The predominant methodology used in trait studies that were conducted in the 1930s and 1940s often included significant correlations between individual leader traits and leader success without critical examination of the explanatory process (Yukl, 1994). Overall, trait researchers have been unsuccessful in isolating a definite profile of effective leadership traits. Though some scholars suggested that intelligence, to some degree, plays a significant role in determining leadership effectiveness,

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situational variables ultimately confounded the findings (Cattell, 1946). As research methodology improved and leadership research evolved, behavioral style theorists suggested that the nature of work and the behavior of leaders were two important aspects of leadership.

Behavioral Style Theories

Contrary to the traditional assumptions of the trait theorists, behavioral style theorists believed that leaders are made, not born. In an effort to distinguish between effective and ineffective leadership, many behavioral style researchers attempted to correlate leadership roles, behaviors, and practices, with measures of leadership effectiveness. Landmark research at Ohio State University and the University of Michigan during the 1950s and 1960s established a new paradigm for successive behavioral style research (Fleishman, 1953; Katz & Kahn, 1952), and was paramount to the advancement of leadership research. The attempt in this research was to differentiate between effective and ineffective leadership styles.

The Ohio State University researchers developed questionnaires for subordinates to indicate the behaviors of their leaders. These questionnaires were distributed to

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both military and civilian samples (Fleishman, 1953; Halpin & Winer, 1957; Hemphill & Coons, 1957). Subsequent factor analysis of the responses indicated that two independent categories of leader behavior co-existed. These two factors were termed "consideration" and "initiating structure."

Consideration is the degree to which a leader behaves toward a subordinate in a supportive and caring manner. Initiating structure is the degree to which a leader defines his or her role and subordinates' roles in relation to the organizational goals.

At approximately the same time Ohio State investigators were defining these issues, researchers at the University of Michigan revealed similar research. The focus of the Michigan study was the identification of relations among leader behaviors, group processes, and measures of group performance. Included in the study were responses from managers at insurance companies (Katz, Maccoby, & Morse, 1950), manufacturing companies (Katz & Kahn, 1952), and railroad gangs (Katz, Maccoby, Gurin, & Floor, 1951). Data were collected with interviews and questionnaires. The University of Michigan researchers concluded that three types of leadership behavior

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differentiated between effective and ineffective leadership: task-oriented behavior, relationship-oriented behavior, and participative leadership. Findings from both Ohio State University and the University of Michigan created a foundation for further investigation of the task-oriented behaviors and relationship-oriented behaviors.

Behavioral scientists, Robert Blake and Jane Srygley Mouton advanced the field of leadership with their "managerial grid" in 1964. They also compared two dimensions of leadership behavior: concern for people versus concern for production (Blake & Mouton, 1964). In addition to specific leadership behaviors, their model incorporated attitudes and patterns of thinking.

These scientists espoused the view that high scores on both teamwork and interdependence dimensions was the ideal leadership style for any situation. Their "one-best-way," model was widely criticized. Because both behavioral style and trait researchers failed to produce empirical data to identify effective leadership styles that worked in any situation, researchers began to introduce situational variables into their studies.

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Situational Theories

The essence of situational leadership approaches lies in the effectiveness of particular behaviors that are most appropriate for the context. Contrary to the underlying premise that there is only "one-best-way" to lead for all situations, contingency researchers attempted to match situational needs to the capability level of the leader. Three situational leadership models are examined here: Fiedler's contingency theory, House's path-goal theory, and Hersey and Blanchard's situational leadership theory. Each theory will be described briefly and evaluated for validity.

Fred Fiedler (1967) introduced the first contingency model. He attempted to align leadership style with situational demands. Fiedler believed that the leader's task should be consistent with the leader's control over situations, and that, therefore, a leader could predict outcome with a high degree of certainty if he or she had a high degree of control over the situation. Conversely, the outcome would be more uncertain in situations where the leader had low control (Fiedler, 1967).

The dichotomy of leadership styles included task-oriented leaders and relationship-oriented leaders, while

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the control of the leader over the situation ranged from low to high. Fiedler (1967) proposed that a task-oriented leader would be most successful in situations of either high or low control, while relationship-oriented leaders would be most successful in situations of moderate control. Each style of leadership would be effective when applied in the correct situation.

In work that bore similarity to Fiedler's theory, Robert House (1971) proposed that leaders must vary their behaviors according to the nature of the situation. The object of the path-goal theory is that leadership styles are to complement the characteristics of the followers and the demands of their tasks.

House (1971) categorized leadership behavioral styles into four categories: directive, supportive, achievement-oriented, and participative. Effective leadership, according to the path-goal theory, facilitates fulfillment of goals by the subordinate in three ways:

1. clarifies the paths through which subordinates can achieve both work-related and personal goals,

2. assists subordinates to progress along the most effective paths, and

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3. removes any barriers on the path that may inhibit goal accomplishment.

Though House's path-goal theory yielded a promising extension of contingency approaches, subsequent reviews have been mixed. Some aspects of the path-goal theory were consistently validated; one is that directive leader behavior increases subordinate satisfaction for unstructured tasks, but not for structured tasks (Evans, 1986; Indvik, 1986; Keller, 1989). Other studies added empirical support for the theory with varying populations, including ROTC candidates (Mathieu, 1990) and salespeople (Kohli, 1989).

The path-goal theory has been most widely criticized in the areas of research methodology and conceptualization. As characterized by static group research designs, variables are measured only at one point in time, and provide no evidence of long-term effects and predictability (Bryman, 1992; Yukl, 1994). Moreover, many academics contended that researchers have ignored pertinent components of the theory, which are crucial to assessing motivational processes.

Several researchers (Schriesheim & Kerr, 1977; Stinson & Johnson, 1975; Yukl & Clemence, 1984) have also

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documented the conceptualization of the path-goal theory.

Some scientists argue that the theoretical framework of the theory is overly complex and uses unrealistic descriptions of human behavior (Behling & Starke, 1973). Other scientists have questioned the manner in which the interactions between the situational variables are defined (Osborn, 1975).

Situational leadership theories gained much recognition and popularity after Hersey and Blanchard developed their situational leadership theory (SLT) as a training tool. The basic framework of the SLT is that the effectiveness of a leader is contingent upon the readiness level of the followers.

Despite its success among organizations, the SLT still lacks empirical support. The SLT has been tested in numerous populations, including salespeople (Goodson, McGee, & Cashman, 1989), teachers (Vecchio, 1987), and executive nurses (Adams, 1990). Results from these studies did not support the predictability of leadership effectiveness from the interaction between follower readiness and leadership style. Further, the SLT has been criticized for its self-assessment methodology as well as for its inconsistent results (Bass, 1994; Bryman, 1992).

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Victor Vroom and Phillip Yetton focused their leadership research on how leaders make decisions (1974). Their theory is based on the premise that various problems have different characteristics, and should therefore be solved by different decision methods. As was the research on situational determinants, Vroom and Yetton's theory was criticized for only focusing on one aspect of a situation at a time; hence the complexities of the interactions of the situational variables have not been sufficiently compared. The next paradigm of leadership, transformational leadership theory, was inclusive of the contributions of its predecessors.

Transformational and Transactional Leadership Theories

Chrysler's Lee Iacocca and General Electric's Jack Welch have been widely recognized as successful transformational leaders. Both superleaders saved their once failing companies by rallying workers around a common vision. Transformational leaders enthuse followers to pursue extraordinary efforts that transcend one's self interests for the good of the group or organization (Burns, 1978; Downton, 1973). Transactional leaders, in contrast,

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focus on exchanges between the leaders and followers to meet organizational goals (Bass, 1985; Burns, 1978; Robbins, 1996). Key variables from the streams of literature for both transformational and transactional leadership theories, are presented in this review.

Downton (1973) was the first investigator to distinguish conceptually between transformational leadership and transactional leadership. Five years after Downton's work, Burns (1978) popularized the notion that transformational leadership and transactional leadership were two distinct constructs. Burns (1978) explained that leaders and followers raise each other to higher levels of morality and motivation through the process of transformational leadership; transactional leadership, in comparison to transformational leadership, involves the motivation of followers by appealing to self-interest.

Burns (1978) believed that transactional and transformational leadership belonged to the same continuum, but Bass (1985) argued that transformational leadership augments transactional leadership. Several researchers found similar conclusions in different groups; the groups surveyed included Army officers and industrial managers (Waldman, Bass, & Einstein, 1986), part-time MBA

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students, (Seltzer & Bass, 1987), and Canadian insurance managers (Howell & Avolio, 1989).

Other researchers supported the concept that both transactional and transformational leadership styles were instrumental in ensuring maximum effectiveness in organizations. These researchers believed that organizational success was contingent upon the vision and commitment that transformational leadership offered, but they agreed as well that the rewards and punishments supplied by transactional leadership were also necessary (Nadler & Tushman, 1990; Waldman, Bass, & Yammarino, 1990).

Bass (1985) expanded the Burns definition of transactional leadership to include contingent reward behavior, clarity of task requirements, and contingent rewards to motivate. Later, the elements of punishment and corrective action were added (Bass & Avolio, 1990; Yammarino & Bass, 1990).

Investigators who conducted three large-scale studies on transformational leadership revealed three overlapping themes among transformational leadership models (Bass, 1990; Kouzes & Posner, 1990; Tichy & Devanna, 1986): the recognition of the need for revitalization, the creation of a new vision and mobilization of employee commitment, and

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the institutionalization of change. The Bass model retained the latter two elements.

Several researchers who studied the Bass transformational and transactional leadership factors (Bass, 1985; Waldman, Bass, & Einstein, 1987), suggested that both transformational and transaction leadership scores were highly correlated to various positive outcome factors. These positive outcome factors included: the subordinate's perception of leader effectiveness, the amount of effort that the subordinate was willing to expend for the leader, the job satisfaction of the subordinate, and the subordinate's performance rating by the leader. Correlations for transformational leadership scores were found to be higher than transactional scores. These results added support to the Bass theory that use of transformational leadership augments the performance outcomes of the followers beyond those found where transactional leadership alone is used (Bass & Avolio, 1997).

Based on interviews with managers, Rosener (1990) discovered that men and women perceive their leadership styles differently. Men describe themselves as transactional leaders. They view job performance as a

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series of transactions with subordinates. Rosener (1990)
also discovered that men are more likely than women to use
power derived from organizational position and formal
authority.

Women, however, considered themselves to be
transformational leaders. They encourage subordinates to
transform their own self-interests into the interest of the
group through concern for a higher goal. Women tend to
ascribe their power to personal characteristics, whereas,
men are likely to rely on formal authority. Rosener (1990)
referred to the women's style of leadership as
"interactive" and highlighted the view that women actively
work to make their interactions with subordinates positive
for everyone involved in the working relationship. Women
tend to encourage participation, share power and
information, enhance the other person's self-worth, and
excite others about their work.

Transformational Leadership

A "new paradigm of leadership" has been developed
through the years by several researchers; it includes
charismatic leadership and transformational leadership
(many authors used the terms, "transformational leadership"

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and "charismatic leadership," interchangeably, while others defined them separately). Among the most popular titles associated with this view are "visionary leaders" (Sashkin, 1988; Westley & Mintzberg, 1989), "rebel leaders" (Downton, 1973), and "new leaders" (Bryman, 1992).

Charisma alone is not sufficient for effective leadership, according to writers who drew distinctions between transformational and charismatic leadership (Bass, 1985; Kouzes & Posner, 1990; Tichy & Devanna, 1986). Bass (1985), saw charisma as an aspect of transformational leadership, and generally incorporated elements of transactional leadership into his model.

One of the main critiques of charismatic leadership is that subordinates maintain a dependent relationship with the leader. Yukl (1994) argued that charismatic leadership instills loyalty in subordinates, as opposed to increasing commitment of those subordinates to organizational ideals. In situations where charismatic leadership is the style, ideal behavior would only last as long as the leader is in place to provide external reinforcement. Transformational leaders, in contrast, tend to work through internal motivation of employees toward desired behaviors, so that

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ideal performance is not dependent on the presence of the leader.

Creating dependency in employees can be manipulative. Bass (1997) commented that charismatic leaders often emerge when the organization is under stress. Employees see the charismatic leader as a savior who will satisfy their emotional needs, and tend to become unusually trusting, overly dependent, and submissive followers.

When used for positive outcomes, charismatic leaders can successfully facilitate radical transformations in their groups, organizations, or societies (Bass, 1997). Organizations that match charismatic leadership styles with situational demands can elevate employee satisfaction and productivity.

Bennis and Nanus (1985) found that transformational leaders emerge as leaders particularly when the organization was in flux (an organizational state that also encourages charismatic leadership). Subordinates, attracted to these individuals, receive confidence and empowerment from these leaders. Transformational leaders, however, elevate followers to seek and institutionalize long-term solutions (Bass, 1985).

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Common themes found in transformational leadership
research include the leader's ability to: motivate
subordinates by focusing on the higher-order needs of
purpose, values, and morality (Bass, 1985; Burns, 1978;
Yukl, 1994); create and articulate a vision goal (Bennis &
Nanus, 1985; Robbins, 1996); empower others to move toward
the shared goal (Bennis & Nanus, 1985; Robbins, 1996); and
attend to the concerns and developmental needs of followers
(Bennis & Nanus, 1985; Robbins, 1996). Other promising
elements of transformational leadership that have received
less attention by researchers are: the subordinate's
ability to deal with complexity, ambiguity and uncertainty
(Robbins, 1996); the transformational leader's bias toward
action (Bennis & Nanus, 1985); and the transformational
leader's ability to back decisions made by subordinates
(O'Connell, 1995).

Several researchers, who used the Multifactor
Leadership Questionnaire (MLQ), found in their studies
encouraging support for the Bass Full-Range Leadership
Development Model (Avolio & Bass, 1991; Bass, Avolio, &
Goodheim, 1987; Waldman, Bass & Einstein, 1987).
Transformational leadership has been positively correlated
with perceptions of leader effectiveness, amounts of effort

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that subordinates are willing to expend, satisfaction with leader performance, and positive subordinate-performance ratings. Though Hater and Bass (1988) attempted to replicate these results (using the superiors' evaluations) the outcome of the study of subordinates' perceptions of transformational and transactional leadership was inconclusive.

In his original conceptualization of transformational leadership, Bass (1985) defined three elements: charisma (or idealized influence), intellectual stimulation, and individualized consideration. Five years later, a fourth component was added to his model: inspiration motivation (Bass & Avolio, 1990). Through continuous revisions, these four factors represented specific observable behaviors of transformational leaders to produce desired outcomes. Each factor is discussed here.

Charisma. The definition of charisma has varied among authors. As described in academic literature, charisma can be a function of a leader's behavior, an attribution from a subordinate's perception, or a combination of both. As a function of a leader's behavior, charisma is based on

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actual or presumed behavior of the leaders (House, Spangler, & Woycke, 1991).

Proponents of attribution theories explain charisma as the subordinate's attribution of leadership qualities to individuals based on that subordinate's perceptions. Conger and Kanungo (1987) proposed that individuals view some persons as charismatic when those persons display particular behaviors. Charisma is attributed to leaders who act unconventionally to achieve their visions, who show that they are extraordinary, who display confidence, who use personal power and persuasive appeal, who are self-sacrificing and take personal risks, and who advocate visions far beyond the status quo, but still within reasonable limits (Conger & Kanungo, 1987).

Common to many charismatic leadership theories is the notion that charisma is a major contributing factor of transformational leadership, and that transformational leadership is derived from personal identification with the leader (Conger, 1989; House, 1977). Some researchers, however, place less emphasis on personal identification, and more emphasis on social identification and the value of internalization (Shamir, House, & Arthur, 1993). Shamir and his colleagues rationalized that followers would

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increase commitment to ideological objectives if they were

intrinsically rewarded through ideals of self-expression,

self-worth, and self-consistency (Shamir, House, &

Arthur, 1993).

For Bass (1997), attributed charisma and idealized

influence refer to attributions and behaviors that are

associated with charisma. According to Bass, leaders

display idealized influence when they show conviction;

emphasize trust; take stands on difficult issues; present

their most important values; and emphasize the importance

of purpose, commitment, and the ethical consequences of

decisions.

Inspirational motivation. A vital component of

inspirational motivation is the leader's vision. Behling

and McFillen (1996) proposed that the leader's ability to

define and to communicate a mission is just as important as

the nature of the vision. Investigators such as

Leavitt (1986) emphasized the leader's ability to

formulate and relate a mission clearly, as well as to

inspire followers to work toward the goal. The leader must

show dedication to the goal and must exhibit consistency

(Bennis & Nanus, 1985), determination (Leavitt, 1986), and

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departure from the status quo (Conger & Kanungo, 1987).
Though the intention of inspirational motivation is to
inspire followers, some researchers have noted that this
aspect of transformational leadership may be conveyed to
followers as stubborn insensitivity (Bass, 1985) or
fanatical conviction (Burns, 1978).

The specific nature of the vision has been well
documented in several studies. The values that are
instilled in the leader's vision are key components of
leadership, according to Tichy and Devanna (1986). Many
researchers suggested that the vision of an inspirational
transformational leader must be morally and ethically based
(Burns, 1978; House, 1977; Weber, 1957), be ideological
(as opposed to pragmatic) (House, 1977), and operate on the
emotional and spiritual resources of the organization
(Tichy & Devanna, 1986). These inspirational aspects are
important if one is to gain attention through promotion of
one's vision (Bennis & Nanus, 1985), and legitimize both
the leader and that leader's values to those who follow
(Willner, 1984).

Bass (1997) defined inspirational motivation as the
leader's ability to articulate an appealing vision of the
future, challenge followers with high standards, talk

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optimistically and with enthusiasm, and provide encouragement and meaning for what needs to be done.

Intellectual stimulation. Transformational leaders exhibit intellectual stimulation when they question old assumptions, traditions, and beliefs, stimulate in others new perspectives and ways of doing things, and encourage the expression of ideas and reasons (Bass, 1997). The intellectually astute leader is the one who is able to motivate others to think about and commit to that leader's ideas. Stogdill (1990) contrasted personal creativity and intellectual stimulation in his writings. He contended that individuals who possess task competence, knowledge, skill, ability, aptitude, and intelligence, may not necessarily have the ability to actualize and apply these qualities as leaders.

Quinn and Hall (1983) proposed different styles of intellectual stimulation. According to Quinn and Hall (1983), leaders intellectually stimulate their followers using one of four methods: rational leadership, existential leadership, empirical leadership, or ideological leadership. Rationally oriented leaders

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use logic and reason to motivate groups to solve problems.

Through informal relationships, existentially oriented

leaders generate a variety of solutions and then

concentrate on the common problems. In contrast,

empirically oriented leaders facilitate the analysis of

externally generated data among their subordinates, and

ideologically oriented leaders encourage the use of

intuition, with minimal emphasis on a thorough examination

of data.

Individualized consideration. Bass and

Avolio (1990) reported that effective transformational

leadership requires the fundamental quality of

individualized consideration. Transformational leaders

deal with others as individuals; consider individual needs,

abilities, and aspirations; listen attentively; further

development; advise; teach, and coach (Bass, 1997).

One-to-one interactions between leader and follower

are crucial to transforming followers into leaders

(Zaleznik, 1963). A strong link between leader and

follower facilitates communication, but enhances the

probability of the alignment of the follower's needs and

the organizational goals (Zaleznik, 1963).

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Transactional Leadership

Several researchers have contributed empirical support for transactional leadership theories. These theories include path-goal theory (House, 1971; Indvik, 1986), and the leadership-member exchange (LMX) theory (Graen & Cashman, 1975; Graen & Scandura, 1987). Bass (1985) acknowledged that these theories were the basis for defining transactional leadership.

Both Burns (1978) and Bass (1985) viewed transactional leadership in terms of exchanges for rewards and compliance. Likewise, Den Hartog, Van Muijen, and Koopman (1997) reported that transactional leadership theories are founded on the idea that leader-follower relations are contingent upon a series of exchanges or implicit bargains between leaders and followers. Often compared to the role of managers who focus on "how things get done," leaders concentrate on providing the necessary motivation, direction and satisfaction for the follower (Zaleznik, 1977).

The effectiveness of cost-benefit exchanges with the follower can be increased when leaders clarify the performance criteria (House, Woycke & Fodor, 1988), structure reward contingencies (Yukl, 1994), show

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consistency toward subordinates (Klimoski & Hayes, 1980), and allow subordinates to be involved in determining standards for performance (Klimoski & Hayes, 1980). Stodgill (1990) stated that the transactional leader could contribute to the relationship with the follower by giving feedback on whether the individual or team is meeting intended objectives.

Authors have identified several restrictions with transactional leadership. Komaki (1981) determined that transactional leadership is not effective under the sorts of time constraints when subordinates choose to sacrifice quality of work to meet deadlines. In transactional leadership, the follower's perception of the leader's reputation is important. According to Tsui (1982), an effective transactional leader must have the necessary reputation of delivering required resources and appropriate rewards. Greller (1980) observed that supervisors attach more importance to their own feedback than they do to the followers' perceptions. Followers tend to attach more importance to the task itself than the supervisor's feedback. Greller's findings are relevant to organizations because leaders must be able to assess the impact of their leadership accurately.

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The effectiveness of transactional leadership is based on two factors according to Bass and Avolio (1990): contingent reward and management-by-exception. Bass further subdivided the management-by-exception category into active and passive forms.

Contingent reward. Employees can be motivated by extrinsic and intrinsic rewards that are based on the distribution criteria of the organization. Effective reward systems generally attract, motivate, develop, satisfy, and retain workers who are assets to the company. Effective transactional leaders maintain constructive exchanges of reward for performance with their subordinates.

According to Bass (1997), transactional leaders provide six essential elements. Successful transactional leaders: a) clarify expectations, b) effect the exchange of promises and resources for support, c) arrange mutually satisfactory agreements, d) negotiate for resources, e) exchange assistance for effort, and f) provide commendations for successful follower performance (Bass, 1997).

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<u>Management-by-exception.</u> A leader who practices management-by-exception relies on adverse reinforcement. Management-by-exception entails the administration of corrective action only when organizational standards are not met. These leaders ask no more than what is essential to get work done (Hater & Bass, 1988).

In correlational studies, in which the relation of management-by-exception to appraisals of the leaders' effectiveness and to satisfaction was examined, using groups of industrial leaders, Bass (1985) found no correlation, but Colby and Zak (1988) reported a high correlation with leaders from the U.S. Army and the Air Force.

There are two forms of management-by-exception: active and passive. In using the active form, leaders may actively monitor follower performance and take corrective action if deviations from standards occur (Bass, 1997). They may also enforce rules in an effort to avoid mistakes (Bass, 1997). Leaders who fail to intervene until problems become serious subscribe to passive management-by-exception (Bass, 1997). These leaders wait to take action until mistakes are brought to their attention (Bass, 1997).

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Laissez-Faire Leadership

Bass recognized a third leadership category called laissez-faire. The laissez-faire leader avoids accepting responsibilities, fails to be present when needed, lacks follow-up to requests for assistance, and resists expressing views on important issues (Bass, 1997).

Researchers (Bass, 1990; Den Hartog, Van Muijen, & Koopman, 1997) who have tested passive leadership styles reported negative correlations between laissez-faire leadership and active forms of transformational and transactional leadership styles. Bass (1990) stipulated that laissez-faire leadership was also negatively correlated to such subordinate outcome measures as performance, effort and attitude.

Although many researchers have concluded that laissez-faire leadership is always an inappropriate way to lead (Den Hartog, Van Muijen, & Koopman, 1997), other theorists have postulated that laissez-faire leadership could be an effective leadership style in situations that empower the followers and reduce the importance of leadership (Hersey & Blanchard, 1977; Kerr & Jermier, 1978;).

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Organizational Culture

Empirical background on organizational culture is not abundant, as this is a relatively new construct to academic literature. Early investigators of organizational culture often relied on anecdotal information that was collected from their consulting experiences. Later, as researchers refined the operational definitions and measures of culture, more empirical evidence was published in research journals. The primary objective for this section is to provide a framework for understanding the concept of organizational culture.

Organizational cultures and climates were first acknowledged in Lewin, Lippitt, and White's (1939) research on social climates. In succeeding studies, authors have shifted away from the concept of climates, and focused more attention on cultures. Schein (1990) subscribed to the belief that "culture" is a richer and more profound construct than "climate." Organizational climates reflect the subjective feelings of how employees relate to each other (Stogdill, 1990), as those feelings that can be measured through direct observation (Schneider, 1975). Organizational cultures encompass deeper causal aspects of how organizations function (Schein, 1990).

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Schein (1990) contended that the concept of

organizational culture is difficult to define because the

concept of organization is ambiguous. Based on his

research, he proposed a formal definition of organizational

culture:

Organizational culture is a pattern of basic

assumptions, invented, discovered, or developed

by a given group, as it learns to cope with its

problems of external adaptation and internal

integration, that has worked well enough to be

considered valid and, therefore, is to be taught

to new members as the correct way to perceive,

think and feel in relation to those problems.

(Schein, 1992, p. 12).

Smircich (1983) added that culture, the "social glue"

of the organization, serves four functions: organizational

cultures gives members an organizational identity,

facilitates collective commitments, promotes social

stability, and shapes behavior by helping members make

sense of their surroundings.

Other researchers reported that strong cultures

increase behavioral consistency in the organization

(Weick, 1987), and can guide acceptable norms; for example,

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a strong organizational culture can discourage absenteeism (Nicholson & Johns, 1985). Situational factors that influence organizational cultures include: presence of a crisis, leadership turnover, life-cycle issues, age of the organization, size of the organization, and absence of subcultures.

Subcultures are important aspects of organizational cultures. Meryl Reis Louis (1985) reported that among multiple cultures, each has its own "penetration" and "orientation." Change is more difficult and resistance to change is greater as the number of subgroups in an organization increases.

Although such abstract concepts such as organizational cultures are difficult to operationalize, several researchers have attempted to quantify cultural information, and to replicate empirical research on this subject. Cooke and Rousseau (1988), developed a quantitative approach to the assessment of organizational culture, and key elements of their organizational culture model are described here.

Researchers have commonly categorized organizational cultures as being associated with one of two paradigms. The first cultural paradigm has involves "concern for people" versus "concern for tasks" (Cooke & Rousseau, 1988; Harrison, 1972; Kilmann, Saxton, & Serpa, 1985). The second cultural paradigm is based on Abraham Maslow's (1954) "hierarchy of needs" (Cooke & Rousseau, 1988; Kilmann, Saxton, & Serpa, 1985). Maslow distinguished between "higher-order satisfaction needs" and "lower-order security needs" (Cooke & Szumal, 1993). The fulfillment of higher-order needs leads to self-actualization while the satisfaction of lower-order needs relates to survival (lower order needs include food and safety). Constructive and defensive cultural styles are determined by the outcomes of the organizational adoption of both these paradigms (Cooke & Szumal, 1993). Descriptions of both constructive and defensive cultural styles are described next.

Cooke and Lafferty (1994) diagramed these concepts and developed a model called a circumplex (Figure 1). "Concern for people" versus "concern for tasks" is represented as

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Current Organization Profile
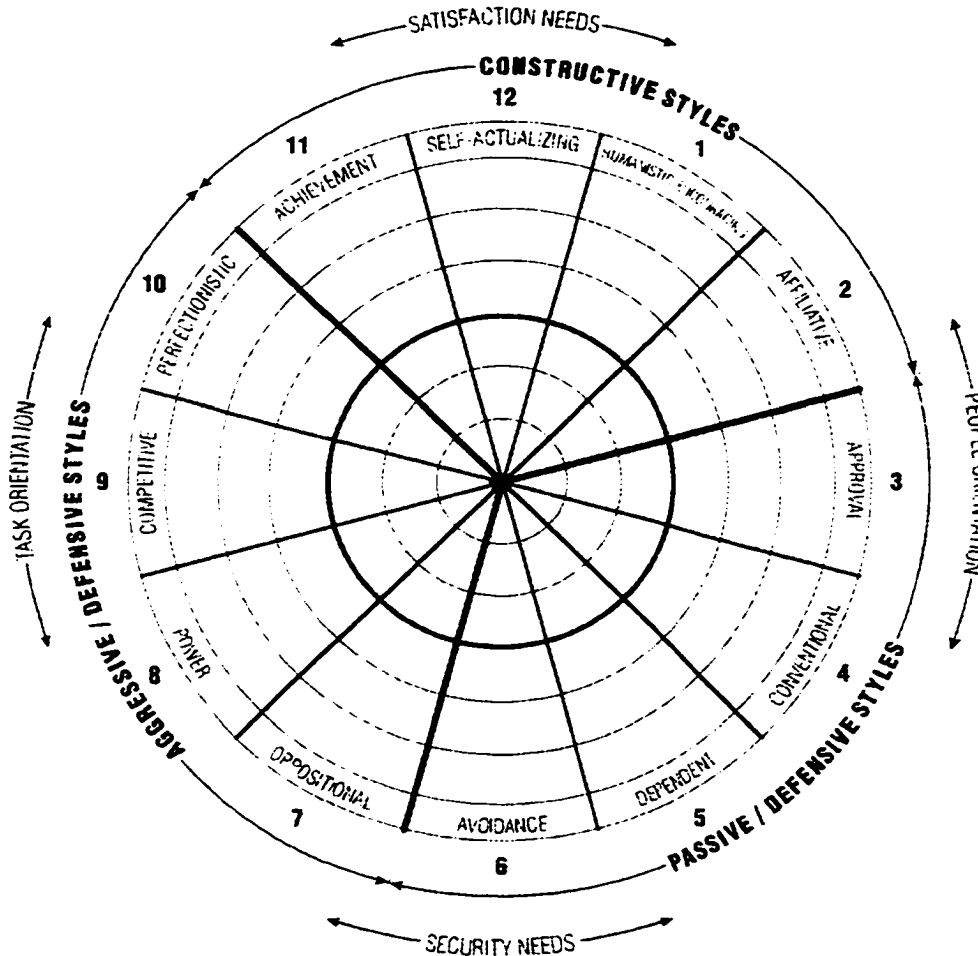
Figure 1. Sample circumplex.

Note. Researched and developed by R. A. Cooke and J. C. Lafferty, 1989, Plymouth, MI: Human Synergistics, Inc. Copyright © 1989 by Human Synergistic, Inc. All rights reserved. Reprinted with permission.

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one dimension, and "high-order needs" versus "lower-order needs" is represented as another related dimension.

Constructive Styles

Cooke and Szumal (1993) described constructive style cultures as positively associated with individual and organizational effectiveness. According to Cooke and Rousseau (1988), constructive cultural norms promote job-satisfaction behavior. Based on their model, there are four styles that represent constructive cultural norms: achievement culture, self-actualizing culture, humanistic-encouraging culture, and affiliative culture (Cooke & Rousseau, 1988).

A proficient organization in which employees who define and fulfill their own goals are valued is an example of an achievement culture. In a self-actualizing culture, employees are valued for creativity, quality over quantity, task accomplishment, and individual growth. Participative and person-centered management styles are key elements in a humanistic-encouraging culture, and organizations in which constructive interpersonal relationships are of high priority are termed affiliative cultures.

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Defensive Styles

In contrast to constructive cultural styles, Cooke and Rousseau (1988) observed two defensive cultural styles: passive-defensive and aggressive-defensive. Both these styles indicate cultures with security needs, which Maslow would describe as lower-order needs.

Key elements of passive-defensive norms include the promotion of "concern for people" behaviors and "lower-order" behaviors, e.g., behaviors related to security needs. Passive-defensive cultural styles are further subdivided into the sub-styles labeled approval, conventional, dependent, and avoidance. Pleasant interpersonal relationships and conflict avoidance are illustrative of approval cultures. Bureaucracy, tradition, and conservative views define a conventional culture. A dependent culture would be one of a non-participative environment, and a hierarchy of control. The fourth passive-defensive subculture style called "avoidance," is one in which the organizational preference is punishment of mistakes over rewards for success.

The four types of aggressive-defensive cultural styles are called: oppositional, power, competitive, and

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perfectionistic. These styles promote task and security behaviors.

Confrontation and negativism are the hallmarks of oppositional culture. The control of subordinates by those in authority is emphasized in power cultures. The defining attributes of a competitive culture are the needs to win and to outperform coworkers. The perfectionistic culture is one in which persistence, and avoidance of mistakes are rewarded.

Leadership and Organizational Culture

Leaders can affect organizational cultures in many ways: they can create, stabilize, or change a culture (Schneider, 1985). Conversely, organizational cultures impact leadership by influencing the leader's perceptions and decisions (Sapienza, 1985). The roles of transformational and transactional leadership are highlighted in this discussion of the intersection between leadership style and organizational culture.

Founders of an organization have tremendous influence in establishing cultures. These leaders instill their values, ideologies, and traditions in the organization. Schein (1992) believed that organizational cultures are

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formed through a combination of the founder's biases and assumptions, and the individual experiences of the organization's original members.

Researchers have observed leaders who have maintained the status quo of an organization. Leaders who sustain a culture affirm current values and traditions, as these are found to be conducive to the continued success of the organization Trice & Beyer (1991).

Several investigators (Schein, 1992; Schneider, 1985; Trice & Beyer, 1991) have reported on sustaining cultures, and their findings tend to be consistent. Schneider (1985) suggested three avenues through which leaders may maintain organizational culture: selection practices, leader's behaviors, and organizational socialization. First, leaders must hire individuals whose personalities and values fit the organization. Second, upper-management must model consistent behavior for the employees. Third, companies must provide formal orientation programs to indoctrinate new employees with the governing norms and values of the organization.

Lorsch (1985) added that, in some cases, leaders who do not adequately align the goals of the organization with the environment may maintain ineffective organizational

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cultures. He further remarked that the core beliefs of top managers can inhibit change by producing "strategic myopia."

Leaders cultivate innovation and strategic change by instilling new values and strategies that are appropriate during transitional periods in the organization (Trice & Beyer, 1991). Through self-confidence, new vision, and persistence, leaders can change organizational cultures.

In their study, Howell and Avolio (1989) correlated transformational leadership and organizational culture. They reported that transformational and transactional leadership independently contribute to the development of an organizational culture that is receptive to innovation and risk-taking. Organizational policies, structures, and culture reinforce the positive effect of transformational leadership (Howell & Avolio, 1989).

Transformational group members share common goals in transformational cultures. Members of transactional cultures, however, compete for position in transactional groups. Leaders enforce rules and regulations in transactional groups, whereas they encourage adaptability in transformational groups (Bass, 1997).

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Some authors argued that most research on cultural leadership centers on culture change that is often correlated with transformational leadership (Trice & Beyer, 1991). Cultural maintenance, as associated with transactional leadership, is equally important if one is to sustain cultural effectiveness. Both leadership roles are crucial for articulating ideology, motivating followers, and increasing follower commitment to the organization's goals.

Summary and Critical Analysis
of the Literature

Leadership strategies have evolved dramatically through the years as the assumptions about people at work have changed. The first general theories of management were premised on the belief that individuals are economic and rational. The role of management during this era was to control employee behavior through structuring tasks based on economic incentives and rational thought.

Behavioral theories introduced the notion that employees were social and self-actualizing persons. Leaders emphasized the importance of good human relations, group dynamics, and supervisory styles in the workplace.

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Modern management approaches are focused on the complexity of individuals, and are moving away from "one best way" philosophies to embrace contingency-based practices. Prescriptive approaches to management do not account for individual differences and multiple situations in a rapidly diverse and changing environment. Thus, the view that persons are basically rational/economical or social/self-actualizing is shifting, and the nature of individuals is assumed to be complex and constantly changing. Employees have multiple and varied needs, and these change over time, just as the environment changes over time. Leadership strategies for these new sets of assumptions must be dynamic, flexible, and individualized.

Attracting, hiring, developing, motivating, and managing employees of diverse cultures and in varied environments have become major challenges facing today's leaders. The demand for better leadership skills at all levels increases as the landscapes of many organizations reflect a radical shift from a vertical hierarchy of power to team-based or networked structures.

The concepts of transformational leadership, transactional leadership, and organizational culture, and the linkages among the three, are still relatively new to

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academic literature. Transformational leadership, transactional leadership, and organizational culture are all conceptually viable, and are essential to the development and strategy of the whole system.

Although some researchers (Bass & Avolio, 1993; Bass & Avolio, 1994) have studied the relations among transformational leadership, and transactional leadership, and organizational culture, data on these relations remain sparse. The present study is an investigation of the predictability of a constructive organizational culture where the leadership style is transformational, transactional, or a combination of both leadership styles. One must recognize that there is a wide range of organizational cultures; this research, however, will be limited to the relations among transformational leadership transactional leadership, and constructive organizational culture.

The focal research question of this study and six research hypotheses are described next.

Hypotheses

Can specific styles of leadership (transformational and transactional) predict the type of culture an

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organization will develop? The framework for this

investigation is outlined in six hypotheses. Hypotheses 1

and 2 are designed to examine the relation between

leadership (transformational and transactional) subscales

to constructive culture. Through Hypotheses 3 and 4, the

predictability of leadership (transformational and

transactional) subscale scores on constructive culture

scores are tested. Data are analyzed as constructs of

transformational and transactional leadership using

Hypothesis 5. The highest predictors among

transformational and transactional subscales are combined,

using Hypothesis 6, and an attempt is made to best predict

constructive style organizational cultures.

Hypothesis 1

Contemporary theories on organizational culture and

transformational leadership are commonly based on

principles of the "higher-order" and "lower-order" needs

described in Maslow's (1954) "hierarchy of needs." Two

such theoretical constructs are include Cooke &

Rousseau's (1988) model of organizational culture, and

Bass' (1985) model of leadership. In Cooke and

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Rousseau's (1988) terms, constructive cultures reflect group norms that promote higher-order growth needs versus lower-order security needs. Similarly, Bass (1985) defined transformational leaders as those individuals who promote higher-order change in the motivation and performance of others. Transformational leaders help others to go beyond performance expectations and self-interest for the benefit of the entire group.

Given the common foundation of these theories, a positive relation between constructive style culture and transformational leadership scores is suggested in Hypothesis 1.

H1: Transformational leadership scores will be positively and significantly correlated with constructive organizational culture scores.

Hypothesis 2

In his research, Bass (1985) argued that transformational leadership augments the effects of transactional leadership. Through subsequent studies, researchers have reported consistent findings of a positive and high intercorrelation between transformational

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leadership and transactional leadership (Bass, Avolio, &
Jung, 1998). Specifically, investigators have frequently
documented findings that transformational leadership and
contingent reward (a subscale of transactional leadership),
are highly correlated (Bass & Avolio, 1990).

Despite the trend that transactional and
transformational leadership are positively correlated, a
significant negative relation between transactional
leadership and constructive style is proposed in
Hypothesis 2. Using the criteria based on Maslow's (1954)
"hierarchy of needs", the components of transactional
leadership, [in particular, management-by-exception
(active) and management-by-exception (passive)]
conceptually correlate with defensive style cultures (which
are not included in this study) or lower-order security
needs.

Leaders who use the management-by-exception (active)
style maintain the status quo of an organization by
monitoring mistakes and employing negative reinforcement.
This style of leadership is similar to an avoidance style
culture in which group members who punish mistakes and fail
to reward success characterize an organization.
Management-by-exception (passive) leaders wait until

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complaints are issued to take action. This style of leadership is similar to passive/defensive cultures in which individuals who avoid conflict and use non-participative decision-making strategies characterize the organization. These elements of transactional leadership may actually contribute to a lowering of self-esteem in employees. This negative relation between constructive organizational culture and transactional leadership is outlined in Hypothesis 2.

H2: Transactional leadership scores will be negatively and significantly correlated with constructive organizational culture scores.

Hypothesis 3 and Hypothesis 4

An examination of transformational and transactional subcales is proposed in Hypotheses 3 and 4 respectively. The purpose of these hypotheses is to determine the variance, explained by the subcales of transformational and transactional leadership, for constructive cultures. It is hypothesized that the most active and effective styles of leadership will account for the most variance in constructive cultures. The ordering of subscales that will

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account for the most variance of constructive culture is based on Bass' (1997) leadership continuum, in which leadership styles are ranked from most active and effective styles (e.g., attributed charisma) to least active and effective styles [e.g., management-by-exception (passive)].

H3: The transformational leadership subscales will significantly predict the criterion variable, constructive organizational culture, in the following order of importance: attributed charisma; idealized influence; inspirational motivation; intellectual stimulation; and individualized consideration.

H4: The transactional leadership subscales will significantly predict the criterion variable, constructive organizational culture, in the following order of importance: contingent reward; management-by-exception (active); and management-by-exception (passive).

Hypothesis 5

Transformational and transactional constructs are tested in Hypothesis 5. Again, based on Bass' (1997) leadership continuum transformational leadership is

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predicted to account for more variance of constructive culture than transactional leadership. Bass (1985) suggested that transformational leadership augments the effects on transactional leadership in predicting the scores of outcome scores. Specifically, Bass (1985) found that the amounts of extra effort, effectiveness, and satisfaction increased when transactional leadership was augmented with transformational leadership.

H5: Transformational leadership scores, and transactional leadership scores, will significantly predict the criterion variable, constructive organizational culture scores.

Hypothesis 6

If significant predictors are successfully identified after testing Hypotheses 3 and 4, it is proposed that a combination of the strongest predictors from both transformational and transactional leadership subcales can account for the most variance of constructive culture. Hypothesis 6 is a statement of this proposal.

H6: The variables with highest partial correlation coefficients, determined from the hierarchical multiple

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regression analyses for Hypotheses 3 and 4, will

significantly predict the criterion variable constructive

organization culture scores.

The method for testing these hypotheses is outlined in

the next chapter.

CHAPTER III

METHOD

This chapter begins with a brief description about the
research site and the context in which the research was
conducted. Following the general background information
are descriptions of participants, instrumentation, design,
procedure, and data analyses. A discussion about the
assumptions and limitations for this study is included,
along with suggestions for minimizing the effects of these
limitations.

Background

The data for this research were collected at
Company XYZ, a technical services organization based in
Los Angeles, California. Company XYZ is geographically
dispersed throughout the United States and Europe, with
most of its employees concentrated in California, Michigan,
Texas, and Massachusetts.

In Mintzberg's (1979) terms, the organizational
structure reflects a divisional form, in which a strategic
apex governs each autonomous unit. Within Company XYZ's
divisional structure, power is generally decentralized
among 13 division managers who report to an executive

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management team which consists of 10 members. The co-founders of the company are both members of the executive management team. Each site is organized into functional groups with high division of labor, medium formalization, and centralized authority in the division managers.

Company XYZ is a publicly traded company with a market capitalization exceeding $50 million. The growth of the company has been gradual over its 36-year history, however, in the past five years, the company has expanded dramatically with the acquisition of new sites. The customer base spans both commercial and non-commercial sectors. Government segments include aerospace and defense, while the company's commercial markets are in automotive, computer, and electronics areas.

According to Schein's (1992) definition of organizational lifecycles, Company XYZ is still in its developmental stage. During this period, the founders still hold decision-making and executive positions within the company. The founders' values of customer focus and investment in employees remain evident by its customer and employee loyalty.

Last year, Company XYZ's CEO, who is one of the original founders, instituted a training and development

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department in preparation for its transition to organizational midlife. The midlife phase is distinguished by at least two generations of general managers and public ownership. During the transition phase to midlife, Company XYZ has allocated resources for the implementation of employee mentoring programs and leadership programs. The purpose of these programs is to foster a more "commitment-centered" and empowered culture within the company.

A transformational leadership paradigm was implemented for two reasons. First, transformational leadership is particularly effective during organizational transitions (Bass, 1985). Second, transformational leadership is effective for "networked organizations" (organizations that are horizontally differentiated and have blurred hierarchies of authority) (Cascio, 1995). Company XYZ can use the principles of transformational leadership to facilitate organizational growth and to integrate newly acquired sites.

In an effort to develop leadership at all levels of the company, this organization provided a voluntary leadership-development program for all of their employees. The components of the program included: A 360-degree feedback leadership assessment; individualized feedback;

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personal goal setting, and training. As summarized in the cover letter from the Director of Training and Development (Appendix B), the organizational goal for the leadership assessment survey was to provide a benchmark for individual and organizational growth.

Permission was obtained from Company XYZ to include the Organizational Culture Inventory (OCI) (Appendix C) as part of the employee survey for research purposes only. Details regarding the administration of the OCI are presented in the procedure subsection in this chapter.

Participants

With the exception of approximately 25 individuals who work independently in the field, the company's 539 employees are located at 17 main sites throughout the United States. There are generally three management levels: senior manager, division manager, and line manager. Senior managers are responsible for determining the company's long-term goals. Division managers are site managers who primarily manage one particular site and are responsible for daily operations. Line managers supervise line workers and generally report to a particular site manager.

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Non-managers in the company are categorized into three groupings: sales, technical and engineer, and other non-managers such as accountants and receptionists who are not employed as salespeople, technicians, and engineers. The largest segment of the workforce consists of engineers and technical staff who vary in educational backgrounds ranging from technical trade school to doctoral degrees. The primary function of the technical staff involves the safety testing of a wide variety of products. These products range from auto parts to electronic equipment.

The workforce at Company XYZ is widely diverse in some demographic categories while homogeneous in others. For example, the ethnic and gender composition of the workforce is predominately male and White. However, employee ages range from 20s to 70s. Educational levels also vary from high school diplomas to doctoral degrees, while numbers of years with the company range from less than one year to 36 years.

The inclusion and exclusion criteria for employee participation for this study are described next in the sampling procedure section.

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Sampling Procedure

Participants were not randomly selected from the population because the employee survey was open to all employees as part of a company-wide leadership development program. In order to control for variance within leadership and organizational culture styles, only employees who had spent most of their lives in the United States were included in the research. This criterion was established because this study was designed to measure the relations among leadership styles and organizational culture within the societal context of the United States. Additionally, only full-time and part-time employees were included; temporary employees and contingent workers were excluded from the research.

Informed Consent

All survey responses were anonymous and were treated as confidential; responses were designated for research use only, as outlined in the company-wide inter-office memo, the administration protocol, the survey instructions, the informed consent form, and the OCI (Appendices D, E, F, and G). A four-digit number that corresponded to the employee was coded on each survey. The purpose of the

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coding system was to track responses for research use only.

Neither the company name nor individual names were included

in the data used for analyses. Scores and demographic

information were analyzed and reported as aggregate scores

to protect individual identities. Statistical data for

groups representing 5 or less of the total organization

were not reported in this research.

Design

A correlational design was used to investigate the

relation of transformational leadership and of

transactional leadership to the constructive organizational

culture. Data for this research were collected using

survey methodology.

Two independent variables, transformational leadership

style and transactional leadership style, were examined in

this study. The Multifactor Leadership Questionnaire

(leader 5x-short) (Bass & Avolio, 1995) was used to obtain

leadership scores. Descriptions of transformational

leadership subscale items and descriptions of transactional

leadership subscale items are presented in Table 1 and

Table 2 respectively. Response options for the MLQ range

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Table 1

Descriptions of Multifactor Leadership Questionnaire (MLQ)
Items for Transformational Leadership

Transformational subscales	Item #	Description
Attributed charisma	10, 18, 21, 25	Thinks of others
Idealized influence	6, 14, 23, 34	Emphasizes the group as a whole
Inspirational motivation	9, 13, 26, 36	Conveys a positive future
Intellectual stimulation	2, 8, 30, 32	Interested in different perspectives
Individualized consideration	15, 19, 29, 31	Coaches individuals

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Table 2

Descriptions of Multifactor Leadership Questionnaire (MLQ)
Items for Transactional Leadership and Laissez-Faire
Leadership

Transactional subscales	Item #	Description
Contingent reward	1, 11, 16, 35	Rewards individuals for their effort
Management-by-exception (active)	4, 22, 24, 27	Focuses on mistakes
Management-by-exception (passive)	3, 12, 17, 20	Does not intervene until issues become serious
Laissez-faire	5, 7, 28, 33	Resists making decisions

from 0 ("Not at all") to 4 (Frequently, if not always").

Sample items for the laissez-faire leadership scale are

also included in Table 2.

The dependent variable in this research was

constructive organizational culture. The Organizational

Culture Inventory (OCI) (Cooke & Lafferty, 1994) was used

to obtain constructive culture scores. Response options

for the OCI range from 1 ("Not at all") to 5 ("To a very

great extent"). Items in the OCI are based on the extent

to which persons are expected to behave in a particular

manner. Descriptions of the constructive culture scale

items are displayed in Table 3. Details of both the MLQ

and OCI are described next.

Instrumentation

Two paper-and-pencil instruments were included in this

study. First, the Multifactor Leadership Questionnaire

(leader 5X-short) (MLQ), was used to measure

transformational and transactional leadership styles (Bass

& Avolio, 1995). Second, the Organizational Culture

Inventory (OCI) was used to assess constructive

organizational cultures (Cooke & Lafferty, 1994).

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Table 3

Descriptions of Organizational Culture Inventory (OCI)
Items for Constructive Culture

Constructive style organizational culture subscales	Item #	Description
		The extent to which people are expected to . . .
Humanistic-encouraging	2, 3, 4, 5, 14, 15, 27, 40	show positive encouragment
Affiliative	49, 50, 51, 61, 62, 70, 71, 83	make an effort to get along with others
Achievement	9, 20, 21, 32, 33, 34, 46, 47	attain goals
Self-actualizing	60, 68, 69, 82, 93, 94, 95, 96	value individuality

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Multifactor Leadership Questionnaire (MLQ)

Leader Form 5X-Short

The Multifactor Leadership Questionnaire (Leader 5X-Short) (MLQ) is a 45-item, 5-point Likert-type scale. The MLQ is used to evaluate how frequently, or to what degree, individuals believe that they engage in 32 specific behaviors toward their associates.

The Multifactor Leadership Questionnaire consists of 12 factors. Nine factors are used to measure components of style, while the other three factors are outcome measures from the leadership style. Of the nine leadership measures, there are five transformational leadership factors:

1. Attributed charisma

2. Idealized influence

3. Inspirational motivation

4. Intellectual stimulation

5. Individualized consideration.

The three transactional leadership factors are:

1. Contingent reward

2. Management-by-exception (active)

3. Management-by-exception (passive).

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Laissez-faire leadership represents the non-leadership factor. Additionally, the MLQ includes three outcome factors:

1. Extra effort
2. Effectiveness
3. Satisfaction.

These three scales were designed to assess the impact of leadership.

An individual's self-ratings of leadership using the MLQ are generally higher as compared with other-ratings of that individual's leadership (Bass & Yammarino, 1989). These differences in self-rating and other-rating scores are reflected in differences in reliability coefficients for the two perspectives. The reliability coefficients for the MLQ 5x were computed using 2,080 cases from nine independent studies. The sample populations from these studies included two undergraduate student groups, four business organizations, a military organization, a nursing school, and a government research organization. Spearman-Brown reliability estimates for the MLQ other-rater form ranged from .81 to .96 (Bass & Avolio, 1997). Bass and Avolio (1997) noted that alpha coefficients for MLQ self-ratings tend to be lower for each leadership scale as

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compared with other-ratings from multiple associates for a particular leader. These researchers speculated that the internal consistency reliability coefficients for MLQ self-ratings are probably lower than those of other-ratings because self-raters interpret items about themselves with respect to multiple associates, while other-raters assess a single leader.

Organizational Culture Inventory (OCI)

The OCI is designed to measure the culture of an organization at the level of behavioral norms and expectations. Respondents assess the extent to which individuals in the organization are expected or are implicitly require to approach their work and interact with others in a particular manner. Pressures on organizational members that impede individual and group development can be identified with the use of the OCI.

The OCI consists of 16 factors. Twelve factors are used to measure different cultural norms, while the other four factors are outcome measures from behavioral norms. Of the 12 organizational culture measures, there are 4 constructive cultural styles:

1. Humanistic-encouraging

2. Affiliative

3. Achievement

4. Self-actualizing.

The four passive/defensive cultural styles are:

5. Approval

6. Conventional

7. Dependent

8. Avoidance.

The four aggressive/defensive cultural styles are:

9. Oppositional

10. Power

11. Competitive

12. Perfectionistic.

Additionally, the OCI includes four outcome factors:

1. Role clarity

2. Role confidence

3. Job satisfaction

4. Customer satisfaction.

Cooke and Szumal (1983), compared reliability and validity estimates of three versions of the OCI, using the 4,890 cases from four data sets. Data sets from these independent studies were collected in diverse populations, including the Federal Aviation Administration, business

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students, retail stores, and various organizations within the Chicago metropolitan area.

Cooke and Szumal (1993) reported Cronbach alpha coefficients for the OCI that ranged from .65 to .95. These researchers further suggested that the OCI was equally reliable for members who have been with their organization for less than one year and those who have been with their organization for one year or more.

Procedure

Through a variety of methods, all employees were informed of the leadership development program and the intended use of the data for doctoral research. Information dissemination for the data collection procedures and uses included: a presentation at the annual senior management meeting, an inter-office memo that was enclosed with each employee's paycheck, and follow-up phone calls.

The Director of Training and Development for the company being studied first introduced the leadership-development program and research objectives at a senior management meeting in December, 1997. The employee survey was piloted during January, 1998 to the executive management team. An inter-office memo regarding the

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Training and Development Program was mailed to all employees with their paychecks. For those employees who did not have the option of receiving memos with their paychecks, a copy of the memo was distributed to site managers for dissemination. Copies of the employee survey were forwarded to all members of senior management in advance. The researcher was available to address questions and concerns through follow-up calls throughout the study.

The majority of the surveys were collected on the work-site through group-administration by either the researcher or the company's Director of Training and Development. For a few work-sites, the surveys were administered by a site representative or were mailed directly to the individual employee. Training for all survey administrators was provided through individual meetings by the researcher. Self-administration of the surveys was limited to those employees who worked independently off-site, or who were absent from the scheduled administration date.

In addition to the verbal instructions, all surveys included written information about the nature of the study and the option to be excluded from the research. Participants were informed that the organization's name and

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individual names would not be identified in the study.

Further, participants were informed that, in order to

maintain confidentiality within the data set, data would be

analyzed in aggregate scores, and that any demographic

identifying information would not be disclosed.

Debriefing sessions about the research were made

available at the conclusion of the study, in the form of

group meetings or follow-up calls and memos. The

researcher and the company's Director of Training and

Development were available, upon request, for individual

debriefing throughout the duration of the study.

The agreement between Company XYZ and the researcher

involved the collection of supplementary data that is not

included in this study. The two additional questionnaires

that were implemented during the data collection process

involved the Multifactor Leadership Questionnaire (Rater

5X-Short) form and the Organizational Culture Inventory

(Ideal) form.

Because the leadership development program involved

360-degree feedback for each organizational member, the

leadership style for each person was assessed with self-

ratings and ratings from others ("other-ratings"). Each

participant in the program was asked to choose six

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associates from different levels in the organization to rate the participant's leadership style (two raters at higher levels than the participant, two raters at the same level as the participant, and two raters at lower levels than the participant). Therefore, six additional ratings (MLQ rater forms) were collected for each employee in the company. Only self-ratings were included in this study.

Supplementary data also included the collection of 50 "Ideal" Organizational Culture Inventories. In contrast, to the "current" Organizational Inventories that are designed to assess the current culture, the "Ideal" Organizational Culture Inventories are designed to measure the employee's perception of their ideal culture. Only "current" organizational culture scores were included in this study.

Data Analyses

All data were analyzed with the computer software, Statistical Package for Social Sciences (SPSS) version 7.5 for Windows 95 (1997).

The internal consistencies for the OCI and the

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MLQ variables were measured with a Cronbach's alpha at .60

(Mitchell & Jolley, 1998). Alpha levels in this study were

determined at a significance level of $p < .05$. Additional

Cronbach's alphas were computed for transformational,

transactional and laissez-faire leadership subscales. The

laissez-faire variable was included in the study as the

control group.

The data were examined at four levels of statistical

analysis using both descriptive and inferential statistics.

Level 1: Descriptive Analysis: First, descriptive

statistical analyses were performed to measure general

demographic characteristics of the sample including age,

organizational level, education, gender, ethnic background,

and years of employment with the company.

Level 2: Total Scores: The second level of analysis

focused on total scores. Two correlations were tested for

significant relations as proposed in Hypothesis 1 and

Hypothesis 2. A positive relation between total

transformational leadership subscale scores and

constructive organizational culture scale scores was

suggested in Hypothesis 1, while a negative relation

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between total transactional leadership subscale scores and constructive culture scale scores was suggested in Hypothesis 2.

Level 3: Predictability of Subscales: Hypothesis 3 and Hypothesis 4 required a third level of analysis. Two hierarchical multiple regressions were used to determine the partial correlation coefficients among transformational leadership and transactional leadership subscales scores.

Hypothesis 3 tested how well transformational leadership subscale scores predict constructive organizational cultures. For this hypothesis, all five transformational leadership subscales scores were entered into a hierarchical multiple regression. The ordering of the subscales was determined by their correlations to effective leadership. (H3: The transformational leadership subscales will significantly predict the criterion variable, constructive organizational culture, in the following order of importance: attributed charisma, idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.)

Hypothesis 4 concerns how well transactional leadership subscale scores predict constructive

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organizational cultures. The three subscales of transactional leadership were loaded into a hierarchical multiple regression based on correlation to effective leadership. [H4: The transactional leadership subscales will significantly predict the criterion variable, constructive organizational culture, in the following order of importance: contingent reward, management-by-exception (Active), and management-by-exception (passive).]

Level 4: Constructs: After the data were analyzed at the level of individual total scores and subscale score, transformational and transactional constructs were examined. At this fourth level of analysis, another hierarchical multiple regression was used to test the predictability of transformational and transactional leadership construct scores on the criterion variable constructive organizational culture scores.

Hypothesis 5 is that transformational leadership scores and transactional leadership scores, will significantly predict the criterion variable, constructive organizational culture scores.

Hypothesis 6 is that the variables with highest partial correlation coefficients, determined from the

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hierarchical multiple regression analyses for Hypothesis 3 and Hypothesis 4, will significantly predict the criterion variable constructive organizational culture scores.

The final analysis for Hypothesis 6 is designed to integrate the findings from the multiple regressions proposed in Hypotheses 3 and 4. The transformational and transactional leadership subscales scores with the highest partial correlation coefficients were entered into a final hierarchical multiple regression. The highest partial correlation coefficients were selected at $p < .05$.

The proportion of constructive organizational culture variability that was shared with the transformational subscale and transactional subscale (R^-) from the hierarchical multiple regression for Hypothesis 5 and Hypothesis 6, was compared.

Bonferroni adjustments for all t-tests, pairwise comparisons, and correlations were computed to control for Type I error.

Assumptions and Limitations

This research design was based on the assumption that the scores of the population were normally distributed. The proposed correlations also assume linear relations

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among scores for transformational leadership, transactional leadership, and constructive organizational culture.

In the event that the data were observed to be nonlinear, a trend analysis would be performed to determine "best fit" for the data. Such was the case for this study.

CHAPTER IV

RESULTS

Findings from this study are reported in this chapter. Demographic characteristics of the research-population are presented first, followed by the results from reliability analyses of the instruments. Results of the reliability analyses are reported prior to the conclusions because an understanding of the results of the internal validity of the measures may add clarity to the interpretation of the findings. Results of testing Hypotheses 1 through 6 are presented at the end of this chapter.

Population Distribution

From the 420 eligible employees who met the criteria for this study, 268 completed surveys were collected, which yielded a response rate of 68%. The frequencies for demographic characteristics are presented in Table 4.

Company XYZ is generally divided into six organizational categories which include three management levels and three non-management groups. Nearly 25% of the total number of respondents held management roles: senior managers (6.3%), division

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Table 4

Frequencies of Demographic Variables (N = 268)

Demographic	Frequency	Percentage*
Age		
0. 22 and under	11	4.1
1. 23-23	54	20.1
2. 34-45	90	33.6
3. 46-52	29	10.8
4. 53-65	55	20.5
5. over 65	7	2.6
6. No response	22	8.2
Gender		
0. Female	60	22.4
1. Male	184	68.7
2. No response	24	9.0
Ethnic background		
0. Asian or Pacific Islander	7	2.6
1. African American or Black	10	3.7
2. Latino/Latina	5	1.9
3. Middle Eastern	1	.4
4. Native American	2	.7
5. White	204	76.1
6. Other	6	2.2
7. No response	33	12.3

(table continues)

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Table 4 (continued)

Demographic	Frequency	Percentage*
Organizational position		
Non-management positions		
0. Non-manager	67	25.0
1. Sales	13	4.9
2. Technical/engineer	89	33.2
Management positions		
3. Senior manager	17	6.3
4. Division manager	17	6.3
5. Line manager	32	11.9
6. No response	33	12.3
Educational level		
0. High school	30	11.2
1. Some college	75	28.0
2. Associate's degree	29	10.8
3. Technical/trade school	27	10.1
4. Bachelor's degree	57	21.3
5. Master's degree	20	7.5
6. Doctoral degree	4	1.5
7. No response	26	9.7
Tenure		
0. Under 1 year	72	26.9
1. 1-5	82	30.6
2. 6-10	34	12.7
3. 11-15	24	9.0
4. 16-29	19	7.1
5. 21-25	4	1.5
6. 26 and over	9	3.4
7. No response	24	9.0

*Percentages do not sum to 100 because of rounding off.

managers (6.3%), and line managers (11.9%).

Engineers and technical staff, who were persons with
diverse educational backgrounds, (33.2%) reflected the
largest segment of the research population. Other
employees who were also categorized into non-manager
positions were grouped as follows: 4.9% sales and 25.0%
non-managers.

Most individuals from the population indicated that
they had been employed at Company XYZ for 5 years or fewer:
26.9% had been employed at the company for less than 1 year
and 30.6% had been employed between 1 and 5 years. Twenty-
one percent of the respondent population was employed for
more than 10 years (almost one-third of the company's
36-year history).

The distributions within gender and ethnicity
categories were not diverse, however percentages within age
and education categories varied greatly. The ratio of male
to female participants was approximately 3 to 1, and most
of the respondents ethnically identified as White (76.1%).
Percentages among the other six ethnic backgrounds were
less than 4% in each group: Asian or Pacific Islander
(2.6%), African American or Black (3.7%), Latino/Latina
(1.9%), Middle Eastern (.4%), Native American (.7%) and

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"Other" (2.2%). An estimated 12% of the population preferred not to identify their ethnicity.

Educational levels ranged from high school diplomas to doctoral degrees. Approximately 30% of the respondents had at least a bachelor degree or higher, followed by 41.4% of the respondents who attended some college, 11.2% of the respondents who attained high school diplomas, and 10% of the respondents who completed technical or trade school programs (10.1%).

Reliability Analyses

The reliability of the leadership and organizational culture instruments was measured using Cronbach's alpha reliability coefficients. Alpha coefficients of .60 or higher are included in this study. Although this alpha level is low, as compared to the desired level of significance (.80s and .90s) suggested by Anastasi (1997), Mitchell and Jolley, (1998) asserted that $\alpha > .60$ is acceptable.

The internal consistency scores for the Multifactor Leadership Questionnaire (leader 5X-short) and the Organizational Culture Inventory (OCI) are presented in Table 5 and Table 6.

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Table 5

Internal Consistency Reliability for Multifactor Leadership
Questionnaire (Leader 5X-Short) Scales

Scale / (number of items)	N	M	SD	α
Total MLQ / (45)	200	2.40	.87	.88
Transformational leadership / (20)	230	2.83	.32	.88
Attributed charisma / (4)	255	2.73	.39	.72
Idealized influence / (4)	253	2.67	.44	.70
Inspirational motivation / (4)	256	2.84	.33	.72
Intellectual stimulation / (4)	255	2.85	.10	.64
Individualized consideration / (4)	252	2.92	.36	.67
Transactional Leadership / (12)	232	1.85	.81	.57
Contingent reward / (4)	237	2.64	.55	.54
Management-by-exception (active) / (4)	258	1.84	.35	.72
Management-by-exception (passive) / (4)	261	1.00	.46	.57
Laissez-faire / (4)	260	.65	.20	.62

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Table 6

Internal Consistency Reliability for Organizational Culture
Inventory (OCI) Scales

Scale / (number of items)	N	M	SD	α
Total OCI / (96)	96	2.90	.73	.92
Constructive culture / (32)	195	3.61	.36	.96
Humanistic-encouraging / (8)	219	3.65	.20	.91
Affiliative / (8)	212	3.77	.22	.92
Achievement / (8)	216	3.67	.32	.83
Self-actualizing / (8)	205	3.35	.55	.78

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The reliability of the 45-item MLQ was .88, however coefficients for the total transformational leadership subscale and the total transactional leadership subscale were .88 and .57 respectively. Cronbach's alpha coefficients for the transformational subscales ranged from .67 to .72. The use of all transformational leadership subscales was therefore, permitted in the study.

Reliability coefficients were calculated for each of the three components of transactional leadership scale. Management-by-exception (active) was the only subscale with a significant reliability coefficient of .72. The other two subscales, contingent reward and management-by-exception (passive) had low reliability scores, .54 and .57 respectively.

Although the transactional subscales consisted of only four items each, reliability coefficients were recalculated for one-item deletions to measure the validity of the scale. Contingent reward had an alpha coefficient of .63 with one item deleted, while management-by-exception (passive) had a score of .57 with one item deleted. With one-item deletions, reliability coefficients for transactional leadership scales ranged from .57 to .72.

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The reliability coefficient for the laissez-faire subscale was .62. Alpha did not significantly increase when any one of the items was deleted.

Internal consistency reliability score for all 96 OCI items was .96. Reliability coefficients for the constructive culture subscales were all high, ranging from .78 to .92.

Hypothesis Testing

Hypotheses 1 and 2 were tested using Pearson product-moment correlation coefficients (r). Regression analyses were employed to test Hypotheses 3, 4, 5, and 6. Pairwise deletions were used for all statistical analyses and Bonferroni adjustments, determined at $p < .05$, were made for all pairwise comparisons and correlations. Results of each research hypothesis are indicated here.

Hypothesis 1

H1: Transformational leadership scores will be positively and significantly correlated with constructive organizational culture scores.

Hypothesis 1 was supported by results. A significant positive correlation was found between transformational

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leadership scores and constructive culture scores, r = .38, p < .001 (see Table 7). Positive and significant correlations were also found between all transformational leadership subscales scores and constructive culture scores: attributed charisma (AC), r = .20, p < .001; idealized influence (II), r = .31, p < .001; inspirational motivation (IM), r = .35, p < .001; intellectual stimulation (IS), r = .27, p < .001; and individualized consideration (IC), r = .37, p < .001 (Table 8). Additionally, positive and significant intercorrelations were found among all transformational leadership subscale scores. Correlations ranged from r =.42 to r =.67, p < .001 (Table 8)

Hypothesis 2

H2: Transactional leadership scores will be negatively and significantly correlated with constructive organizational culture scores.

Hypothesis 2 was not supported by the findings. Transactional leadership scores were not correlated with constructive culture scores, r = .05, p < .001, as proposed (see Table 7). Also, no significant correlations were

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Table 7

Correlations Between Leadership (Transformational,
Transactional, and Laissez-Faire) and Constructive Culture
($\underline{N}$ = 268)

Variables	TF	TA	LF	CN
TF	(.88)	.39*	-.38*	.38*
TA		(.57)	.10	.05
LF			(.62)	-.09
CN				(.96)

Note. Cronbach's alpha coefficients are enclosed in
parentheses along the diagonal.

*$\underline{p}$ < .001, two-tailed.

Legend

TF = Transformational leadership scale
TA = Transactional leadership scale
LF = Laissez-faire leadership scale
CN = Constructive organizational culture scale

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Table 8

Correlations Between Transformational Leadership Subscales
and Constructive Culture (N = 268)

Variables

	AC	II	IM	IS	IC	CN
AC	--	.62*	.67*	.44*	.57*	.20*
II		--	.65*	.42*	.48*	.31*
IM			--	.49*	.51*	.35*
IS				--	.50*	.27*
IC					--	.37*
CN						--

*p < .001, two-tailed.

Legend

AC = Attributed charisma
II = Idealized influence
IM = Inspirational motivation
IS = Intellectual stimulation
IC = Individualized consideration
CN = Constructive culture

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found between transactional leadership subscale scores and constructive culture scores: contingent reward (CR), r = .16, p < .001; management-by-exception (active) (MBEA), r = .04, p < .001; management-by-exception (passive) (MBEP) r = -.11, p < .001 (Table 9).

Negative correlations were found between laissez-faire leadership scores and constructive culture scores (r = -.09, p < .001), and between laissez faire leadership scores and transformational leadership scores (r = -.38, p < .001)(Table 7). Although transactional scores were not found to be intercorrelated, laissez-faire leadership scores were correlated with contingent reward, r = -.26, p < .001 and management-by-exception (active), r = .44, p < .001 (Table 9).

As expected, a positive correlation was also found between transformational leadership scores and transactional leadership scores, r = .39, p < .001 (Table 7).

Hypothesis 3

H3: Transformational leadership subscale scores will significantly predict the criterion variable, constructive culture, in the following order of importance: attributed

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Table 9

Correlations Among Transactional Leadership Subscales and
Laissez-Faire Leadership Subscales and Constructive
Organizational Culture (N = 268)

Variables	CR	MBEA	MBEP	LF	CN
CR	--	.20	-.08	-.26*	.16
MBEA		--	.06	.05	.04
MBEP			--	.44*	-.11
LF				--	-.09
CN					--

*p < .001, two-tailed.

Legend

CR   = Contingent reward
MBEA = Management-by-exception (active)
MBEP = Management-by-exception (passive)
LF   = Laissez-faire
CN   = Constructive culture

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charisma; idealized influence; inspirational motivation; intellectual stimulation; and individualized consideration.

Hypothesis 3 was not supported by the findings. Among the five transformational leadership predictors entered into the hierarchical multiple regression equation, only two significant predictors were found: inspirational motivation, $\Delta R^- = .05$, $p < .001$; and individualized consideration, $\Delta R^- = .05$, $p < .001$ (Table 10). Although attributed charisma ($\Delta R^- = .04$, $p < .01$) and idealized influence ($\Delta R^- = .06$, $p < .001$) also had significant values, these two predictors were deleted from the regression model because both had high correlations with the other predictor variables. Variance inflation factors among the remaining two significant predictors (inspirational motivation and idealized influence) were all within an acceptable range (less than 5.0) (Montgomery & Peck, 1982). Therefore, the variance inflation factors indicated that the items for the two significant subscales were not collinear.

The predicted ordering of importance for transformational factors was not supported by partial correlations. As stated in Hypothesis 3, the ordering of importance was suggested as: attributed charisma, idealized influence, inspirational motivation, intellectual

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Table 10

<u>Summary of Hierarchical Multiple Regression Analysis for Transformational Variables Predicting Constructive Culture</u>
<u>(N = 268)</u>

Var.	$\underline{B}$	$\underline{SE}\ \underline{B}$	β	$\underline{Adj\ R^2}$	$\underline{\Delta R^2}$	$\underline{pr}$	$\underline{F}$
Step 1							
AC	.18	.06	.20**	.03**	.04	.20**	8.70**
Step 2							
AC	7.19	.08	.01**			.01**	
II	.29	.08	.30	.09***	.06	.24	11.34***
Step 3							
AC	-.13	.09	-.14			-.10	
II	.17	.08	.18*			.14*	
IM	.31	.09	.33**	.13***	.05	.23**	12.16***
Step 4							
AC	-.15	.09	-.16**			-.12**	
II	.16	.08	.16**			.13**	
IM	.27	.09	.29**			.20**	
IS	.14	.08	.13	.14***	.01	.12	9.98***
Step 5							
AC	-.24	.09	-.26**			-.19**	
II	.13	.08	.13			.11	
IM	.24	.09	.26**			.19**	
IS	5.36	.08	.05			.05	
IC	.31	.08	.30**	.19***	.05	.25**	11.40***

* $\underline{p}$ < .05. ** $\underline{p}$ < .01. *** $\underline{p}$ < .001.

Legend

AC = Attributed charisma
II = Idealized influence
IM = Inspirational motivation
IS = Intellectual stimulation
IC = Individualized consideration

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stimulation, and individualized consideration. Idealized influence was the most important predictor of constructive culture (pr = .25, p < .01), and inspirational motivation was the second most important predictor of constructive culture (pr = .23, p < .01)(Table 10).

Overall findings suggested that the predictor variables, individualized consideration and inspirational motivation and may explain 19% of the variance for constructive culture, adjusted R^- = .19, p = .001 (Table 10).

Hypotheses 4, 5, and 6

H4: The transactional leadership subscales will significantly predict the criterion variable, constructive organizational culture, in the following order of importance: contingent reward; management-by-exception (active); and management-by-exception (passive).

H5: Transformational leadership scores, and transactional leadership scores, will significantly predict the criterion variable, constructive organizational culture scores.

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H6: The variables with highest partial correlation coefficients, determined from the hierarchical multiple regression analyses for Hypotheses 3 and 4, will significantly predict the criterion variable constructive organization culture scores.

Hypotheses 4, 5, and 6 were not supported by the findings. Hierarchical multiple regressions were proposed to test Hypotheses 4, 5, and 6. The execution of these three hierarchical multiple regression analyses, however, was contingent upon significant linear relations determined in Hypothesis 1 and Hypothesis 2. Hypotheses 4, 5, and 6, could not be tested using hierarchical multiple regression analyses because a significant linear relation between transactional leadership scores and constructive culture scores was not found. Because linearity was not found between transformational leadership scores and constructive culture scores, a trend analysis was conducted to test the curve estimation. Results from the curve estimation tests showed no significant trends (at $p < .05$) between transactional leadership scores and constructive leadership scores using the following curve estimation models:

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quadratic, cubic, logarithmic, power, compound, S,

logistic, growth, exponential, and inverse

(SPSS Inc., 1997).

Post hoc analyses pertaining to the relations among

transformational leadership, transactional leadership, and

constructive culture are presented in lieu of regression

analyses for Hypotheses 4, 5, and 6. Findings from all

post hoc analyses are located in the discussion chapter.

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CHAPTER V

DISCUSSION

This study was focused on the relations among transformational leadership, transactional leadership, and constructive organizational culture. In this chapter, a discussion of the findings is presented in five parts. First, the characteristics of the respondent population are described. Second, the validity of instruments that were used in this study is determined. Conclusions from hypothesis testing, discussed in the third section, are followed by part four, results and discussion of post hoc analyses. The chapter closes with limitations of the study and recommendations for future research.

Respondent Population

Demographic categories of the respondents included: age, gender, ethnicity, geographic region, tenure, organizational position, and education. The respondent population appeared to reflect the broader company population with the exception of two demographic variables: tenure and gender. Although specific statistics on the company's demographic profile were not available, new

employees and female respondents seemed to represent a disproportionate percentage of the respondent population.

The overwhelming majority of those individuals who completed the questionnaire were employed for the fewest numbers of years. This may be reflective of a response bias in which newer employees have more willingness to participate in company initiatives than individuals who have been with the company for longer periods of time.

In their writings on the politics of management research, Easterby-Smith, Thrope, and Lowe (1991) observed that politically adept respondents often read bias into researcher's questions; employees with the longest tenure may feel more resistant than newer employees to participate in research initiatives because of the political constraints within the organization.

The ratio of men to women did not appear to be reflected in the respondent population. There seemed to be a higher number of women who participated in the employee survey than would be predicted, given the proportion of women who work at the company. The higher questionnaire-return rate among women may suggest that women tend more than men to encourage participation at work (Rosener, 1990). The gender of the researcher and of the

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director of training and development (who implemented the employee questionnaire), both of whom were women, may have also influenced the number of responses from women.

In her study on female researchers in male-dominated settings, Gurney (1991) noted that the influence of the researcher's gender differs with respect to the length of time that the researcher spends at the field setting. In her view, a female researcher is likely to experience less gender-related difficulty when establishing rapport with the respondents during short-term field research than during long-term field research. In short-term research, where the intrusion into the organization is relatively brief, the presence of female researchers may actually facilitate the rapport with the respondents because female researchers in male-dominated environments are perceived as warmer and less threatening than male researchers (Weitz, 1976).

Reliability of Measures

The transformational leadership and the constructive culture scales had significantly high reliability coefficients, whereas the reliability coefficient for the transactional leadership scale was low. This suggests that

the transactional leadership scale may not have been reliable for this population. The largest organizational grouping consisted of engineers and technicians, and members of this group have various educational backgrounds, ranging from high school diplomas to doctoral degrees. Findings from subsequent post hoc analyses, however, did not indicate differences in organizational culture scores between organizational groupings: engineers/technical, sales, senior management, division management, line manager, and non-manager.

Hypothesis Testing

As proposed in Hypothesis 1, transformational leadership scores and constructive culture scores were positively and significantly correlated, $r = .38$, $p < .01$). In contrast, transactional leadership scores, were not found to be significantly and negatively correlated with constructive organizational culture scores as predicted in Hypothesis 2, $r = .05$, $p < .01$.

As expected, transformational leadership scores were positively related to constructive culture. This may be explained by the similarity in the foundations of both transformational leadership and constructive culture

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constructs, both of which are based on Maslow's (1954) higher-order needs. A constructive culture is one that promotes concern for the needs of others, encourages others, and helps others think for themselves (Cooke & Rousseau, 1988); a transformational leader treats the other person as an individual, rather than just another group member, and helps develop the strengths in others (Bass, 1985).

Transactional leadership entails a leader-follower exchange relationship in which leaders receive valued outcomes (e.g., money and prestige) when they comply with the goals of the organization and the leader (Burns, 1978). It was suggested in Hypothesis 2 that transactional leadership scores would be negatively correlated with constructive culture scores.

Unlike constructive culture, which supports the fulfillment of higher-order needs, transactional leadership can both foster and hinder the fulfillment of higher-order needs. For example, higher esteem needs are promoted if transactional leaders express satisfaction when expectations are met. In contrast, the fulfillment of higher-order needs may be hindered if transactional leaders focus on mistakes or wait until problems become serious

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before getting involved. A negative correlation was proposed in Hypothesis 2 because most of the items within the transactional leadership subscale appeared to hinder the fulfillment of higher-order needs.

The lack of empirical support for Hypothesis 2 may be explained through the work of Pinder (1984), who argued that the hierarchy of needs may not apply in the work environment. This author maintained that psychologically-based needs (e.g., the desire to excel) are more important in most work environments than physiologically-based needs (e.g., food and safety).

Contrary to this view, Kinni (1998) believed that good wages and job security are not commonplace in today's global marketplace. He contended, therefore, that basic survival needs (e.g., money) of most workers are not met at work, and that employees should prioritize the fulfillment of lower-order needs before focusing on fulfilling higher-order needs.

In is also possible that these findings suggest that the constructive culture scale may not have been sensitive enough to the effects of transactional leadership. In future studies, the organizational scales for all of the constructive and defensive style cultures should be

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included in the study to provide a broader range for measuring organizational culture.

A significant negative correlation between laissez-faire leadership (non-leadership) scores and constructive culture, was not determined. Laissez-faire leadership scores were, however, significantly and negatively correlated with transformational leadership, $r = -.38$, $p < .001$. Again, the constructive culture scale may not have been sensitive enough to detect the effects of laissez-faire leadership.

Results from the hierarchical multiple regression analysis for Hypothesis 3, suggested that 19% of the total variance accounted in the criterion variable, constructive culture, was explained by the predictor variables, individualized consideration and inspirational motivation. In addition, the ordering of importance did not reflect the hierarchy of effective leadership factors that was suggested by Avolio and Bass (1991).

These findings suggested that the perception of the leader's effectiveness may not be the best indicator for predicting constructive culture. Perhaps the best predictors of constructive culture are related to the characteristics of the leader's associates.

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A dependence-based perspective was used in this study to determine the degree to which leadership is related to constructive culture. Findings of this study implied that transformational leadership accounted for 19% of constructive culture. Perhaps the remaining 81% of unexplained variance of constructive culture may be explained by factors that foster independence and autonomy.

Graham (1988) suggested that one approach to understanding leadership is to examine the followers, rather than the leaders. She highlighted two fundamental perspectives from which to study followers: the follower's dependence or obedience to the leader, and the follower's independence or autonomy. An emphasis on the latter approach would allow researchers to account for factors that are not directly related to the influences of the leader [e.g., self-motivation, cultural norms, and "substitutes for leadership" (Kerr & Jermier, 1978)].

Schein (1992) believed that all human systems attempt to maintain equilibrium and maximize their autonomy in relation to their environment. The development of organizational culture is one mechanism in which a group differentiates itself from the environment to preserve its individual identity. Similarly, employees at Company XYZ

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may feel that their autonomy and identity are preserved when the leader focuses on the employees' individual needs.

The emphasis on individualized consideration and inspirational motivation may also be characteristic of newly formed cultures within an organization. The majority of the respondents (57.5%) were individuals who had been employed at Company XYZ for 5 years or fewer. The short tenure of the respondent population may be related to the stage of socialization within the company.

A leader's ability to communicate mutually desired goals is one aspect of inspirational motivation, and a leader's ability to teach and coach individuals is an example of individualized consideration. These two factors of transformational leadership appear to be evident in the group socialization process.

Individuals and groups attempt to merge their respective goals and norms during the group socialization period (Deaux & Wrightsman, 1988). During this process, groups attempt to assimilate the individual by communicating rituals and procedures. This assimilation process may be reflective of the transformational leadership factor, inspirational motivation. Individuals may also attempt to influence the group to meet their own

needs during the socialization process. Individualized

consideration from the leader may be important to new

employees at this socialization stage.

A leader's charisma is one of the key factors in

socializing new members into the organization

(Conger, 1989). Schein (1992), however, cautioned that the

use of charismatic vision as an embedding mechanism for

culture is limited for two reasons: charismatic leaders are

rare, and the impact of the leader's charisma is hard to

measure.

Based on Conger's (1989) belief that charisma is an

important factor in socializing new members, one may

conclude that attributed charisma and idealized influence

are important factors in predicting constructive culture.

Attributed charisma and idealized influence, however, were

not found to be strong predictors of constructive culture

in this study.

The leader's influence through charisma (attributes

and behaviors) is premised on the associate's

identification with the leader. Employees may not feel a

need to emulate the leader because they are already too

similar (in values and behavioral norms) to the leader.

The absence of attributed charisma and idealized influence

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as important predictors of constructive culture may be explained by the homogeneous nature of the group. Demographic characteristics among persons in the research population were similar on many dimensions; these included: tenure, age, ethnicity, organizational position, and gender.

Intercorrelations between transformational leadership factors may have also influenced the findings from the hierarchical multiple analysis. Results from the collinearity diagnostics suggested that the transformational leadership dimensions may be too highly correlated to detect significant differences in the explained variance.

Post hoc analyses were employed to enable a better understanding of the relation between transformational leadership and constructive organizational culture.

Post Hoc Analyses

Exploratory factor analyses were performed to confirm the same nine leadership factors of the MLQ (leader 5X-short) suggested by Avolio and Bass (1991).

The analysis for the MLQ leadership scales included a

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total of 36 items (4 items for each leadership factor). The nine leadership factors included: attributed charisma (AC), idealized influence (II), inspirational motivation (IM), intellectual stimulation (IS), individualized consideration (IC), contingent reward (CR), management-by-exception (active) (MBEA), management-by-exception (passive) (MBEP), and laissez-faire (LF).

Nineteen components, compared with the nine expected factors, were extracted, using the principal component analysis (PCA). Eigenvalues greater than .70 were considered significant. When subscale items were tested separately, findings from the principal component analysis yielded 8 transactional components (as compared with the expected 3 factors), 10 transformational components (as compared with the expected 5 factors), and 2 laissez-faire components (as compared with the expected 1 factor).

Factor analyses require a large sample size to compensate for error variance. The large number of factor loadings revealed in the post hoc analyses may be explained by an inadequate number of respondents per item. Kerlinger (1986) recommended 10 respondents for each item; using this criterion, the minimum number of respondents required to test the 45-item MLQ would have been 450. The

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number of respondents available in this study was only 268.

A post hoc hierarchical multiple regression was computed to test the ordering of the two significant transformational leadership factors that were found in Hypothesis 3. As suggested by partial correlation coefficients in Hypothesis 3, the transformational leadership factors, entered in order of importance, were individualized consideration and inspirational motivation. Individualized consideration, then, would be a more important factor than inspirational motivation in predicting constructive culture for newly formed cultures. For example, the valuing of individual differences and the recognition of individual contributions may be more important than the leaders' compelling vision of the future or optimistic talk about the future.

Casewise diagnostics identified nine cases with significant outliers (case numbers 38, 110, 142, 147, 171, 172, 185, 216, and 239). These cases were removed from the study in an effort to increase the amount of explained variance in constructive culture. The value of adjusted R^2 change suggested that 25% of the variance in constructive culture was explained this model, $F(1, 212) = 36.54$, $p < .001$ (Table 11). Prior to the removal of outliers,

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only 17% of the variance in constructive culture was explained by this model, $F(2, 220) = 23.28$, $p < .001$.

As displayed in Figure 2, the unique contribution from the individualized consideration factor was 17%, and the unique contribution from inspirational motivation was 4%. An additional 4% of the constructive organizational culture variance was explained by the shared contribution of both predictor variables.

One of the most important tasks that a leader must manage is the tension between the forces of differentiation and integration. In a homogeneous environment, such as Company XYZ, it is likely that individualized consideration would be very important. Aspects of individualized consideration include the extent to which a leader "considers (the associate) as having different needs, abilities, and aspirations from others," and "treats (associates) as an individual rather than just as a member of a group."

The leader displays individualized consideration when he or she supports and encourages the individual development of the associate. The unique contribution of inspirational motivation, which only accounted for 4% of the explained variance of constructive culture, is the

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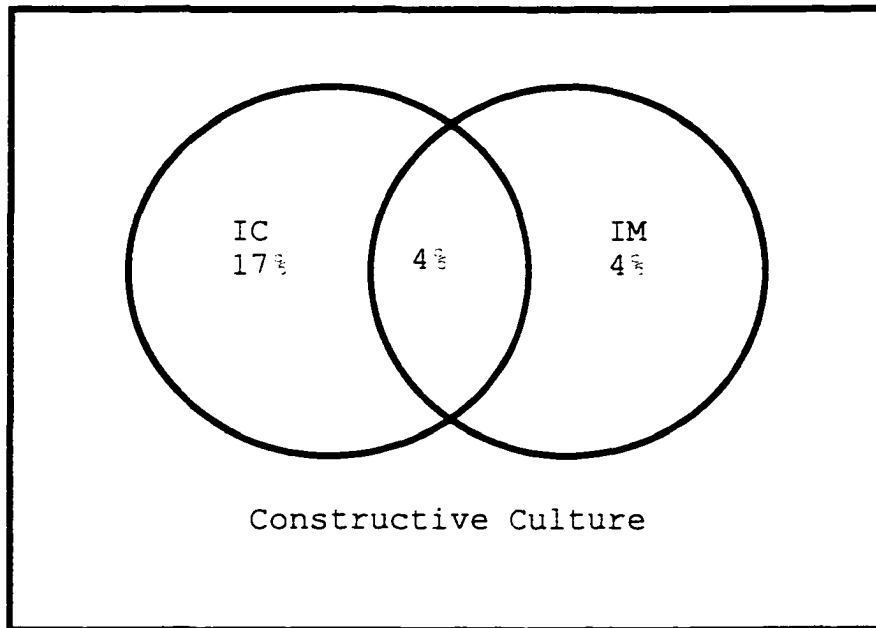
IC = Individualized consideration
IM = Inspirational motivation

Figure 2. Percentages of unique and shared contributions of
predictor variables, individual consideration, and
inspirational motivation for constructive culture.

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Table 11

Summary of Hierarchical Regression Analysis for 2-Variable
Model Predicting Constructive Culture (N = 259)

Var.	B	SE B	β	Adj R²	ΔR²	pr	R²
Step 1	.36						
IC		.05	.41***	.17***	.17***	.41***	.17
Step 2							
IC	.20	.06	.23**	.25***	.09***	.23**	.26
IM	.28	.06	.35***			.32***	

*p < .05. **p < .01. ***p < .001. F = 36.54***

Legend

IC = Individualized consideration
IM = Inspirational motivation

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extent to which the leadership communicates an appealing vision and models appropriate behavior.

One-way analyses of variance and Scheffé tests were performed to detect differences between demographic groups. No significant findings were found between groups for the demographic variables: gender, age, geographic region, organizational position, education, and tenure (Table 12). Again, these findings reflect the homogeneity of the group. Perhaps the demographic profile of Company XYZ is characteristic of technical services organizations.

Further post hoc analyses including constructive culture scores and transformational leadership scores were performed on organizational position groupings and tenure groupings. In their research, Avolio, Waldman, and Yammarino (1991) provided evidence that transformational leadership scores are higher among members at the upper levels of the organization than transformational leadership scores found among members at the lower levels of the organization. Similarly, Bass (1985) proposed that transformational leadership is found at the upper levels of the organization, where job requirements are less structured and non-repetitive than typical job requirements of lower organizational level.

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Table 12

Results From One-Way ANOVAs for Demographic Variables on Constructive Culture ($\underline{N}$ = 259)

Source	$\underline{df}$	$\underline{F}$	Sig.
Gender			
Between	2	1.05	.35
Within	10		
Age			
Between	6	.75	.61
Within	208		
Generation			
Between	4	.41	.80
Within	210		
Geographic region			
Between	16	1.25	.23
Within	206		
Organizational level			
Between	6	1.90	.08
Within	204		
Education			
Between	7	1.43	.20
Within	205		
Tenure			
Between	6	.77	.60
Within	205		

*$\underline{p}$ < .05. **$\underline{p}$ < .01. ***$\underline{p}$ < .001.

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Senior and division managers were grouped as upper managers, while the other four organizational positions (non-managers, technical/engineers, line managers, and sales) were grouped as non-upper managers. Findings from this analysis revealed that transformational leadership scores among upper managers were significantly higher that those scores among non-upper managers, $F(2, 238) = 14.44$, $p < .001$. Practical significance also was found in the comparison of constructive culture score between upper managers and non-upper managers, $F(2, 208) = 2.68$, $p < .05$. These findings suggested that upper managers are more concerned with higher-order needs than non-upper managers.

Transformational scores and constructive culture scores were also compared by tenure grouping. Respondents who worked at the company for 11 years or more were compared with those respondents who worked at the company for less than 11 years. No significant differences in transformational leadership scores or constructive culture scores were found between these two tenure groupings; nor were significant differences found between those respondents who worked at the company for 16 years or more and the respondents who worked for the company for less than 16 years. These findings suggested that tenure is not

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an important factor in determining organizational cultures
that foster fulfillment of higher-order needs.

Cohort effects were analyzed with the use of an
additional demographic variable, the participant's
generation. Based on Bradford and Raines' (1992)
definitions, generational groupings were categorized (using
age classifications). Four generations were examined in
post hoc analyses: World War II generation; baby boomer
generation; Generation X; and Generation Y.

The World War II generation includes those
participants who were currently over the age of 53, and who
were born between the years 1925 and 1945. Baby-boomer-
generation participants were persons born between the years
1946 and 1964 (at the time of the study, the baby boomers
were between the ages of 34 and 52). Generation X includes
those individuals who were born between the years 1965 and
1975 (at the time of the study, they were between the ages
of 23 and 33). Respondents born after 1976, who were under
the age of 23 at the time of the study were categorized as
Generation Y.

The number of respondents in each generational
grouping included: WWII, 62 (23%); baby boomer,
119 (44.4%); Generation X, 54 (20.1%); and

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Generation Y, 11 (4.1%). Twenty-three individuals (8.2%) preferred not to respond to the question. The results of a one-way analysis of variance did not show significant differences between any of the generational groupings (Table 12).

Conclusions

Three significant findings were suggested from this study:

1. Transformational leadership scores are positively and significantly correlated with constructive organizational culture.

2. Two predictor variables, idealized influence and inspirational motivation, accounted for 25% of the explained variance for the criterion variable, constructive culture.

3. The unique contribution of idealized influence on constructive culture accounted for 17% of the constructive culture variance.

Implications of Findings

A high degree of individualized consideration may be a salient characteristic of organizations that exist in

dynamic environments and market segments. The technology market, in which Company XYZ belongs, is turbulent, fast-paced, and very competitive. Lawrence and Lorsch (1967) researched the strategic fit between the "internal environment" and the external environment. They measured the organization's internal environment on the dimensions of differentiation and integration. Integration was defined as the quality of collaboration that exists among interdependent units or departments to achieve the superordinate goal, and differentiation is defined as the differences in attitudes, behaviors, and individual orientations.

Lawrence and Lorsch (1967) proposed that organizations that exist in scarce, dynamic, and complex environments tend to have organic structures, while organizations that exist in abundant, stable and simple environments tend to be more mechanistic in structure. In the view of these authors, increase in environmental diversity increases the amount of differentiation among the organization's subparts; each organizational subunit reflects the characteristics of the subenvironment with which it interacts. For example, research engineering persons emphasize scientific issues, marketing persons are focused

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on the marketplace, and manufacturing persons are most concerned with cost efficiency and production matters.

Based on the findings from this study, the high percentage of individualized-consideration behaviors within the constructive culture may be indicative of the need for organizational differentiation or for more flexibility within the environment.

These findings may be used as baseline measures of leadership and culture for Company XYZ. As the organization acquires new sites and continues to grow, an understanding of the intersection between leadership and culture is crucial. An emphasis on individualized consideration may be an important factor in post-merger situations. The recognition of unique contributions of individual employees may help prevent post-merger culture clashes.

According to Mirvis and Marks (1992), in the early stages of culture clash, employees have a tendency to focus first on differences between the two companies' leaders. Perceived differences often become magnified over time, and employees begin to draw conclusions about these differences. If culture clash is not managed, workers may begin to stereotype employees from the "other" company and

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eventually the culture clash may lead to behaviors that "put down" others.

Company leaders can manage culture clash by creating cultural awareness, clarifying the company subcultures, and promoting mutual respect. These stages of cultural management imply the need for valuing diversity and individual differences, while creating a unified company.

Limitations of Study

The large size of the respondent population, well documented reliable measures, and the homogenous nature of the research population, all contributed to the high statistical power of the study. The power of the study was an important determinant in providing confidence in detecting significant differences within respondent groups. This research, however, was limited by three factors: questionable reliabilities of the instruments for the current population, lack of random assignment in the research design, and the use of self-reporting for establishing ratings. These three limitations will be discussed next.

Despite the empirical support for the reliability of MLQ, the transactional leadership measures were low for the

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current population. Perhaps a reconfiguration of the full-scale leadership model would help one to deal with the problems of high intercorrelations between scales. A six-factor leadership model, as proposed by Avolio, Bass, and Jung (1998), would combine the leadership factors of both laissez-faire and management-by-exception (passive) into one scale, which would be called passive-avoidant leadership. The other five factors of this scale would include: charisma/inspirational, intellectual stimulation, individualized consideration, contingent reward, and active management.

Randomization of the sample is important for controlling response biases among the population. Because the design of the study entailed group administration of surveys, respondents who were located at one of the company's main sites had a higher probability for completing and returning the survey. Workers employed in the area of sales, who therefore were not located at one of the company's main sites, had a low return rate. A more representative sample of the company could be achieved through quota sampling procedures. Quota sampling would allow the researcher to match the research sample with the population. Because the findings from this research will

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be used as baseline measures for organizational development initiatives, quota sampling may be the more appropriate procedure to use if one is to increase the external validity of the results.

There are several potential threats to construct validity of self-rating measures, including biased response sets and social desirability bias. Because the MLQ and OCI (constructive culture subscales) have no reverse reliabilities, participants may have responded to the rating scale in the same pattern. "Yea-sayers" are individuals who agree with every statement, whereas "nay-sayers" are those individuals who disagree with every statement.

The wording of the items on both the MLQ and the OCI appeared to be value-laden. Items that include negative wording such as "I fail" or items that include absolute-wording such as "never" may have biased individual responses. Based on their research, Reiser, Wallace, and Schuessler (1986) maintained that the direction (positive or negative) of an item's wording significantly affected an individual's response to that item. According to these researchers, respondents are more prone to agree with negatively worded statements than to disagree

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with positively worded statements that express the same idea.

The respondents' social desirability biases may have also affected the data set. Employees were informed that the surveys were part of the company-wide leadership development program. Although the participation in the program was voluntary, anonymous, and confidential for research purposes, the identities of the respondents were available to the company's director of training and development. The respondent's leadership scores may have been inflated to allow the individual to appear better on her or his profile.

Multirater feedback from associates may be a more accurate measure of an individual's leadership abilities than traditional one-on-one performance appraisal reviews (Church & Waclawski, 1998). The 360-degree feedback rating may provide the best indicator of effective leadership, as this method would allow an individual to assess her or his own leadership based on how that individual is perceived by different co-workers. When multiple perspectives are collected from raters who are at different levels of the company from that of the identified leader, the leadership profile may increase in accuracy and

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in usefulness. A 360-degree feedback measure, however, is very costly and time consuming.

Recommendations for Future Research

The relation between leadership and organizational culture can further be explored by broadening the range of cultural types within the study. As mentioned in the limitation section, the assessment of both constructive and defensive style organizational cultures may have greatly enhanced this study. The passive styles of leadership appear to correlate theoretically with lower-order dimensions. Therefore, the inclusion of passive dimensions of leadership, such as management-by-exception (passive) and laissez-faire, may offer new insight into the link between leadership and organizational culture.

Preliminary findings from post hoc exploratory analyses strongly supported the proposal that defensive style cultures may be correlated with laissez-faire leadership scores and transactional leadership scores. Positive correlations were found between passive/defensive culture scores and laissez-faire leadership scores, $r = .22$, $p < .01$, and between aggressive/defensive culture scores and transactional

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leadership scores, r = .22, p < .01.

A broader range of measures for leadership and organizational culture would probably provide a more comprehensive understanding of the relations among transformational leadership, transactional leadership, and organizational culture. A viable suggestion for future research is the use of Avolio, Bass, and Jung's (1998) improved six-factor leadership model. This model would set a better foundation for linking the concepts of organizational culture and leadership conceptually.

Also suggested, in the limitation section, was the use of other-raters, rather than self-raters. Although self-ratings generally reflect the expected intercorrelation patterns among the respective leadership factor scores (Bass & Yammarino, 1991), other-ratings may provide a richer dimension of leadership assessment. The 360-degree feedback model of leadership assessment may be more effective than self-ratings in revealing subcultures within the different levels of the population.

Qualitative methods, such as cultural audits, may complement multi-rater feedback and objective measures. Specifically, open-ended questions and interviews may reveal the employee's deeper underlying assumptions about

the organizational culture. Individual and group perspectives gathered through subjective measures can further be linked to objective outcome measures such as extra effort, job satisfaction, and effective leadership.

Summary

Can specific styles of leadership (transformational and transactional) predict the type of culture an organization will develop? This research offers one framework for examining the relation between the contextual factors of transformational and transactional leadership. The findings of this study support the empirical connection between the transformational paradigm and organizational culture.

The forces of the internal environment and external environment may limit a leader's ability to develop power bases within a culture to affect or sustain that culture. The identification of specific roles of the leader within different types of cultures may offer some utility for leadership training.

With respect to Company XYZ, the research site for this study, the leaders who practice individualized consideration among their associates may contribute to

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sustaining a valued constructive organizational culture and

promoting higher-order needs within the organization.

Multi-method and qualitative approaches have been

suggested to explore the unexplained variance of

constructive culture that was not related to transformation

leadership and transactional leadership.

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APPENDIX A

MLQ Publication Information

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MLQ Publication Information

Please contact the publisher for a copy of the
Multifactor Leadership Questionnaire (MLQ):
Leader Form (5x-short)

Mind Garden®, Inc.
1690 Woodside Rd., Suite 202
Redwood City, CA 94061

Phone: (650)261-3500
Fax: (650)261-3505
E-mail: mindgarden@msn.com

http://leadership.mindgarden.com

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APPENDIX B

Cover Letter

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Dear XYZ Employee,

Everyone has an infinite amount of untapped potential for growth whether it's in sports, music, or the arts. While most of us may not become Olympians, concert pianists, or Academy Award winners, we can improve our skills in any domain with effective education, training and practice. So when one asks, "Are leaders born or made?" the answer is not so black and white. Few of us become Governors or CEOs of billion dollar companies. However, all of us can be a lot better than we are.* Remember, it's never too late to be who you might have been.

Here at XYZ, I am proud to be part of the beginnings of a new era of leadership. One in which our primary goal is to develop leaders at every level. In collaboration with the California School of Professional Psychology we are working with a doctoral student who will be assisting us in surveying all of our employees. For purposes at XYZ this information will be used as a starting point in providing individual profiles for your growth. The research component is addressed in detail on the following page. As part of ethical research practices, the researcher is required to ask for individual consent prior to using company data. This is not required for participation in the company program.

I would like to encourage all of you to take advantage of this cutting edge approach to help us all become best of class.

Sincerely,

XXXXXXX

*Adapted from The Leadership Engine by Noel M. Tichy

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APPENDIX C

OCI Publication Information

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OCI Publication Information

Please contact the publisher for a copy of the
Organizational Culture Inventory (OCI): Current

Human Synergistics® International
39819 Plymouth Rd. C8020
Plymouth, MI 48170-8020

Phone: (800)622-7584
Phone: (734)459-1030
Fax: (734)459-5557
E-mail: info@humansyn.com
http://www.humansyn.com

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APPENDIX D

Inter-office Memo

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INTER-OFFICE MEMO

To: All XYZ Employees   2/16/98
From: XXXXXXX
Re: Leadership Development Q's & A's

These are exciting times for XYZ. In addition to the Train-the-Trainer and mentoring programs, we are now in the process of beginning a new leadership development program as well. Below are some commonly asked questions, which I hope will answer any questions that you may have. Feel free to call or email with any comments.

- **What is the leadership development program?**
  An on-going program that includes leadership assessment, feedback, goal setting, and training.

- **Why are we doing this?**
  This is our opportunity to grow as leaders within XYZ, the community, and in our own personal development and relationships.

- **Who will participate?**
  Leadership assessment and written feedback is open to all XYZ employees.

- **How will leadership be assessed?**
  Using a 360-degree feedback method, individuals rate their own leadership style on a Multifactor Leadership Questionnaire (MLQ). Each person selects 6 other raters (above, below, and lateral to them in the organization) who will rate them on the same 45 items.

- **What do I have to do?**
  (1) Self-rate your leadership using the MLQ; (2) Select 6 raters to rate your leadership style; (3) Rate others on their leadership if they select you.

- **How will anonymity and confidentiality be maintained?**
  The profiles will compare "self-perceptions" and "others' perceptions" of leadership style. The "others" scores will be combined so that no one individual can be identified and raters will remain anonymous. Since these data are for training purposes, the Director of Training and Development will have access to individual profiles for leadership development training purposes, i.e., setting goals, time-lines, designing training programs etc.

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- **Will this affect performance reviews?**
  No. This is to establish a baseline measure and a starting point for leadership

  training purposes.

- **What type of training can I expect based on the feedback?**
  A variety - online, contract, internal, WBT (web-based training), individual, group, etc.

SPECIAL NOTE: XYZ is pleased to participate in an on-going research study on leadership and organizational culture. We will be sharing our data with Lisa Sueki, M.A., M.S., a doctoral student from the California School of Professional Psychology, Los Angeles. Confidentiality and anonymity will be maintained within standard research guidelines protecting participants. The XYZ's name and individual names will not be used in this study. If you do not wish to participate in the research, or if you have any questions please contact Lisa at (310) 373-7507 or Lsueki@earthlink.net.

APPENDIX E

Administration Protocol

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Leadership Development Program

Administration Protocol

- Summarize or read cover letter
- Highlight contents of consent form - please sign the bottom, the administrator will sign as a witness.

As stated in the cover letter, this employee survey is part of the company-wide Leadership Development Program. The survey consists of two parts: Part I is a self-assessment of your leadership style. The leadership assessment is a 360-degree feedback process that compares your perception of your leadership style with a combined perception from 6 other raters of your choice. Today, you will only rate yourself and select 6 co-workers that will be mailed a survey to rate you on your leadership style. If you do not have 2 people below in the organization, please select 2 people from a another level and indicate their position in the organization with a notation in the margin.

Part II is an organizational culture survey – the booklet. Please answer the questions according to your perception of your work group or division. (People with whom you most frequently work). Some employees may define their work group with only a few people, while others may have a large group that extends beyond one site or division.

Please
- Fill in the bubbles completely with a #2 pencil, and only fill in one bubble per question
- Erase stray marks on your form
- Do not fold your survey (We are scoring the survey via scanner)
  When you are done, please put your form in the envelope and turn it into the survey administrator.

Post Administration Protocol

- Questions
- You may receive a rater form in the mail if someone selects you to rate them (The rater form is basically the same as the questions in part I - takes less than 5 minutes to fill out.)
- Please return the rater forms as quickly as possible (within one week)
- Remind your friends to turn in their surveys!
- Look for Leadership Development Program updates on your bulletin boards and in your newsletter!
- Thank you
-

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Appendix E - (continued)
Administration Protocol

Supply List for Survey Administration

1. Each Employee Envelope Contains

    - Cover Letter
    - Research Consent Form
    - Survey Instructions
    - Multi-factor Leadership Questionnaire
      with attached rater selection form
    - Organizational Culture Inventory (Booklet)
      with insert including 2 pages of supplemental questions
      and 1 page of demographic questions

2. Sharpened Pencils

3. Posters, Tape, and Marker (Tape on Marker)
    - Survey Instructions

4. Extra Surveys

5. Extra handouts of "Questions and Answers about the Leadership
    Development Program"

APPENDIX F

Survey Instructions

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SURVEY INSTRUCTIONS

As stated in the cover letter, this employee survey is part of the company-wide Leadership Development Program. The survey consists of two main parts:

Part I is a self-assessment of your leadership style. The leadership assessment is a 360-degree feedback process that compares your perception of your leadership style with a combined perception of 6 other raters of your choice. Today, you will only rate yourself and select 6 co-workers who will receive a survey (by mail) to rate you on your leadership style. When you select your co-workers on page 4 – you will be asked to select two people above you in the organization, two people below you in the organization and two people laterally to you in the organization. If you do not have 2 people below in the organization, please select 2 people from a another level and indicate their position in the organization with a notation in the margin.

Part II is an organizational culture survey – the booklet. Please answer the questions according to your perception of your work group or division. (People with whom you most frequently work). Some employees may define their work group as only including a few people, while others may have a large work group that extends beyond one site or division.

Please
- Fill in the bubbles completely with a #2 pencil
- Only fill in one bubble per question
- Erase stray marks on your form
- Do not fold your survey (We are scoring the survey via scanner)
- When you are done, please put your form in the envelope and turn it into the survey administrator or mail it to : XYZ ATTN: Lisa T. Sueki

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APPENDIX G

Informed Consent Form

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Informed Consent for Research Participation

Title: The Relation of Transformational Leadership and Transactional Leadership to Constructive Organizational Culture (Revision 4/8/98)

Purpose of the Research: In collaboration with the XYZ Leadership Development Program, this research explores the relationships between transformational and transactional leadership styles on constructive style organizational culture. The research portion of the Leadership Development Program is projected to conclude in June, 1998.

Researcher: Lisa Sueki, M.A., M.S., a doctoral student, is conducting this research to partially satisfy the requirement for a Ph.D. in Organizational Psychology at California School of Profession Psychology - Los Angeles (1000 S. Fremont Ave. Alhambra, CA 91803-1360). Lisa can be contacted to answer any questions regarding the research at (310) 373-7505, Ltsueki@earthlink.net or leave a message for her at the corporate office. Her dissertation chairperson, Terry Wolfe, Ph.D., may also be contacted at California State University, Northridge, School of Management (818) 677-4510.

Researcher's Role with XYZ: Lisa is not an employee of XYZ. Lisa has agreed to help survey all XYZ employees for the Leadership Development Program. XYZ and Lisa will share the data.

Employees' Role in the Research: On a voluntary basis, all employees have an opportunity to complete a leadership survey and an organizational culture surveys. The surveys will be administered either in employee groups or mailed individually.

Benefits to the Employees: As part of the Leadership Development Program, each employee will receive an individualized leadership profile from the company. The organization as a whole will benefit from a general summary of the research findings provided by the researcher. Individual employees will not be compensated for their participation by the researcher.

Confidentiality and Anonymity: All surveys will be anonymous and confidential for research use. Neither the company name nor individual names will be used in this study. Scores and demographic information will be analyzed and reported as combined scores so that individual's cannot be identified. Individual scores will not be released without the consent of the employee.

Employee Welfare: No foreseeable risks to the employee are involved in this research. If any feelings of discomfort should arise during or after this research project, please contact Lisa T. Sueki (310) 373-7505 or The Director of Training and Development for assistance.

Refusal to participate: Employees may refuse to participate or withdraw their participation from the research at any time during the process without negative consequences at the time of departure or in the future.

I have read this form and I understand the research guidelines for this project. I hereby grant my consent to be included in the study. I also understand that I may withdraw my consent at any time during this process without any negative consequences.

_____	_____
Name	Date
_____	_____
Witness	Date

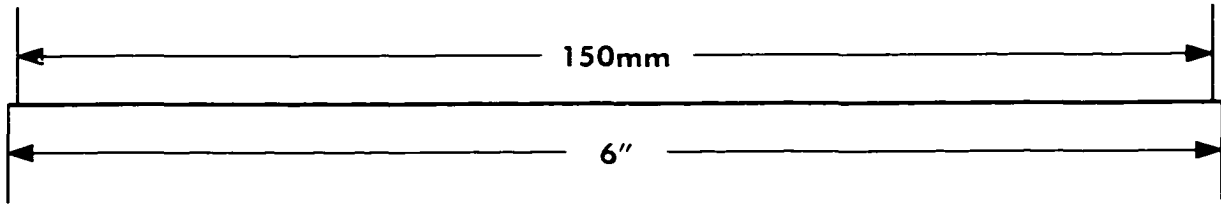## OR

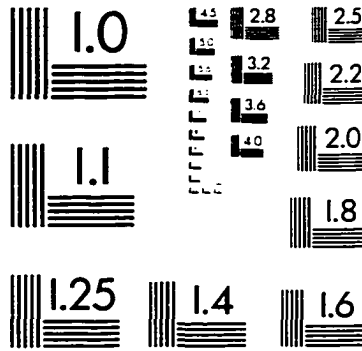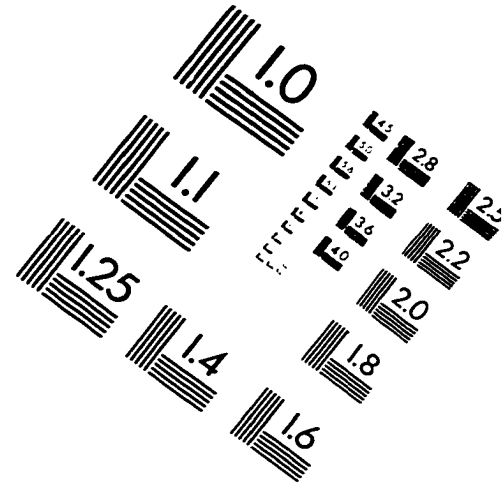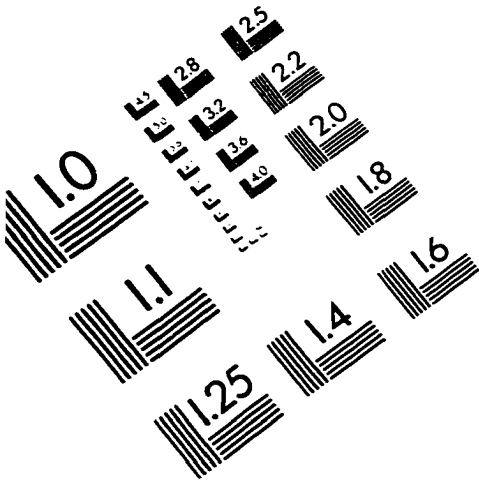Please check here if you do not want to be included in this study.

☐   I do <u>not</u> wish to be included in the research _____
                                                        (Name)

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IMAGE EVALUATION
TEST TARGET (QA-3)

1.0

1.1

1.25   1.4   1.6

2.8   2.5

3.2   2.2

3.6

4.0   2.0

1.8

← 150mm →

← 6″ →
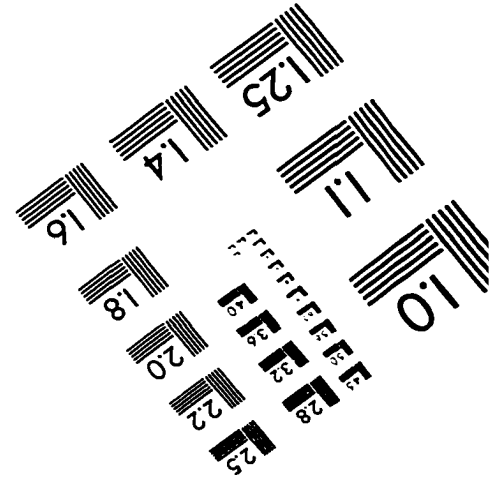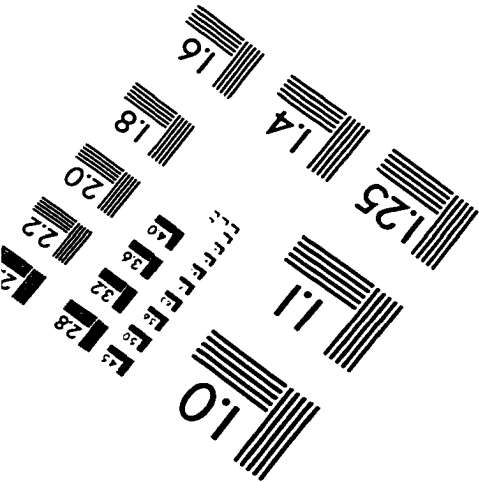
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Fax: 716/288-5989

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