

CHAPTER I

OVERVIEW OF THE RESEARCH

Background

Over the years, leadership styles have been studied extensively in various contexts and with various theoretical foundations. While leaders have been traditionally seen in many cultures as those who have been advantaged by their heritage, but current theorists and researchers view leadership as learned behaviors (Bernard, 1926; Blake, Shepard, & Mouton, 1964; Drath & Palus, 1994; Fiedler, 1967; House & Mitchell, 1974).

As leadership research has grown and expanded, an even broader focus has emerged which encompasses organizational culture (Schein, 1985). For leaders to be effective, according to this view, issues related to the culture must be clearly identified. One such cultural issue that is relevant to studies of leadership is the concept of change (Ouchi, 1981). Leaders must be able to adapt to change (i.e., shift to other, more appropriate behaviors), as the environment shifts and develops. Baron (1995) found that organizations that have tried to resist change in the external environment (e.g., new technology, mergers and acquisitions, global competition, environmental concerns, unstable economy) have experienced more difficulties than organizations that have responded positively to change.

Leaders must also be able to successfully manage the internal environments of the areas they oversee through regulation of such features as budgeting, project management, labor cost, recruitment and retention, policies and procedures, federal and state regulations. Over the past decade, 'culture' has become a common term used when thinking about and describing an organization's internal world, a way of differentiating one organization's personality from another. In fact, many researchers contend that an organization's culture socializes people (Schein, 1985) and that leadership styles are an integral part of the organization's culture.

One approach that leaders use to manage all aspects of their environment (internal and external) is culture management. Culture management requires that leaders know and understand what the organization's culture is, and to modify that culture to meet the needs of the organization as it progresses. Baron (1995) found in his research that organizations that have tried to proactively exploit new opportunities in the environment experienced successful cultural change. Additionally, Baron found that the rise of the professional manager over the past several decades suggests that possessing a variety of strong management and leadership skills is high on

the agenda for effective culture management. Essentially, additional skills are needed in today's leaders so that they will be able to manage the organization's culture.

The literature examining the relationship between organizational culture and culture management is extensive, and is often associated with organizational change. Some organizations attempt to deal with the ever-increasing complexities of their environment by changing their organizational culture. Changing the culture of an organization is difficult, yet essential for many organizations. In today's environment of global markets, intensified competition, accelerated product life cycles, and the growing complexity of relationships with suppliers, customers, employees, and government (Barlett & Ghoshal, 1990), organizations find that they need to change the way they do business in order to survive. According to Hooijberg and Petrock (1993), there is a great deal of investment in past practices, and managers are often reluctant to change the processes, structures, and tasks that have contributed to the organization's past success.

Most studies of leadership focus on how a person identified as a leader is behaving or interacting with a group of subordinates. In some cases, this group of subordinates is so large that it comprises an entire organization, and in this way a few studies have looked at the leader's influence on organizational culture (Alvesson & Berg, 1992). Often it is the founder of the organization who is the target of attention in these studies (Pettigrew, Ferlie, & McKee, 1992; Schein, 1985). A few studies have concentrated on leadership in relation to culture change, but in most these cases, the leader is viewed as somebody who exercises a more or less far-reaching influence on an organization's culture (Tzeng & Uzzi, 2000). Typically, such studies focus on top-level leaders opposed to middle management. It is revealing that in Yukl's (1981) extensive review of leadership research, the word culture is only mentioned a few times, and then only as something that is changed as a result of Transformational Leadership (Yukl, 1981, 2002; Yukl & Fleet, 1992). In this study, the researcher identified to what extent Transformational Leadership and Transactional Leadership determine Constructive Culture and Defensive Culture.

Transactional vs. Transformational Leadership

During recent years, many authors have proposed a distinction between managers who rely on their formal position and work mostly with bureaucratic processes, such as planning, budgeting, organizing, and controlling, and leaders who rely on their personal abilities, visions, agendas, and coalition building and who mainly affect people's feelings and thinking by

noncoercive means (Kotter, 1985; Zaleznik, 1989). Zaleznik views the influence of leaders as altering moods, evoking images and expectations, and establishing specific desires and objectives. Zaleznik (1989) concludes, "...the net result of this influence is to change the way people think about what is desirable, possible and necessary" (p.76). The researcher's experience is that most managers have a personal and non-coercive influence beyond pure management, which combines elements of management and leadership. The following definition of the two concepts captures this (Nicholls, 1987).

Management can get things done through others by the traditional activities of planning, organizing, monitoring, and controlling – without worrying too much what goes on inside people's heads. Leadership, by contrast, is vitally concerned with what people are thinking and feeling and how they are to be linked to the environment to the entity and to the job/task. (p.21)

Alvesson (1992) believes this view allows a combination of the two elements, which can be found in the activities of many managers. Leadership is therefore not seen as standing above or being able to change culture, but rather as trying to influence people's minds. While there are many leadership theories, two that have dominated the literature since the 1980s are Transformational Leadership and Transactional Leadership.

Burns (1978) was one of the first to provide an explicit definition of Transformational Leadership. He proposed that the leadership process occurs in one of two ways, either transactional or transformational. Transactional Leadership is based on bureaucratic authority and legitimacy within the organization. Transactional leaders emphasize work standards, assignments, and task-oriented goals. They also tend to focus on task completion and employee compliance and rely quite heavily on organizational rewards and punishments to influence employee performance.

In contrast, Burns characterized Transformational Leadership as a process that motivates followers by appealing to higher ideals and moral values. Transformational leaders must be able to define and articulate a vision for their organizations, and the followers must accept the credibility of the leader. More recently, Bass and Avolio (1994) have developed a theory of Transformational Leadership that is a culmination and extension of earlier work by Bennis (1985), Burns (1978), Tichy and Cohen (1997) and others.

Bass and Avolio (1994) proposed that Transformational Leadership comprises four dimensions. The first dimension is idealized influence. Idealized influence is described as behavior that results in follower admiration, respect, and trust. Idealized influence involves risk sharing on the part of leaders, a consideration of follower needs over personal needs, and ethical and moral conduct. The second dimension is inspirational motivation. This dimension is reflected in behavior that provides meaning and challenge to followers' work. It includes behaviors that articulate clear expectations demonstrating commitment to overall organizational goals. In addition, team spirit is aroused through enthusiasm and optimism. The third dimension is intellectual stimulation. Leaders who demonstrate this type of Transformational Leadership solicit new ideas and creative problem solutions from their followers, and encourage new approaches to job performance. The fourth dimension is individualized consideration. This is reflected by leaders who listen attentively and pay special attention to their follower's achievements and growth needs.

Although the research on Transformational Leadership is relatively new, there is some empirical support for the validity of Bass and Avolio's Transformational Leadership model. Using the Multifactor Leadership Questionnaire (MLQ), Bass and Avolio have found significant relationships across a number of settings between a subordinate's ratings of leader effectiveness and satisfaction with their leaders who are using transformational methods. In addition, there is some evidence that Transformational Leadership is significantly related to other relevant outcomes variables, such as follower's perceptions of role clarity, mission clarity, and openness of communication (Hinkin & Tracey, 1994).

Bass (1990b) defines Transformational Leadership as: (a) idealized influence (attributed and behavior): provides vision and sense of mission, instills pride, gains respect and trust, (b) inspirational motivation: communicates high expectations, uses symbols to focus efforts, expresses important purposes in simple ways, (c) intellectual stimulation: promotes intelligence, rationality, and careful problem solving, (d) individualized consideration: gives personal attention, treats each employee individually, coaches, advises.

Bass (1990a) defines Transactional Leadership as: (a) contingent reward: contracts exchange of rewards for effort, promises rewards for good performance, recognizes accomplishments, (b) management-by-exception (active): watches and searches for deviations

from rules and standards, takes corrective action (c) management-by-exception (passive): intervenes only if standards are not met.

Common themes found in Transformational Leadership research include the leader's ability to: (a) motivate subordinates by focusing on the higher-order needs of purpose, values, and morality (Bass, 1985; Burns, 1978; Yukl, 1998); (b) create and articulate a vision-related goal (Bennis & Nanus, 1985); and (c) empower others to move toward the shared goal and attend to the concerns and developmental needs of followers (Robbins, 1996b). Other promising elements of Transformational Leadership that have received less attention by researchers are: (a) the subordinate's ability to deal with complexity, ambiguity and uncertainty (Robbins, 1996b); (b) the transformational leader's bias toward action (Bennis & Nanus, 1985); and (c) the transformational leader's ability to back decisions made by subordinates (O'Connell, 1995).

Given the significant findings and ongoing interest in the application of Transformational Leadership and Transactional Leadership, using these theories was an appropriate way to determine: To what extent does Transformational Leadership and Transactional Leadership (both individually and as an interaction) predict Constructive Culture and Defensive Culture?

The researcher's experience has been that many organizations are moving from a traditional supervisor and employee relationship, to a team leader and team relationship.

Constructive Culture vs. Defensive Culture

The concept of culture has been central to anthropology and folklore studies for centuries. Practitioners and researchers of these disciplines have produced an enormous body of literature, and during the 1940's and 1950's some of their research dealt directly with the customs and traditions of work organizations (Chapple, 1943; Dalton, 1959; Messenger, 1978; Roy, 1960; Whyte, 1961).

This trend was paralleled in sociology by Jacques (1951) and others, who wrote about the culture of the factory. Although organizational culture studies began to appear around the early 1970's, it was not until the 1980's that management scholars widely adopted the culture concept. In this regard, (Schein, 1985, 1992) was especially influential because he, more than the others, articulated a conceptual framework for analyzing and interviewing in the culture of organizations.

Since the establishment of the organizational culture construct, some organizational researchers have applied ideas directly from Schein (Pedersen, 1989), whereas others have

challenged his approach. For example, subculture researchers have disputed Schein's assumption that organizational cultures are unitary (J. Martin & Siehl, 1983). Other researchers, noting the apparent ambiguity found in culture, have contested the idea that the function of culture is to maintain social structure (Meyerson & Martin, 1987). Still others, generally follow traditions established by Berger and Luckmann (1966) or Schutz (1970), focusing on symbols and symbolic behavior in organizations and interpreting these phenomena in a variety of ways (Alvesson, 1993). However, in spite of all these approaches to understanding organizational culture, Schein's formulation remains the only conceptual model ever offered.

According to Schein, culture exists simultaneously on three levels—on the surface are artifacts, beneath artifacts lie values, and at the core are basic assumptions:

Artifacts and Creations

- Technology

- Art

- Visible and audible behavior patterns

Values

- Testable in the physical environment

- Testable only by social consensus

Basic Assumptions

- Relationship to environment

- Nature of reality, time, and space

- Nature of human nature

- Nature of human activity

- Nature of human relationships

Assumptions represent taken-for-granted beliefs about reality and human nature. Values are social principles, philosophies, goals, and standards considered to have intrinsic worth.

Artifacts are visible, tangible, and audible results of activity grounded in values and assumptions.

Schein (1985) defines culture as:

The pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore, to be taught to

new members as the correct way to perceive, think, and feel in relation to these problems. (p.13)

Schein argued that even though the first two levels reflect culture, only the third is the essence of culture. Essentially, unless the third level (basic assumptions) is addressed, the organizational culture will likely remain the same. Although Schein's separation of levels is an important insight, in contrast to Schein, other authors (Barley, 1985) consider each level to be an important part of the study and understanding of organizational culture.

Finally, although there are many characterizations of the content of culture, it is useful to note distinctions suggested by Davis (1984). He argued that culture is based on internal beliefs about how to manage and external beliefs about how to compete. Saffold (1988) suggested that if the same patterns of belief are shared throughout the company, the culture may be considered a strong one. It is also possible that different units within a company may develop subcultures (J. Martin & Siehl, 1983). Lawrence and Lorsch (1967) inferred that most large companies have

distinct subcultures within different functions. For example: engineering, marketing, research and development, and manufacturing may possibly have different cultures. In contrast, a strong culture or a weak culture may exist where important assumptions or values are not widely shared in an organization, rather, cultures may vary from individual to individual or unit to unit (Glaser, 1983; Riley, 1983).

Avolio and Bass (1991) argue that an organization's culture develops in large part from its leadership and the culture of an organization can also affect the development of its leadership. For example, transactional leaders work within their organizational cultures following existing rules, procedures, and norms; transformational leaders change their culture by first understanding it, then realigning the organization's culture with this new vision and a revision of its shared assumptions, values, and norms (Bass, 1985). Thus, this research did not attempt to encompass all aspects of culture, but rather: (a) select dimensions that analyze the properties of Constructive Culture, and (b) select dimensions that analyze the properties of Defensive Culture. Furthermore, the selected dimensions of Constructive Culture and Defensive Culture were analyzed and correlated to perceptions of Transformational Leadership

and Transactional Leadership styles within different units (e.g., divisions and departments) of an organization.

Both leadership and organizational culture researchers often refer to leadership and culture as “people oriented” or “task oriented” (Bass, 1990a; Cooke & Rousseau, 1988; Harrison & Stokes, 1992; P. Hersey, Blanchard, & Johnson, 2001). Cooke and Lafferty (1994) developed the cultural assessment instrument, Organizational Culture Inventory (OCI) designed to measure three cultural dimensions: constructive (people concerns), passive defensive (task concerns), and aggressive defensive (task concerns). Cooke and Lafferty (1994) depict constructive style cultures as positively associated with individual and organizational effectiveness. Cooke and Rousseau (1988) state, Constructive Culture norms promote job-satisfaction behavior. Based on their model, there are four styles that represent constructive cultural norms: achievement, self-actualization, humanistic-encouraging, and affiliative. The four constructive norms are as follows: (a) An achievement culture characterizes organizations that do things well and values members who set and accomplish their own goals. Members of these organizations set challenging but realistic goals, establish plans to reach these goals, and pursue them with enthusiasm. (b) A self-actualization culture characterizes organizations that value creativity, quality over quantity, and both task accomplishment and individual growth. Members of these organizations are encouraged to gain enjoyment from their work, develop themselves, and take on new and interesting activities. (c) Humanistic-encouraging characterizes organizations that are managed in a participative and person-centered way. Members are expected to be supportive, constructive, and open to influence in their dealings with one another. (d) An affiliative culture characterizes organizations that place a high priority on constructive interpersonal relationships. Members are expected to be friendly, open, and sensitive to the satisfaction of their work group.

In contrast to Constructive Culture styles, Cooke and Rosseau (1988) hypothesize two defensive styles: passive-defensive and aggressive-defensive. According to their model: four styles make up passive-defensive and four styles make up aggressive-defensive. The four passive/defensive cultural styles are as follows: (a) An approval culture describes organizations in which conflicts are avoided and interpersonal relationships are pleasant--at least superficially. Members feel that they should agree with, gain the approval of, and be liked by others. (b) Conventional culture is descriptive of organizations that are conservative,

traditional, and bureaucratically controlled. Members are expected to conform, follow the rules, and make a good impression. (c) Dependent culture is descriptive of organizations that are hierarchically controlled and nonparticipative. Centralized decision-making in such organizations leads members to do only what they are told and to clear all decisions with superiors. (d) An avoidance culture characterizes organizations that fail to reward success but nevertheless punish mistakes. This negative reward system leads members to shift. The four aggressive-defensive cultural styles are: (a) An oppositional culture describes organizations in which confrontation prevails and negativism is rewarded. Members gain status and influence by being critical and thus are reinforced to oppose the ideas of others and to make safe (but ineffectual) decisions. (b) A power culture is descriptive of non-participative organizations structured on the basis of the authority inherent in members' positions. Members believe they will be rewarded for taking charge, controlling subordinates and, at the same time, being responsive to the demands of superiors. (c) A competitive culture is one in which winning is valued and members are rewarded for outperforming one another. People in such organizations operate in a "win-lose" framework and believe they must work against (rather than with) their peers to be noticed. (d) A competence/perfectionistic culture characterizes organizations in which perfectionism, persistence, and hard work are valued. Members feel they must avoid all mistakes, keep track of everything, and work long hours to attain narrowly defined objectives.

Statement of the Problem

To accommodate new technologies and environmental challenges, organizational cultures and leadership are constantly evolving. Cascio (1995) argued that, in particular, Transformational Leadership is required for complex and culturally diverse organizations. Avolio and Jung (1999) argue that both Transformational Leadership and Transactional Leadership are essential for effective leadership, and together, they impact organizational culture.

Burns (1979) popularized the concept of Transformational Leadership and considered transformational leaders to be the most important figures in an organization. Furthermore, Burns argued that the leadership process occurs as either Transformational Leadership or Transactional Leadership. Later research studies showed that Transformational Leadership, rather than replacing Transactional Leadership, augments it. For example, transformational leaders can be transactional when appropriate, according to a number of large-scale surveys of industrial,

military, government, and religious leaders completed by Bass and Avolio, and their colleagues, as well as other researchers (Deluga, 1990; Hoover, 1991; Howell & Avolio, 1993). According to Bass (1985) transformational leaders change culture by realigning the organizational culture with new visions. Transactional leaders, in contrast, sustain the existing organizational culture.

Schein (1992) argued that an organization's culture is manifested in norms, shared values, and basic assumptions. Other researchers have identified components of organizational culture as well. Sergiovanni (1984) asserted that the framework of culture includes customs and traditions; historical accounts; stated and unstated understandings; habits, norms, and expectations; and common meanings and shared assumptions. Wilkins (1985) believed that stories were important indicators of the values participants shared, the social prescriptions concerning how things are to be done, and the consequences of compliance or deviance. Pondy (1983) viewed myths and metaphors as key elements of culture. Conner and Lake (1988) included language, symbols and stories, and rites as indicators of the values and norms embedded in an organization's culture. Ironically, organizational culture researchers attribute very little of an organization's culture to leadership.

After a thorough review of organizational culture and leadership literature, the researcher recognized a contradiction in the literature. Some researchers (Avolio & Bass, 1991; Deluga, 1990; Hoover, 1991; Howell & Avolio, 1993) argue that organizations develop largely from their leadership (transformational and transactional) styles. On the other hand, others (Conner & Lake, 1988; Pondy, 1983; Schein, 1992; Sergiovanni, 1984; Wilkins, 1985), assert that culture is developed by groups within an organization or by the organization as a whole.

Although a large number of studies have examined possible relationships between leadership and effectiveness (Argyris, 1984; Fiedler & Chemers, 1984; I. F. Halpin, 1991), as well as between leadership and organizational change (Cronin, 1996; Gilmore, 1988; Rosen, 1969), few studies have examined the relationship between organizational culture and leadership styles. Moreover, the researcher found even fewer studies that discussed the impact of Transformational Leadership and Transactional Leadership on Constructive Culture and Defensive Culture. Strong arguments are made in the literature for expecting a significant relationship between leadership and organizational culture, from both a cultural perspective (Peters & Waterman, 1982; Schein, 1985) and from a leadership perspective (Bass, 1985; Bond, Peterson, Tayeb, Misumi, & Smith, 1989; Burns, 1978, 1979). This study investigated the

relationship of subordinates' perceptions of Transformational Leadership and Transactional Leadership styles to subordinates' perceptions of Constructive Culture and Defensive Culture styles.

Purpose of the Study

The purpose of this study was to test a predictive model of several components of organizational culture and leadership styles in a large sample of municipal employees using three sets of predictors: demographic/employment status of employees, measures of employees' judgments of their supervisor's Transactional Leadership styles, and measures of employees' judgments of their supervisor's Transformational Leadership style. To what extent does Transformational Leadership and Transactional Leadership (both individually and as an interaction) predict Constructive Culture and Defensive Culture?

The researcher decided to focus on the above question by addressing a gap in the literature. The literature provided no clarification of the relationship between Transformational Leadership and Transactional Leadership and how these processes contributed to an organizational culture (i.e., constructive and defensive within an organization).

Various research has been conducted on both leadership and organizational culture. However, the relationship between the two concepts has been given much less attention (Alvesson, 1993; Butler, Cantrell, & Flick, 1999; Howell & Hall-Marenda, 1999). Additionally, a majority of leadership research has been done on top executive management and has embraced a narrow definition of leadership (Ayman, Chemers, & Fiedler, 1995). McCall (1978) suggested that a leadership team of an organization does not act in isolation, but within the context of the organizational environment. The leadership of an organization is bound to affect the culture, but why and to what extent is unclear. Therefore, this research focused on mid-level managers and supervisors, who exhibit both transformational and transactional behaviors.

Research Hypotheses

The goal of this research was to examine the relationship of organizational culture and leadership. Moreover, to test a predictive model using three sets of predictors: demographic/employment status of employees, measures of employees' judgments of their supervisor's Transactional Leadership styles, and measures of employees' judgments of their supervisor's Transformational Leadership style.

The goal was achieved by answering the following four hypotheses:

Hypothesis 1a: After controlling for the effects of demographics and the two MLQ transactional scores, MLQ transformational scores will add significant variance in predicting Constructive Culture.

Hypothesis 1b: After controlling for the effects of demographics and the two MLQ transactional scores, MLQ transformational scores will add significant variance in predicting Defensive Culture.

Hypothesis 2a: After controlling for the effects of demographics and the MLQ transformational score, the combination of the two MLQ transactional scores will add significant variance in predicting Constructive Culture.

Hypothesis 2b: After controlling for the effects of demographics and the MLQ transformational score, the combination of the two MLQ transactional scores will add significant variance in predicting Defensive Culture.

Hypothesis 3a: After controlling for the effects of demographics, MLQ transformational and the combination of the two MLQ transactional scores, the three interaction terms (MLQ transformational * MLQ management-by-exception-active, and MLQ transformational * MLQ management-by-exception-passive) will add significant variance in predicting Constructive Culture.

Hypothesis 3b: After controlling for the effects of demographics, MLQ transformational scores and the combination of the two MLQ transactional scores, the three interaction terms (MLQ transformational * MLQ management-by-exception-active, and MLQ transformational * MLQ management-by-exception-passive) will add significant variance in predicting Defensive Culture.

Hypothesis 4: Based on exploratory factor analysis (Principal Components with Varimax rotation), the four-items from the contingent reward scale and the twenty-items from the transformational scale will have an overlapping factor structure.

The researcher selected dimensions that analyze properties of constructive styles as well as properties of defensive styles within an organizational culture. Furthermore, selected dimensions (Constructive Culture and Defensive Culture) were analyzed and correlated with the

perceptions of Transformational Leadership and Transactional Leadership styles within different divisions and departments of an organization.

Significance of Research

Organizations invest considerable time, effort, and money into initiatives that are designed to gain a better understanding of their culture and the performance needs of employees, particularly managers and leaders. Identifying which leadership styles work best for their organization and determining what type of culture exists requires critical, accurate, and reliable measurement.

This research utilized two concepts: leadership theory (Transformational Leadership and Transactional Leadership) and organizational culture theory (Constructive Culture and Defensive Culture) to analyze the relationship of organizational culture to leadership styles. The research significantly determined how much the relationship of Transformational Leadership and Transactional Leadership predicts the criterion variables, Constructive Culture and Defensive Culture, within an organization's culture. More specifically, the research identified the relationship of Transformational Leadership and Transactional Leadership and correlated selected dimensions that analyze properties of constructive and properties of defensive within an organization's culture to determine predictability.

Conclusion

This dissertation is organized into four remaining chapters: literature review, methods, results, and discussion. An examination of leadership theory and organizational culture theory can be found in Chapter II, Literature Review. Transformational Leadership, Transactional Leadership, and organizational culture (Constructive Culture and Defensive Culture) are highlighted, 4 hypotheses are offered to determine the significant levels, which contribute to an organizational culture from the perspective of both Transformational Leadership and Transactional Leadership styles.

Chapter III provides a detailed description of the parameters involved and method employed in answering or testing the hypotheses. Background information on the context of this study is provided, along with specifications for research design, procedures, instrumentation, and data analysis.

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 the dissertation.

CHAPTER II

LITERATURE REVIEW

Introduction

The study of leadership has spanned across cultures, decades, and theoretical beliefs. A summary of what is known and understood about leadership is important to conducting further research analyzing the relationship of Transformational Leadership and Transactional Leadership styles to their contribution to leadership and groups within an organization.

This literature review examines leadership theories, organizational culture theories, and an assessment of the relationship between these concepts. The leadership concepts explored include trait theories, behavioral theories, situational theories, leadership and management theories, leadership and management studies, Transformational Leadership and Transactional Leadership theories, and Transformational Leadership and Transactional Leadership studies.

In addition, a review of culture concept theories, organizational culture theories, organizational culture research, and levels of organizational culture, following a summary and critical analysis of the literature.

Trait Theories

In a comprehensive review of leadership theories (Stogdill, 1974), several different categories were identified that capture the essence of the study of leadership in the twentieth century. The first trend correlated leadership with the attributes of great leaders. Leadership was attributed to the supposedly innate qualities with which a person is born (Bernard, 1926). It was believed that if the traits that differentiated leaders from followers could be identified, successful leaders could be quickly assessed and put into positions of leadership. Researchers examined personality, physical, and mental characteristics. The studies were based on the idea that leaders were born, not made, and the key to success was simply in identifying those people who were born to be great leaders. Though much research was done to identify the traits, researchers were unable to find traits that were consistently associated with great leadership.

The earliest theories of leadership focused on the deeds of great men. For example, “without Moses, the Jews would have remained in Egypt and without Winston Churchill the British would have given up in 1940”(Bass, 1990a). Scrutiny of such heroic accolades gave rise

to the ‘Great Man’ theory of leadership, which contends that leaders are born, not made. This theory proposed that certain individuals are endowed with leadership traits that cannot be learned (Cawthon, 1996).

Characteristics of great men included intelligence, energy, power, and influence. Early theorists such as Galton (1869) and Woods (1913) contended that great men were naturally endowed with characteristics obtained by virtue of inheritance. These characteristics naturally allowed them to lead others.

Great men were also considered biologically superior. Their lineage supposedly paralleled the “survival of the fittest” concept and they extended from the upper classes of society (Wiggam, 1931). The contention was that every society had individuals who possessed the superior traits required to lead the masses (Dowd, 1936), and these individuals would rise to the occasion when necessary.

Given the assumption that superior qualities separated leaders from followers, researchers then began to focus on identifying those qualities, which ultimately led to the introduction of trait theories of leadership (Bass, 1990b). Researchers such as Kohs and Irle (1920), Bernard (1926), Bingham (1927), Tead (1929), Page (1935), Kilbourne (1935), Bird (1940), Smith and Krueger (1933), and Jenkins (1947) all explained leadership in terms of traits of personality and characteristics. Emphasis on the pure trait theory of leadership remained dominant until the 1940s (Bass, 1990a).

Behavioral Style Theories

A second major thrust looked at leadership behaviors in an attempt to determine what successful leaders do, not how they look to others (A. W. Halpin & Winer, 1957; Hemplin & Coons, 1957). These studies began to look at leaders in the context of the organization, identifying the behaviors leaders exhibit that increase the effectiveness of the company. More specifically, researchers wanted to describe “individuals’ behaviors while they acted as leaders of groups or organizations” (Bass, 1990a). Hemphill (1949) and his associates are credited with being the first to investigate such behaviors. Hemphill’s and Coons (1957) research ultimately resulted in two primary leadership components: *initiation of structure* and *consideration* (A. W. Halpin & Winer, 1957); (Fleishman, 1951); (Fleishman, 1953); (Fleishman, 1957).

Fleishman and Harris (1962) defined consideration and initiating structure as follows:

Consideration: Includes behavior indicating mutual trust, respect, and a certain warmth and rapport between the supervisor and his group. This does not mean that this dimension reflects a superficial “pat-on-the-back,” “first name calling” kind of human relations behavior. This dimension appears to emphasize a deeper concern for group members’ needs and includes such behavior as allowing subordinates more participation in decision making and encouraging more two-way communication. Initiating Structure: Includes behavior in which the supervisor organizes and defines group activities and his relation to the group. Thus, he defines the role he expects each member to assume, assigns tasks, plans ahead, establishes ways of getting things done, and pushes for production. This dimension seems to emphasize overt attempts to achieve organization goals (p. 43-44).

This separation of leadership behaviors into two distinct constructs marked the beginning of a continuing effort to describe leadership behaviors as a phenomenon. Considered “classic” among leadership dichotomies (Denison, Hooijberg, & Quinn, 1995), consideration and initiating structure also provided the framework for characterizing leadership behaviors as either relations-oriented or task-oriented.

The well-known and documented Michigan and Ohio State leadership studies took this approach. Two primary, independent factors were identified by these studies: consideration and initiation of structure. Research was simultaneously being conducted in other universities, and similar results were found. The impact of this work was partly the notion that leadership was not necessarily an inborn trait, but instead, effective leadership methods could be taught to employees (Saal & Knight, 1988). These researchers were making progress toward identifying the behaviors that differentiated leaders from followers so those behaviors could be taught. Another impact of this line of thinking dealt with the broadening of management’s focus to include people-oriented as well as task-oriented activities.

Furthering this work, Blake, Shepard, and Mouton (1964) also developed a two-factor model of leadership behavior similar to that found at Ohio State and Michigan Universities. They called the factors “concern for people” and “concern for output” (p. 37). They later added a third variable, that of flexibility. According to these studies, managers exhibit behaviors that fall into two primary categories (task or people). Depending on which category was shown most frequently, a leader could be placed along each of the two continua. The outcome of this research was primarily descriptive and helped categorize leaders based on their behavior.

Leadership versus Management

Some researchers have chosen to look at this either/or phenomenon by developing theoretical models around the dual concepts of leadership versus management (see Table 2.1). A review of these descriptions also reveals a relations-oriented versus task-oriented focus. For instance, Bennis and Nanus (1985) contrast a focus on people with a focus on systems and structures. Kotter (1990) contrasted motivating and inspiring versus controlling and problem solving. Zaleznik (1977) differentiates between a concentration on what things mean to people versus concentrating on how things get done. Eicher (1999) supported inspiring others against directing operations.

Further examination of these leadership and management distinctions highlights the freedom researchers use in interchanging terms. For example, Bennis and Nanus's (1985) leadership behavior of focus on people is similar to Kotter's (1990) motivating and inspiring, Zaleznik's (1977) focus on what events mean to people, and Eicher's (1998) inspiring others.

An examination of the management behaviors reveals an equal similarity with word or phrase exchanges. First, "relies on control" (Bennis & Nanus, 1985) is similar to "emphasis on rationality and control" (Zaleznik, 1977). Second, "short-range view" (Bennis & Nanus, 1985) is similar to "maintaining focus on present needs" (Eicher, 1998). Finally, "accepts the status quo" (Bennis & Nanus, 1985) is similar to "tolerates mundane and practical work" (Zaleznik, 1977).

Other approaches to addressing the task-oriented versus relations-oriented dichotomy can be found when examining theoretical models that discuss the single concept of leadership by using an either/or methodology. Bass (1990b) presents a rational view of these approaches in a characterization of autocratic versus democratic leadership concepts (see Table 2.2).

In presenting his chronology, Bass (1990b) commented that the examination of leadership from dual perspectives has been seen throughout history. Bass also found the same interchange of terminology between his autocratic and democratic characterizations that exist in the literature concerning leadership and management.

Table 2.1: Leadership versus Management Descriptions

Source	Leadership Behaviors	Management Behaviors
<i>Zaleznik (1977)</i>	adopts a personal and active attitude toward goals, are proactive, develop fresh ideas, explore new options, develop excitement in others, accept high-levels of risk, seek out opportunities, concerned with ideas, relates to people in intuitive ways, focus on what events mean to people, attract strong feelings of identity, are able to intensify individual motivation	adopts an impersonal/passive attitude toward goals, reactive, emphasis on rationality and control, focus on strategies and decision making, planning, rewarding, punishments, emphasis on acceptable compromises, limit choices, operates using a survival instinct, tolerates mundane and practical work, relates to people according to the other person's role, focuses on how things get done, communicates to subordinates indirectly, uses inconclusive signals when communicating
<i>Bennis & Nanus (1985)</i>	innovative, original thinking, develops, focuses on people, inspires trust, long-range perspective, originates, challenging, does the right thing	administers, copies, maintains, focuses on systems and structure, relies on control, short-range view, imitates, accepts status quo, does things right
<i>Kotter (1990)</i>	coping with change, setting a direction, aligning people, motivating and inspiring	coping with complexity, panning and budgeting, organizing and staffing, controlling and problem solving
<i>Eicher (1998)</i>	guiding others and the organization, personally developing others, promoting opportunities for growth, being future oriented, embracing uncertainty, communicating organization direction, developing key relationships, inspiring others	administering rules and policies, demonstrating and clarifying expectations, setting standards of performance, improving operations, maintaining focus on present needs, directing operations, developing the organization, reinforcing performance

Table 2.2: Bass's (1990a) Conception of Autocratic and Democratic Leadership

Source (by year)	Autocratic and/or Work-related Concepts	Democratic and/or Person-related Concepts
1938; Lewin and Lippitt	Authoritarian, autocratic	Democratic
1949; Nelson	Directive, regulative, manipulative	Employee centered
1950; Katz, and Maccoby	Production centered	Employee centered
1951; Hemphill, and Seigel	Initiating structure	Considerate
1957; Fleishman	Production emphasis	Employee emphasis
1958; Kahn	Path-goal structuring, modifying goals, enabling achievement	Direct need satisfaction
1960; Cartwright and Zander	Goal achievement oriented	Group maintenance oriented
1960; McGregor	Theory X	Theory Y
1960; Bass	Coercive, persuasive	Permissive
1961; R. Likert	High performance, technical, close supervision	Supportive, group methods, general supervision
1962; Blau and Scott	Distant, formal, aloof, cold	Close, informal, warm
1964; Blake and Mouton	“9,1” (production, not employee concerned)	“1,9” (employee, not production concerned)
1964; Day and Hamblin	Punitive	Nonpunitive
1965; F. C. Mann	Administrative, technical	Human relations oriented
1966; Bowers and Seashore	Work facilitative, goal emphasizing	Interaction facilitative, supportive
1966; P. J. Burke	Directive	Nondirective
1967; Bass	Task, self-oriented	Interaction-oriented
1967; Fiedler	Task oriented	Relations oriented
1967; R. Likert	Systems I and II	Systems III and IV
1969; Heller	Coercive, directive	Joint decision making
1970; Wofford	Order, achievement, personal enrichment	Personal attraction, security and maintenance
1971; Yukl	Decision centralization, initiation	Considerate
1974; D. R. Anderson	Traditional, prescriptive	People centered, supportive
1974; Bass and Valenzi	Directive, negotiative (manipulative), persuasive	Consultative, participative, delegative
1974; Zaleznik	Charismatic	Consensual
1974; Vroom and Yetton	A (decision)	C, G (decision)
1976; Flowers	Closed	Open
1976; Keller and Szilagyi	No rewarding	Rewarding
1985; Misumi	Performance leadership	Maintenance leadership

For example, Bass explains that autocratic and/or authoritarian (Lewin, 1998) leadership is also described as directive (Bass, 1990a); (Heller, 1969).

Similarly, Bass (1990a) commented that Theory X (McGregor, 1960) is also defined as coercive and persuasive (Bass, 1973) or concerned with production (Blake & Mouton, 1964). The same situation exists with the democratic and/or person-related concepts. For instance, it is not difficult to find commonalities in the terms “employee-centered” (Katz, Maccoby, & Morse, 1950) and “employee emphasis” (Fleishman, 1957). A similar argument could be made for the phrases “human-relations-oriented” (Mann, 1965), “relations-oriented” (Fiedler, 1967), and “people-centered” (Anderson, 1974).

Additionally, like the models that depict leadership versus management, (Bass, 1990b) presentation of autocratic versus democratic leadership concepts reveals a similar separation into categories of relations-oriented versus task-oriented behaviors.

Given that “there are almost as many definitions of leadership as there are persons who have attempted to define the concept” (Stogdill, 1974, p. 259), and that “there are almost as many definitions of management as there are writers in the field” (Hersey & Blanchard, 1969, p. 3), arriving at a coherent and comprehensive definition of leadership or management poses a daunting task.

However, early research does provide some guidance. For instance, Lewin & Lippitt (1938) studied several groups of fifth- and sixth-graders, composed of five members each. Their goal was to investigate the types of behaviors that distinguished authoritarian/autocratic groups from democratic groups. They found that authoritarian/autocratic leadership behaviors involved a focus on goals and tasks, as well as denying others involvement in the decision-making process. Contrarily, democratic leadership behaviors included praise, invitation to participate, and encouragement.

Nelson (1949), looked at democratic leadership. However, he compared and contrasted democratic leadership with leadership behaviors that were directive, regulative, and manipulative. Two conclusions he drew from his studies of the leadership styles of 220 supervisors in a manufacturing organization were that (a) task-directed leadership behaviors involved initiating structure, providing information about tasks, issuing rules, and threatening punishment for disobedience; and (b) democratic leadership behaviors included two-way interactions with workers and emphasis on human relations.

Fleishman's (1957) conclusions regarding the task-oriented versus relations-oriented dimensions of leadership evolved from his validity and reliability studies on the Leader Behavior Description Questionnaire (LBDQ), which measured the constructs of consideration and initiating structure. Consideration included relations-oriented behaviors and initiating structure included task-oriented behaviors. Fleishman (1957) concluded: "These scales were shown to be independent and reliable" (p.118).

Stogdill (1963) also looked at the types of behaviors that represented consideration and initiating structure. He included the following in his descriptions:

1. Initiating structure (production emphasis)-applies pressure for product output, clearly defines own role, and lets followers know what is expected.
2. Consideration (people emphasis)-regards comfort, well-being, status, and contributions of followers.

While a review of these early descriptions supports the enduring characterizations of task-oriented versus relations-oriented behaviors as referenced by Bass (1990a), the issue over semantics remains. This results in an expansive array of terms being used as common practice. Consider the following statement from (Akhtar & Haleem, 1979) who presented some findings involving consideration and initiating structure:

Review of the literature in this area brings to light a few facts. Firstly, 'employee-oriented', 'employee-centered,' 'supportive and 'considerate' are the various terms that have been used interchangeably. Similarly, 'production-centered,' 'job-centered,' and 'initiating structure' have been used (p. 90).

An outcome of this lack of clarity regarding terminology has resulted in different configurations of behaviors that describe leadership and management. This has resulted in sharp disagreements over the amount of intermingling that exists between leadership and management behaviors (Yukl, 1989). Some researchers present leadership and management as two distinct categories of behaviors and see no intermingling of those behaviors. They primarily describe leadership behaviors as being relations-oriented and management behaviors as being task-oriented (Bass, 1990b). Other researchers suggest that leadership and management represent a mixture of both task-oriented and relations-oriented behaviors, with leadership having some task-oriented behaviors and management having some relations-oriented behaviors.

Situational Theories

A third approach to describing the best leadership methods discussed the interaction between the leader's traits, the leader's behaviors, and the situation in which the leader existed. This concept was a major insight at the time, because it opened the door to the possibility that leadership could be different in every situation (Saal & Knight, 1988). A more realistic view of leadership emerged from this idea, allowing for the complexity and situational specificity of overall effectiveness. Several different contingencies were identified and studied, but it is unrealistic to assume that any one theory is more or less valid or useful than another.

McGregor's (1960) Theory X and Theory Y model proposed two distinct theories of human beings: One negative, labeled Theory X; and the other positive, labeled Theory Y. His theories contended that managerial behaviors are based on assumptions about employees. A Theory X assumption includes the belief that employees dislike work and will avoid it if possible. Managerial behaviors in this instance include coercing employees, controlling their tasks and activities, and directing their behaviors. A Theory Y assumption includes the belief that employees can view work as a positive experience given the right conditions. Managerial behaviors in this instance include providing encouragement, positive reinforcement, and rewards.

Guest, Hersey and Blanchard's (1977) situational leadership theory claims that leadership behaviors fall into two dimensions: (a) leaders concern with the task (structuring or task orientation), and (b) leaders' concern with the relationship (socio-emotional support or relationship orientation). These behaviors are labeled as delegating, participating, selling, and telling.

As an employee becomes mature (i.e. grows in capacity, ability, education, experience, motivation, self-esteem, confidence), the need for socio-emotional support increases, while the need for structure declines. Beyond a certain level of maturity, the need for both types of orientation decreases. In other words, as the employee matures, selling and telling are replaced with negotiating and participating, and all are eventually terminated or applied only on an as needed basis.

One such theory considered two variables in defining leader effectiveness: (a) leadership style and (b) the degree to which the leader's situation is favorable for influence (Fiedler, 1967). Fiedler's concept of situational favorability, or the ease with which leaders influence followers, was defined as the combination of leader-member relations, task structure, and power.

Measuring each combination of variables, Fiedler came up with eight classifications of situational favorability. He then developed a questionnaire to measure leader style, called the Least Preferred Co-worker scale (LPC). Through his research, he found that certain leadership styles were more effective in certain situations.

House's and Mitchell's (1974) path-goal theory, which evolved from the expectancy theory of motivation, suggests that leadership behaviors (which increase the opportunities for goal achievement) will result in greater employee motivation and satisfaction. The essence of such behaviors includes clarifying goals for employees as well as explaining the paths to achieving those goals. House (1971) hypothesized that the leadership behaviors of initiating structure and consideration influenced employee satisfaction and motivation to pursue goals. The importance of the followers in leadership emerged (House & Mitchell, 1974), and leadership was seen as an interaction between the goals of the followers and the leaders.

In addition, the path-goal theory suggests that leaders are primarily responsible for helping followers develop behaviors that will enable them to reach their goals or desired outcomes (House & Dessler, 1974). Variables that influence the most effective leader behavior include: (a) the nature of the task (whether it is intrinsically satisfying), (b) autonomy levels of the followers, and (c) follower motivation. A somewhat limited view of leadership was developed by Vroom and Yetton (1973). The Vroom-Yetton theory described what leaders should do given certain circumstances with regard to the level of involvement of followers in making decisions. Following a decision tree that asks about the need for participation, a conclusion can be drawn about how the leader should go about making the decision to be most effective.

Vroom and Yetton (1973) created the Vroom-Yetton model of leadership. A decision-making model, its premise is that the most effective leadership decision style depends on whether the leader desires a high-quality decision or is more concerned with subordinates' acceptance of the decision. The model's purpose is to predict when leaders should or should not allow subordinates to participate in the decision-making process. It is composed of seven rules from the decision-making literature, which three rules focus on decision quality and four emphasize decision acceptance. In effect, a leader can choose to be autocratic and make decisions without input from employees or display democratic behaviors and encourage participation and input.

The situational aspect of Fiedler's (1967) theory exists because he indicated that leaders (and non-leaders) should be placed in situations that complement their preferences toward task-oriented versus leadership-oriented behaviors. Such placements are based on the "favorability" of the group to be led. In this context, favorability means that the task is structured, clear, simple, and easy to solve, and the leader has positional power and legitimacy (Fiedler, Chemers, & Mahar, 1976). This combination of attributes creates situations in which individuals who prefer task-oriented behaviors should lead groups where conditions are very unfavorable (high structure and power) or unfavorable (low structure and power), and individuals who prefer relations-oriented behaviors should lead groups where conditions are neither high nor low in favorability (medium structure and power).

Fiedler's (1967) Least Preferred Coworker (LPC) model offered another way to distinguish between leadership behaviors that were task-oriented versus relations-oriented. His model holds the distinction of being "the most widely researched on leadership" (Bass, 1990a, p. 494). In describing their Least Preferred Coworker, individuals select terms that characterize the other individual as having a "task emphasis" or a "relations emphasis." Individuals who select negative behaviors (i.e. unfriendly, rejecting, and frustrating) to characterize their Least Preferred Coworker are considered to prefer a relations-oriented leadership style. On the other hand, individuals who choose positive behaviors (i.e. friendly, accepting, satisfying) to describe their Least Preferred Coworker are believed to prefer a task-oriented leadership style.

Other leadership theories emerged out of this work, including the vertical dyad linkage theory, also known as the leadership-member exchange theory (Graen, 1976). This theory explains the nature of the relationship between leaders and followers and the way this relationship influences the leadership process. Graen categorized employees into two groups: the in-group and the out-group. The relationship between the leader and each group is different, thus affecting the type of work members of each group are given. Research has generally supported this theory, and its value deals with the investigation of each follower's relationship with the leader as opposed to a general or average leadership style (Graen & Cashman, 1975).

Herzberg's (1964) research differentiated between elements in the workplace that led to employee satisfaction and dissatisfaction, posing that they are thought of as two different continua instead of two ends of the same continuum. Those elements that cause satisfaction can be thought of as motivators, because employees are motivated to achieve them. The other set of

elements Herzberg labeled hygiene factors, because they are necessary to stop employee dissatisfaction. This theory is associated with leadership because leaders may be interested in reducing dissatisfaction and developing an environment more conducive to increase employee satisfaction and possibly performance.

Leadership and Management Studies

Studies looking at leadership and management are extensive. In Bass's (1990a) discussion of large-scale, long-term comparisons of autocratic and democratic systems, he refers to several of the over 500 studies compiled between 1950 and 1977 at the University of Michigan. Bass (1990a,) describes the massiveness of this research:

The more than 500 studies completed by 1977 were carried out in petroleum, automotive, pharmaceuticals, investment banking, insurance, delivery service, publishing, utilities, textiles, office equipment, packaging, papermaking, and railroad companies. Research also was done in governmental organizations, hospitals, schools, colleges, correctional institutions, military organizations, and voluntary organizations. Data were obtained from more than 20,000 managers at all hierarchical levels and more than 200,000 non-supervisory employees. (p. 430)

Like the categorizing of behaviors, findings involving the effects of leadership and management behaviors have produced mixed results. In general, findings suggest that management behaviors are more effective than leadership behaviors, and conversely, that leadership behaviors are more effective than management, and that the combination of management and leadership behaviors is more effective when displayed together.

Studies on Leadership Behaviors

Several studies from Bass's (1990a) list of autocratic versus democratic leadership concepts provide examples for leadership and management behaviors. One such illustration comes from Katz, Maccoby, and Morse (1950), whose focus involved production centered versus employee-centered leadership. From their studies involving 24 section heads and 419 non-supervisory employees in high and low productivity sections, they concluded that supervisors in high-producing groups exhibited more employee-oriented behaviors rather than production-oriented behaviors.

Fleishman and Harris (1962) looked at the impact that initiating structure and consideration had on labor grievances and employee turnover. From their examination of 57 production supervisors and their work groups, they pronounced: “both grievances and turnover were highest in groups having low consideration foremen, regardless of the degree of Structuring behavior shown by these same foremen”. (p. 62)

Three other researchers, House, Filley, and Derr (1971) and Polsby (1971), looked at how initiating structure and consideration affected job satisfaction. Their study involved three large organizations where participants numbered 118, 234, and 104. While there were some variations, results from all three companies revealed a positive correlation between consideration and job satisfaction.

Another case comes from Meyer (1968) who investigated the effect of leadership perceptions regarding Theory X and Theory Y. Meyer explored these theories by studying two plants of employees, one managed according to Theory X and the other according to Theory Y. Findings revealed that workers who were exposed to Theory Y leadership behaviors had a more positive experience and as a result felt greater responsibility, more warmth, and personally rewarded.

Management Behaviors Studies

The military is one group that tends to value the use of authoritarian/autocratic over democratic leadership behaviors (Bass, 1990a). In their study of 30,735 U.S. Army superiors, peers, and subordinates of commissioned and non-commissioned officers, Penner, Malone, Coughlin, and Herz (1973) found that superiors gave higher performance ratings to officers who displayed authorization/autocratic leadership behaviors.

Supportive evidence for management over leadership behaviors can be found in many studies. One such study comes from Hodge (1976) who found that first-line managers felt more satisfied with superiors (second-level managers) who displayed higher levels of initiating structure behaviors. Another comes from Dunteman and Bass (1963) who studied foremen who displayed relations-oriented versus task-oriented behaviors. They reported that groups whose leaders portrayed task-oriented behaviors were more productive. Finally, in a study of one state mental health institution, Hunt and Larson (1974) found that initiating structure leadership behaviors were more highly related to group performance than consideration behaviors.

Studies on Leadership and Management Behaviors

Studies in this area come from the use of various leadership and management models. Klimoski and Hayes (1980) looked at task-oriented versus relations-oriented leadership in the production department of a large information-processing firm. After examining the relationships between effort, performance, and satisfaction of 241 assistants, they concluded that all three outcomes were enhanced if the supervisors demonstrated behaviors that were both task-centered and supportive.

In a study of situational leadership, Hambleton and Gumpert (1982) found that when the supervisors of 189 employees applied the Hersey and Blanchard (1982) model, the job performance of those employees increased. A final positive finding comes from Blake and Mouton's (1964) Managerial Grid. After a study of 716 managers from a single firm, Blake and Mouton reported that managers who displayed a combination of people-oriented and production-oriented behaviors advanced more quickly in their careers than managers with other styles.

Transformational Leadership and Transactional Leadership Theories

Using situational theories as support, additional leadership theories have emerged over the past 15 years. This is represented by the comparison of transactional versus Transformational Leadership. For example, Transactional Leadership stems from more traditional views of workers and organizations, and it involves the position power of the leadership; however, it searches for ways to help motivate followers by satisfying higher-order needs and more fully engaging them in the process of the work (Bass, 1985).

It was Burns (1978) who introduced the theories of Transformational Leadership and Transactional Leadership, for which he gave the following definitions:

1. Transformational Leadership-consists of behaviors that inspire followers with the personal desire to achieve goals.
2. Transactional Leadership-consists of behaviors that obtain commitment for the achievement of goals through a promise of rewards or agreed upon exchanges and by taking corrective actions for inadequate performance.

For Burns (1978) these two types of leadership behaviors were separate and existed at opposite ends of the spectrum. In other words, a leader was either transformational or transactional.

Expanding on Burns's (1978) work, Bass (1985) conceived that Transformational Leadership and Transactional Leadership were not two distinct behaviors. Rather, such behaviors existed together and in some instances complemented each other. Bass (1990b) used several factors to differentiate between transactional and Transformational Leadership (see Table 2.3).

Table 2.3: Bass's (1990b) Descriptions of Transformational and Transactional Leadership

<p>Transformational Leadership</p> <p><i>Idealized Influence (attributed and behavior):</i> provides vision and sense of mission, instills pride, gains respect and trust</p> <p><i>Inspirational Motivation:</i> communicates high expectations, uses symbols to focus efforts, expresses important purposes in simple ways</p> <p><i>Intellectual Stimulation:</i> promotes intelligence, rationality, and careful problem solving</p> <p><i>Individualized Consideration:</i> gives personal attention, treats each employee individually, coaches, advises</p>
<p>Transactional Leadership</p> <p><i>Contingent reward:</i> contracts exchange of rewards for effort, promises rewards for good performance, recognizes accomplishments</p> <p><i>Management-by-exception (active):</i> watches and searches for deviations from rules and standards, takes corrective action</p>

Bass (1985) saw the two theories as alternative styles of leadership, with Transformational Leadership having the greatest power to engender loyalty and commitment. This was because leaders who exhibited transformational behaviors “motivate their followers by raising their followers’ level of awareness about the importance and value of designated outcomes, and by transforming followers’ personal values to support the collective goals/vision for their organization” (Jung, 2000-2001, p. 949).

A review of the definitions Bass (1990) used to describe the different components of Transformational Leadership and Transactional Leadership reveals a similarity to the

terminology used to distinguish between leadership behaviors that are task-oriented and relations-oriented; between the dichotomous constructs of leadership versus management; and between the concepts of autocratic versus democratic leadership. For instance, the Transformational Leadership behaviors of instilling pride, gaining respect and trust, giving personal attention, coaching, and advising are found in words or phrases used to describe leadership behaviors in Table 1. Likewise, the Transactional Leadership behaviors of contracting exchange of rewards for effort, promising rewards for good performance, and recognizing accomplishments are equally comparable to the lists of management behaviors. A similar link can be made with the autocratic versus democratic terminology used in Table 2.2.

Transformational Leadership and Transactional Leadership Studies

Studies examining the effects of Transformational Leadership and Transactional Leadership number in the hundreds (Bass, 1998) and continue today. Many of those have found more positive outcomes related to Transformational Leadership.

Waldman, Bass, and Einstein (1987) discovered that employees who worked for transformational leaders were more satisfied with their performance appraisals than those whose leaders exhibited Transactional Leadership behaviors. Affirming their findings, Seltzer and Bass (1990) reported that subordinates perceived transformational leaders as more effective than transactional leaders.

Litwin and Stringer (1966) organized 45 business students into three hypothetical firms and created three different business climates: (a) an authoritarian structured climate, (b) a democratic climate, and (c) a transformational (achieving) climate. The firm in which the presidents (leaders) exhibited Transformational Leadership behaviors had the greatest dollar volume in sales, number of new products, and cost-saving innovations.

Jung (2000-2001) investigated the effects of Transformational Leadership and Transactional Leadership on work groups. Jung's participants included 194 undergraduate students from several upper division business courses at a large public university. Results of the study indicated that Transformational Leadership promoted higher levels of creativity among group members.

Butler Cantrell, and Flick (1999) found a positive relationship between Transformational Leadership and satisfaction with supervisors and trust. (MacKenzie, 2001) reported a strong direct and indirect relationship with performance and Transformational Leadership. (Hoover,

1991) revealed that Transformational Leadership was positively correlated with perceptions of superiors' effectiveness. Yammarino, Spangler, and Bass (1993) discovered correlations between performance and Transformational Leadership.

There have also been positive associations between Transformational Leadership and the contingent reward component of Transactional Leadership. In a study of the impact of leader-member exchange, Transformational Leadership, and Transactional Leadership, Howell and Hall-Marenda (1999) found the relationship between Transformational Leadership and Transactional Leadership, perceived by employees as a positive influence. Finally, Jung and Avolio (2000-2001) used path analysis to determine the effect that Transformational Leadership and Transactional Leadership had on followers' trust and value congruence. They concluded that Transformational Leadership had both direct and indirect effects and Transactional Leadership had indirect effects.

Researchers have consistently reported that laissez-faire leadership styles (neither transformational nor transactional) are the least satisfying and least effective styles of leadership (Bass, 1990b). That is because these leadership behaviors are accompanied by little sense of accomplishment, little clarity, and little sense of group unity (Bass, 1990b).

Early research from Lippitt and White (1943) and White and Lippitt (1960) found that laissez-faire leadership resulted in less concentration during work and poorer quality of work. More recently, Yammarino et al. (1993) reported that laissez-faire leadership was negatively related to the military performance of United States Navy Officers.

Concept of Culture

Mintzberg (1973) defines culture within this context:

The behavior of a group cannot be predicted solely from an understanding of the personality of each of its members. Various social processes intervene. The group develops a "mood," an "atmosphere." In the context of the organization, we talk about a "style," "a culture," a "character." (p. 151)

The term culture has been utilized by theorists and researchers in several disciplines including sociology, psychology, anthropology, and education. There are many definitions of culture and there is disagreement among scholars pertaining to the precise meaning of the concept (Schein, 1992). These disciplines provide clarification of the usage of the concept of

culture and a framework, which is helpful to the understanding of what is meant by shaping or influencing culture in an organization from various perspectives.

Research of Organizational Culture

Schein (1985) maintains that organizational culture has two purposes: first, to define the group's response to its central problem with the external environment and, second, to help maintain internal relationships within the organization. Martin (1992) contends that:

As individuals come into contact with organizations, they come into contact with dress norms, stories people tell about what goes on, the organization's formal rules and procedures, its informal codes of behavior, rituals, tasks, pay system, jargon, and jokes only understood by insiders. These elements are some of the manifestations of organizational culture. When cultural members interpret the meanings of these manifestations, their perception, memories, beliefs, experiences, and values will vary so interpretations of these interpretations, and the ways they are enacted, constitute culture. (p. 3)

Definitions of culture from a variety of disciplines have also produced numerous definitions of organizational culture. According to Hoy and Miskel (1987), organizational culture is:

A concept used to get the feel, sense, atmosphere, and character of an organization. The concept attempts to include many of the earlier thoughts of informal organization, norms, values, and ideologies. The contemporary concept of culture is defined by its anthropological basis. (p. 246)

The term organizational culture was derived from the analysis of successful business corporations. The basic theme of this analysis is that effective organizations have strong cultures and that a basic function of leadership is to shape the culture of the organization (W. K. Hoy, Tarter, & Kottkamp, 1991). Organizations with “strong cultures” are defined by Peters and Waterman (1982) as those institutions which have a widely held common purpose, values, and assumptions.

Jordon and Hamada (1990) define organizational culture as symbols, ceremonies, and myths that communicate the underlying values and beliefs of that organization to its employees. Sergiovanni and Corbally (1984) view organizational culture as the “informal understanding of the way we do things around here or what keeps the herd moving roughly west” (p. 161), while

Martin (1992) argues that “culture is an expression of people's deepest needs, a means of endowing their experiences with meaning” (p. 95). Schien (1985) identifies several abstract meanings for organizational culture: observed, regular behaviors; norms; dominant espoused values; philosophy; rules; and feelings or climate. He maintains that the culture of an organization should be reserved for the deeper level of basic assumptions and beliefs that are shared by members of an organization, operate unconsciously, and define in a basic taken-for-granted fashion an organization's view of itself and its environment. Hoy, Tarter, and Kottkamp (1991), describes organizational culture as “consisting of shared values and interpretations of social activities and commonly held definitions of organizational purpose and work orientations, all embraced by the normative perspective taken by members of the organization”. (p. 31) According to Denison (1993), organizational culture is defined in terms of shared orientations that hold the unit together and give it a distinctive identity. Owens (1987) describes organizational culture as a set of patterns, thoughts, beliefs and values.

In studying organizational culture . . . one looks at artifacts, and technology that people use and one listens to what they say and observes what they do in an effort to discover the patterns of thought, beliefs and values that they use in making sense of the everyday events that they experience. Thus, organizational culture is the study of the wellsprings from which the values and characteristics of an organization arise. (p. 167)

Deal and Peterson (1990) indicate strongly that the culture of an organization can influence its productivity; that is, there is a relationship between culture and the productivity of the group within the culture. Workers are more productive if they have a clear sense of direction and share the values of the organization.

Mitchell, Ortiz, and Mitchell (1987) state that cultural groups share a common basis for action. Robbins (1996b) defines organizational culture as a common perception held by the organization's members; that is, a system of shared meanings. Smith and Peterson (1988) maintain that an organization's culture consists largely of what people believe about what works and what does not. Davis (1984) regards culture as a pattern of beliefs and expectations shared by the organization's members, or norms that shape the organization.

Kilmann, Saxton, and Serpa (1985) contend that norms encompass all behavior that is expected, accepted, or supported by the group, whether that behavior is stated or unstated. Hoy,

Tarter, and Kottkamp (1991) see norms as the basic building blocks of cultures. They maintain that, norms are usually unwritten and informal expectations that occur just below the surface of experience, and prevailing norms map the way things are around the organization.

Organizational norms are defined by Ott's (1989) as unwritten rules of shared beliefs of most group members about what behavior is appropriate and attainable to be a member in good standing.

According to Albrecht (1983), the sources of organizational values and norms are the society at large, the culture of the organization as it exists, and the individual. Erickson's (1987) conceptual framework of culture is similar to Albrecht's (1983). His framework considers the individual, the environment, and the organization. Ouchi (1981) discovered in his analysis of corporate cultures that the culture of successful corporations was characterized by the shared values of intimacy, trust, cooperation, teamwork and egalitarianism. These values were labeled Theory Z cultures. Organizations with Theory Z cultures promoted the basic values of intimacy, trust, cooperation, and social equality among their members. Hoy and Martin (1982) looked into the Hawthorne studies conducted during the 1920s and 1930s at the Western Electric Company in Chicago. They suggest this research in employee motivation and satisfaction and group morale illustrated the power that norms and values could have upon the performance of a member of an organization. During the Hawthorne studies, employee work groups were observed to assess employee morale. As workers participated in the experiments, the relationships in the work groups changed. The work groups became more friendly and cohesive as a group. Hoy and Martin (1982) maintain that: "One generalization became clear almost immediately. The workers' behavior did not conform to the official job specifications for it. The group had developed an informal structure with norms, values, and sentiments that affected performance". (p.13)

Other researchers have identified components of organizational culture. Sergiovanni (1984) asserted that the stuff of culture includes customs and traditions; historical accounts; stated and unstated understandings; habits, norms, and expectations; and common meanings and shared assumptions. Glaser (1983) believed that stories were important indicators of the values participants share, the social prescriptions concerning how things are to be done and the consequences of compliance or deviance. Pondy (1983) viewed myths and metaphors as key elements of culture. Blake and Mouton (1982) included language, symbols and stories, and rites

as indicators of the values and norms embedded in an organization's culture. Selznick (1957) viewed life in organizations as institutions. He argued that institutions seemed fused with values that gave the organization a distinctive identity and defined its character. He maintained that this infusion of value produced a superior identity for the organization.

Robbins (1996a) contended that there are a number of functions that are important to the culture of an organization:

1. Culture has a boundary-defining function; it creates distinction among organizations.
2. Culture provides the organization with a sense of identity.
3. Culture is the social glue that binds the organization together; it provides the appropriate standards for behavior.
4. Culture facilitates the development of commitment to the group.
5. Culture enhances stability in the social system.
6. Culture serves to guide and shape the attitudes and behavior of organizational members.

Deal and Kennedy (1982) identified four cultural characteristics of effective organizations: (a) a concern for individuals that is more important than formal rules and policies, (b) a shared organizational philosophy, (c) a well understood sense of the informal rules of behavior, and (d) a belief that what employees do is important to others.

Levels of Organizational Culture

Schein (1985, 1992) theorized that culture is visible at different levels by the observer. He viewed culture as manifested in norms, shared values, and basic assumptions. Each of these occur at different levels of abstraction and depth. According to Hoy, Tarter, and Kottkamp (1991), the levels of organizational culture are: culture as shared norms, culture as shared values, and culture as tacit assumptions. Norms are usually unwritten and informal expectations that occur just below the surface of experience. Hoy, Sabo, Barnes, Hannum, and Hoffman (1998), stated that the middle level of organizational culture is shared values. Values define what members of the organization should do. Shared values give the organization its identity and define the basic character of the organization” (p.130). According to Hoy and Miskel culture as “tacit assumption” is at the highest level of abstraction. Tacit assumptions are basic beliefs or patterns that evolve over a period of time for members of a group (p.132). Hoy and Miskel maintain that when members of an organization share a view of the world, culture exists. They theorize that

... a pattern of basic assumptions has been invented, discovered, or developed by the organization as it learned to cope with its problems of external adaptation and internal integration. These patterns are taught to new members as the correct way to perceive, think, and feel. The assumptions are taken for granted, and become non-confrontational and non-debatable and resistant to change. (p. 132)

Similarly, Schein (1985) hypothesized that culture can be viewed as existing at three levels. At the first level are artifacts and creations. This level is considered by Schein to be superficial. Artifacts and creations are defined by Schein as the visible manifestations of underlying concepts. Examples include the visible products of the group such as the architecture of its physical environment, language, technology and products, artistic creations, and style as embodied in clothing, manners of address, emotional displays, myths, and stories told about the organization, published lists of values, observable rituals, and ceremonies. The most important point about this level of the culture is that it is easy to observe and very difficult to decipher. The next level of the culture is its values.

Values are defined by Schein as only a manifestation of the culture and not its driving force or essence. Schein suggests that at this level we may be seeing the ideology, philosophy, charter, or basic ‘credo’ of the organization. Schein contends that the deepest level of the organizational culture consists of a set of underlying assumptions. Basic assumptions refer to the fundamental aspects of life. These fundamental aspects are the nature of time and space; human nature and human activities; the nature of truth and how one discovers it; the correct way for the individual and the group to behave toward each other; the relative importance of work, family, and self-development; the proper role of women and men; and the nature of the family. In reference to this level, he suggests, it is the basic paradigm that these assumptions create that is the most important and basic layer of an organization's culture. Schein (1995) states, “the essence of a culture lies in the pattern of basic underlying assumptions” (p. 24). Once these “assumptions are understood, the more artifacts and values can be handled appropriately. It is valuable to understand the learning process by which basic assumptions come to be” (p. 29).

Louis, Posner, and Powell (1985) suggest a notion similar to Schein (1985) and Hoy and Miskel (1996): organizational culture consists of three levels. However, Louis, Posner, and Powell give a different description of the three layers in terms of what they represent. They

maintain that the conceptions of what the three layers represent are: the individual level, the cultural level, and the universal level. They state that the individual level represents the person's idiosyncratic adaptation of cultural codes of relevance, which are applied at the moment of encountering something and meaning is produced. Louis, Posner, and Powell define the second level as the cultural level, which represents the set of potential meanings or levels of relevance indigenous to the local social group. They further identify the deepest level of the culture as the universal level, which consists of a broad set of objective or physically feasible meanings or levels of relevance of each thing.

Kilmann, Saxton, and Serpa (1985) concurs with Hoy and Miskel (1987) and Schein (1985, 1992) that culture can be viewed at three different levels. According to Kilmann, Saxton, and Serpa (1985), culture is manifest in behavioral norms, hidden assumptions, and human nature. Kilmann, Saxton, and Serpa state,

Behavioral norms as the first level is described as the unwritten rules of the game, such as the attitudes and behaviors that the members of an organization are pressured to follow. These rules are transmitted through stories, rites, rituals, and sanctions which are applied when members violate a norm. (p. 5)

The middle level of culture is formed around the hidden assumptions held by the organization. These are the fundamental beliefs behind all decisions and actions. Kilmann, Saxton, and Serpa (1985) hypothesized that the deepest level of organizational culture consists of the collective manifestations of human nature. The collective manifestation of human nature is defined as the collection of human dynamics, wants, motives, and desires that make a group of people unique. According to Rousseau and Schalk (2000), these elements are the observable activities and interactions, communicated information, and artifacts that form the social experience. In organizations, the patterns of activities and interactions that members observe and carry out (e.g., decision making, communicating, and socializing) constitute major elements of the system's structure, making structure itself an important culture-bearing mechanism in organizations (Cooke & Rousseau, 1988). Regardless of the different definitions of the levels of organizational culture, there is consensus among these researchers that underlying assumptions play a significant role in defining organizational culture (Schein, 1985; Kilmann, Saxton & Serpa, 1985; Schein, 1992; Hoy & Miskel, 1987).

Cooke and Lafferty (1994) developed a cultural assessment instrument, Organizational Culture Inventory (OCI) designed to measure three cultural dimensions: constructive (people concerns), passive defensive (task concerns), and aggressive defensive (task concerns). Cooke and Lafferty (1994) define constructive style cultures as positively associated with individual and organizational effectiveness. In addition, Cooke and Rousseau (1988) state, Constructive Culture norms promote job-satisfaction behavior. In contrast to Constructive Culture styles, Cooke and Rosseau (1988) state two defensive styles: passive-defensive and aggressive-defensive. Cooke and Lafferty (1994) suggest that defensive styles resist change, new ideas, avoid conflict, and rely on others for direction and approval.

Summary of Literature

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.

Bass and Avolio (1990) asserted "this new paradigm of leadership builds on earlier paradigms of autocratic versus democratic leadership, directive versus participative leadership and task versus relationship oriented leadership, which have dominated research on leadership selection, training and development for the past half century" (p. 231). These examinations of leadership and management distinctions highlight the freedom with which researchers interchange terms. Some researchers present leadership and management as two distinct categories of behaviors and see no intermingling of those behaviors. They primarily describe leadership behaviors as being relations-oriented and management behaviors as being task-oriented (Bass, 1990b). Other researchers suggest that leadership and management represent a mixture of both task-oriented and relations-oriented behaviors, with leadership having some task-oriented behaviors and management having some relations-oriented behaviors.

Burns (1978) introduced the theories of Transformational Leadership and Transactional Leadership. For Burns, these two types of leadership behaviors were separate and existed at opposite ends of the spectrum. In other words, a leader was either transformational or transactional. Expanding on Burns's (1978) work, Bass (1985) conceived that Transformational Leadership and Transactional Leadership were not two distinct behaviors. Rather, such behaviors existed together and in some instances complemented each other. Avolio and Bass (1991) argue

that an organization's culture develops in large part from its leadership and the culture of an organization can also affect the development of its leadership. In contrast, Schein (1999) argues that culture is viewed at three levels, artifacts, values, and basic assumption.

Culture has been treated by anthropologists Geertz (1973), Wallace (1970) and organizational researchers Smircick (1983) as a set of cognitions shared by members of a social unit. These cognitions are acquired through social learning and socialization processes exposing individuals to a variety of culture bearing elements (Cooke & Rousseau, 1988). Leadership and Organizational Culture researchers frequently refer to leadership and culture as "people oriented" or "task oriented" (Bass, 1990a; Cooke & Rousseau, 1988; Harrison & Stokes, 1992; Hersey, Blanchard, & Johnson, 2001) styles.

As the definitions of organizational culture focus on either values or behaviors-- for example Williams, Dobson, and Walters (1989) emphasize the role of cognition while Deal and Kennedy (1982) have defined culture as "the way we do things around here"--the available measures concentrate on the two different "manifestations" of culture. Rousseau (1990) integrated these approaches, suggesting that organizational culture has a number of layers, two of which are behavioral norms (the way people should behave) and organizational values (the things that are highly valued), and that these layers are characterized by a core theme. As a consequence, some corporate culture test constructors have focused on values and others on behaviors.

Regardless of the definitions and theories of leadership styles and organizational culture, the literature is contradictory. Leadership theorist argue that leadership styles largely contribute to organizational culture, whereas organizational culture theorist argue that values and behaviors make up an organization's culture. The concepts of Transformational Leadership, Transactional Leadership, and organizational culture, and linkages among the three, are still relatively new to 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. This research will examine the relationship of the two concepts.

CHAPTER III

METHODOLOGY

This chapter begins with a brief description of the sample and the organization in which the research was conducted. Following the description of the sample and organization are descriptions of participants, instrumentation, design, procedure, and statistical analysis. A summary of the assumptions and limitations of the study is included, along with suggestions for minimizing the effects of these limitations.

Description of the Organization and the Sample

This research concentrates on a city government. In this city, city government voters at large elect a five-member Council to serve as the city's legislative and governing body. The members serve four-year terms and they elect one Councilor to serve as Mayor and one as Vice Mayor for two years. Municipal elections are held in May in even-numbered years. The terms of council members are staggered so that three are elected in one year and two are elected two years later. If a vacancy occurs, council elects a new member to serve out the unexpired term. The City Council appoints the City Manager, the Director of Finance, the City Assessor, the Clerk of the Council and members of major policy-making Boards and Commissions. Under the leadership of the City Manager, there are two assistant city managers, 20 directors, 42 managers, and 65 supervisors.

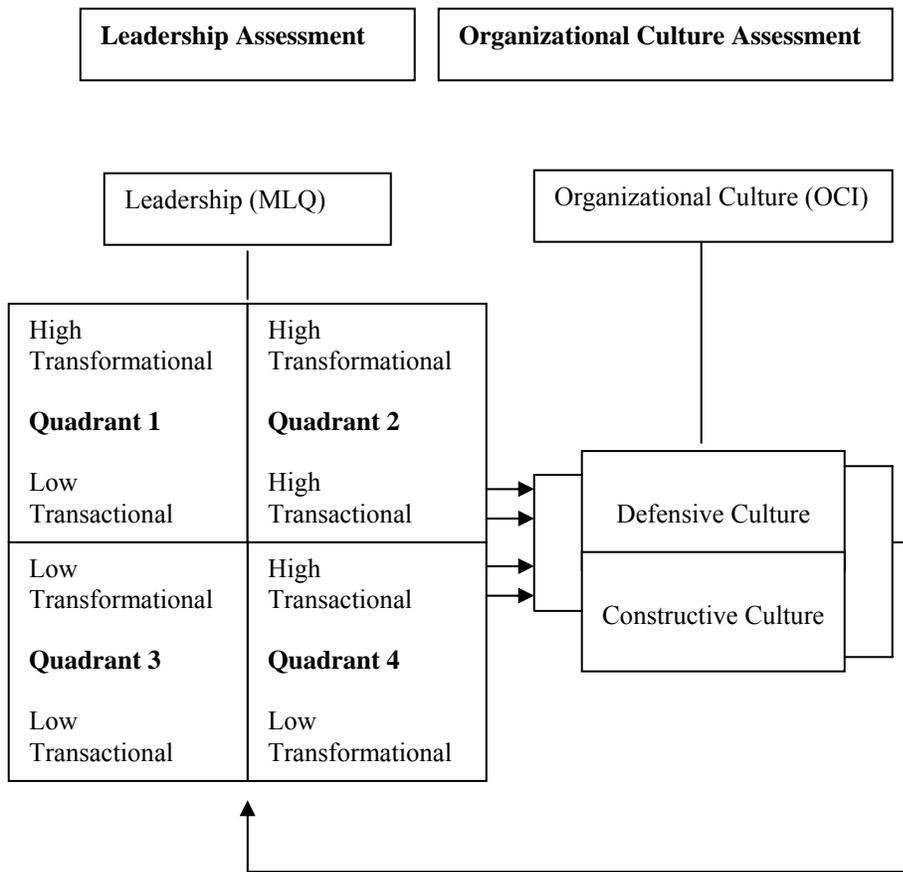
A total of 331 employees who worked for a city government in the southeastern United States agreed to participate in this study. For these employees, the mean number of years with the organization was 12.37 years ($SD = 9.92$ years). Only two ethnic/racial groups yielded sufficient numbers of participants to be included in this study: Caucasian ($n = 269$, 81.3%) and African-American ($n = 62$, 18.7%). However, these two racial/ethnic groups comprised more than 95% of the employees with the organization, making the two groups representative of the entire organization. One third of the participants ($n = 111$) were female. About one third of the participants (34.1%) were under 35 years of age, with another 28.1% being between 36-45 years of age and 37.8% of the sample being more than 45 years old. Education levels were evenly split between high school only (31.7%), some college coursework (34.7%), and college graduation (33.5%). Thirty-nine percent reported themselves to be in some kind of supervisory capacity (see Table 1, chapter 4).

Research Design

The purpose of this study was to test a predictive model of several components of organizational and leadership culture in a large sample of municipal employees using three sets of predictors: demographic/employment status of employees, measures of employees’ judgments of their supervisor’s Transactional Leadership styles, and measures of employees’ judgments of their supervisor’s Transformational Leadership style. This study asked to what extent do Transformational Leadership and Transactional Leadership (both individually and as an interaction) predict Constructive Culture and Defensive Culture?

This research clarified the relation and used a conceptual model to examine how Transformational Leadership and Transactional Leadership affect dimensions of an organizational culture (see Figure 2. Researchers conceptual model).

Figure 1. Researcher’s conceptual model.



A correlational design was used to investigate the relationship of Transformational Leadership and Transactional Leadership to selected dimensions that analyze properties of constructive styles within an organizational culture, and selected dimensions that analyze properties of defensive styles within an organizational culture. The responses are perceptions of supervised employees rating their supervisors.

The following group and leadership dimensions are adapted from (Cooke, 1997).

Constructive Dimensions:

1. Affiliative
2. Achievement Culture
3. Self-actualization
4. Humanistic

Defensive Dimensions:

1. Oppositional Culture
2. Power Culture
3. Competitive Culture
4. Competence/Perfectionist Culture
5. Approval Culture
6. Conventional Culture
7. Dependent Culture
8. Avoidance Culture

Furthermore, selected dimensions (constructive within an organizational culture and defensive within an organizational culture) were analyzed and correlated with the perceptions of Transformational Leadership and Transactional Leadership styles within a local city government. Data for this research was collected using survey methods.

Two variables, Transformational Leadership subscales and Transactional Leadership subscales, were examined in this study. The Multifactor Leadership Questionnaire (rater 5x-short) (Bass & Avolio, 1995) was used to obtain leadership scores. Descriptions of Transformational Leadership subscale items and descriptions of Transactional Leadership subscales items are presented in Table 4. Response options for the MLQ range from 0 (Not at all) to 4 (Frequently, if not always).

Two additional variables in this research were subscales of Constructive Culture and Defensive Culture. The Organizational Culture Inventory (OCI) (Cooke & Lafferty, 1994) was used to obtain culture scores. Response options for the OCI range from 1 (Not at all) to 5 (To a very great extent). Descriptions of the OCI scale items are displayed in Table 5. Items on the OCI are based on the extent to which individuals are expected to behave in a particular manner.

Instrumentation

Two paper-and-pencil instruments were included in this study. First, the Multifactor Leadership Questionnaire (rater 5x-short), was used to measure Transformational Leadership and Transactional Leadership styles (Bass & Avolio, 1995). Second, the Organizational Culture Inventory (Cooke & Lafferty, 1994) was used to measure Constructive Culture, passive-Defensive Culture, and aggressive-Defensive Culture.

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

The Multifactor Leadership Questionnaire (rater 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 their supervisors engage in 32 specific behaviors toward their subordinates.

The Multifactor Leadership Questionnaire consists of 12 factors: (Avolio & Bass, 1995). Nine factors are used to measure components of style, while the other three factors are outcome measures from the leadership style evaluation. Of the nine leadership measures, there are the five transformational 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)

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 subordinate-rating of his or her supervisors is generally a lower score as compared with self-ratings and other ratings (Bass & Yammarino, 1989). Bass and Avolio (1997) noted: "these differences in subordinate-rating and other-rating scores are reflected in differences in reliability coefficients for the two perspectives" (p.54). 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 students groups, four business organizations, a military organization, a nursing school, and a government research organization. Bass and Avolio (1997) noted: "Spearman-Brown reliability estimates for the MLQ subordinate-rater form ranged from .81 to .96, and the alpha coefficients for MLQ subordinate-ratings tended to be higher for each leadership scale as compared with self-ratings and other-ratings" (p.55). Hartog, Muijen and Koopman (1997) speculated that the internal consistency reliability coefficients for MLQ self-ratings and other-ratings are probably lower than those of subordinates-ratings because self-raters interpret items about themselves with respect to multiple associates, while other-raters assess a single leader.

Bass's (1985) initial Multifactor Leadership Questionnaire (MLQ Form 5R), included six subscales. Subsequent research resulted in Bass and Avolio's (1995) Multifactor Leadership Questionnaire (MLQ Form 5X) which included nine subscales: (a) idealized influence (attributed), (b) idealized influence (behavior), (c) inspirational motivation, (d) intellectual stimulation, (e) individualized consideration, (f) contingent reward, (g) active management-by-exception, (h) passive management-by-exception, and (i) laissez-faire.

The Multifactor Leadership Questionnaire (MLQ Form 5X) is self-scoring and uses 36 items to measure the 9 subscales. These items are rated using a 5-point Likert scale with anchors labeled as 0 = not at all, 1 = once in a while, 2 = sometimes, 3 = fairly often, 4 = frequently, if not always.

In developing items for the MLQ Form 5X, Bass and Avolio (1995) used several methods. First, they selected nine sample studies that had previously used the MLQ Form 5R. These samples were then subjected to a series of factor analyses, "which provided a base for selecting items that exhibited the best convergent and discriminant validities" (p. 9). Additional methods for item development included using partial least squares (PLS) analysis (Fornell &

Larker, 1981) to select items for inclusion, soliciting recommendations from scholars in the field of leadership, and using Howell and Avolio's (1993) preliminary results with the earlier version MLQ Form 5R.

Bass and Avolio (1997) revealed high correlations among the five transformational subscales, with the average correlation "being $r = .83$ and all being significant at the $p < .01$ level. Contingent reward, which is a Transactional Leadership measure, also correlated highly with the five Transformational Leadership subscales. Specific Transformational Leadership and contingent reward correlations included: idealized influence (attributed) $r = .68$, idealized influence (behavior) $r = .69$, inspirational motivation $r = .73$, intellectual stimulation $r = .70$, and individualized consideration $r = .75$ " (p.53-55).

Bass and Avolio's (1995) findings regarding the transactional subscales showed that active management-by-exception, passive management-by-exception, and laissez-faire subscales were negatively correlated with the Transformational Leadership subscales. Passive management-by-exception and laissez-faire were also negatively correlated with the contingent reward subscale. However, according to Bass and Avolio (1997) "active management-by-exception and contingent reward resulted in a non-significant $r = .03$. These three subscales were significant ($p < .01$).

Hartog, Muijen, and Koopman (1997) also investigated the internal consistency of the MLQ subscales. Their study group consisted of approximately 1200 employees from several diverse organizations (commercial businesses, health-care organizations, welfare institutions, and local governments). Hartog, Muijen, and Koopman (1997) noted: "reliability (alphas) for the subscales of Transformational Leadership ranged from $a = .72$ to $a = .93$, Transactional Leadership ranged from $a = .58$ to $a = .78$, and laissez-faire was $a = .49$ " (p.27).

Correlations for transformational and transactional subscales were all significant at $p < .01$. Laissez-faire and passive management-by-exception correlated positively with each other but negatively with all other dimensions, including active management-by-exception. Hartog, Muijen, and Koopman (1997) noted: "consistent with other findings, correlations among the Transformational Leadership scales were somewhat strong ($r = .67$ to $r = .75$). However, in this instance, contingent reward correlated almost as high as active management-by-exception ($r = .39$) as it did with the Transformational Leadership subscales ($r = .40$ to $r = .50$)" (p. 28).

Howell and Hall-Marenda (1999) tested the reliability and validity of the MLQ when they undertook a study to determine the impact that leader-follower relationships had on performance. The authors used all the subscales of the MLQ except laissez-faire. Howell and Hall-Marenda (1997) noted: “the aggregated reliability for the Transformational Leadership subscales was $a = .93$. Reliabilities for the following subscales were: contingent reward. $a = .95$; active management-by-exception. $a = .86$; and passive management-by-exception. $a = .90$ ” (p. 29).

Howell and Hall-Marenda (1997) noted that correlations among the subscales were all significant at $p = .05$. “Relatively strong positive correlations were found between the Transformational Leadership subscales and contingent reward ($r = .79$). Even though the active and passive management-by-exception subscales correlated positively with each other ($r = .38$), they correlated negatively with the Transformational Leadership subscales ($r = -.41$, $r = -.62$) and contingent reward ($r = -.36$, $r = -.49$)” (pp. 27-29).

Questions about the MLQ have primarily involved correlations among the Transformational Leadership subscales and the transactional subscale of contingent reward. First, both Transactional Leadership and Transformational Leadership represent active, positive forms of leadership. Second, leaders have shown in repeated investigations to be both transactional and transformational. Third, Sharma (1976) argues that the consistent honoring of transactional agreements builds trust, dependability, and perceptions of consistency with leaders by followers, which are each a basis for Transformational Leadership.

Bass (1985) as well as Bass and Avolio (1995) have argued for retaining this subscale within the Transactional Leadership grouping. This position stems from Bass’s contention that leaders can be both transformational and transactional. Bass and Avolio (1995) offered the following explanation for the high correlations:

First, both Transactional Leadership and Transformational Leadership represent active, positive forms of leadership. Second, leaders have been shown in repeated investigations to be both transactional and transformational. Third, as Shamir (1995) argues, the consistent honoring of transactional agreements builds trust, dependability, and perceptions of consistency with leaders by followers, which are each a basis for Transformational Leadership. (p. 11).

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 required 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 (Cooke & Lafferty, 1994). Twelve factors are used to measure different culture 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. A humanistic-encouraging culture characterizes organizations that are managed in a participative and person-centered way. Members are expected to be supportive, constructive, and open to influence in their dealings with one another. (Helping others to grow and develop; taking time with people)
2. An affiliative culture characterizes organizations that place a high priority on constructive interpersonal relationships. Members are expected to be friendly, open, and sensitive to the satisfaction of their work group. (Dealing with others in a friendly way; sharing feelings and thoughts)
3. An approval culture describes organizations in which conflicts are avoided and interpersonal relationships are pleasant-at least superficially. Members feel that they should agree with, gain the approval of, and be liked by others. (Making sure people accept you; "going along" with others)
4. A conventional culture is descriptive of organizations that are conservative, traditional, and bureaucratically controlled. Members are expected to conform, follow the rules, and make a good impression. (Always following policies and practices; fitting into "the mold")

The four passive/defensive cultural styles are:

5. A dependent culture is descriptive of organizations that are hierarchically controlled and nonparticipative. Centralized decision-making in such organizations leads members to do only what they are told and to clear all decisions with superiors. (Pleasing those in positions of authority; doing what is expected)

6. An avoidance culture characterizes organizations that fail to reward success but nevertheless punish mistakes. This negative reward system leads members to shift responsibilities to others and avoid any possibility of being blamed for a mistake. (Waiting for others to act first; taking few chances)
7. An oppositional culture describes organizations in which confrontation prevails and negativism is rewarded. Members gain status and influence by being critical and thus are reinforced to oppose the ideas of others and to make safe (but ineffectual) decisions. (Pointing out flaws; being hard to impress)
8. A power culture is descriptive of non-participative organizations structured on the basis of the authority inherent in members' positions. Members believe they will be rewarded for taking charge, controlling subordinates and, at the same time, being responsive to the demands of superiors. (Building up one's power base; motivating others any way necessary)

The four aggressive/Defensive Culture styles are:

9. A competitive culture is one in which winning is valued and members are rewarded for outperforming one another. People in such organizations operate in a "win- lose" framework and believe they must work against (rather than with) their peers to be noticed. (Turning the job into a contest; never appearing to lose)
10. A competence/perfectionistic culture characterizes organizations in which perfectionism, persistence, and hard work are valued. Members feel they must avoid all mistakes, keep track of everything, and work long hours to attain narrowly defined objectives. (Doing things perfectly; keeping on top of everything)
11. An achievement culture characterizes organizations that do things well and value members who set and accomplish their own goals. Members of these organizations set challenging but realistic goals, establish plans to reach these goals, and pursue them with enthusiasm. (Pursuing a standard of excellence; openly showing enthusiasm)
12. A self -actualization culture characterizes organizations that value creativity, quality over quantity, and both task accomplishment and individual growth. Members of these organizations are encouraged to gain enjoyment from their work, develop themselves, and take on new and interesting activities. (Thinking in unique and independent ways; doing even simple tasks well)

And four factors are used to measure behavioral norms outcomes.

Cooke and Szumal (Cooke & Szumal, 1993), compared reliability and validity estimates of three versions of the OCI, using 4, 890 cases from four data sets. Data sets from these independent studies were collected in diverse populations, including the Federal Aviation Administration, business students, retail stores, and various organizations within the Chicago metropolitan area.

Cook and Szumal (Cooke & Szumal, 1993) reported Cronbach alpha coefficients for the OCI that ranged from .67 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. Cooke (Cooke, 1997) forbids researchers to outline items of the OCI.

According to Cooke and Rousseau (1988) the OCI has been used to assess cultural norms in a wide array of organizations, including heavy manufacturing and high technology firms, research and development laboratories, schools and universities, government agencies, and volunteer organizations. Approximately 20,000 people in more than a hundred firms, agencies, and associations have completed the OCI.

The data reported here reflect three types of samples:

1. Approximately 1,800 individuals whose OCI scores are used to establish a normed "benchmark" profile. Data provided by a subgroup of this sample (n = 661) were used to assess the psychometric properties of the inventory (including reliability and factor structure) and to test the effect of organizational level on OCI scores.
2. A descriptive sample of selected organizations used here to illustrate distinct cultural patterns observed using the OCI. Data from three organizations and 1,085 individuals are presented.

The Organizational Culture Inventory contains 120 items designed to produce 12 scales of 10 items each. Each item describes a behavior or personal style that might be expected of members in an organization. On a scale of 1 to 5, respondents are asked to indicate the extent to which each behavior helps people to "fit in" and meet expectations in their organization. The 12 scales and the culture patterns they reflect are described in Chapter 3 (Instruments).

The Cronbach alpha reliability coefficients for the 12 scales (Table 3.1) are based on data provided by the above-mentioned subgroup of 661 respondents (526 members of 18

organizations using the OCI for organizational development and 135 participants in executive development programs or graduate business programs). Results of the factor analysis of the OCI indicate that three empirical factors underlie the 12 scales (Table 3.2).

Table 3.1: (Cooke & Rousseau, 1988) Organizational Culture Inventory Scales

	N	Minimum	Maximum	\bar{X}	SD	Alpha
(1) Humanistic-Helpful	650	1.1	5.0	3.32	.79	.90
(2) Affiliative	659	1.2	5.0	3.50	.80	.92
(3) Approval	650	1.1	4.7	2.73	.68	.81
(4) Conventional	650	1.0	5.0	2.77	.76	.87
(5) Dependence	651	1.4	4.8	3.10	.61	.75
(6) Avoidance	652	1.0	4.8	2.21	.72	.85
(7) Oppositional	641	1.0	4.4	2.24	.51	.67
(8) Power	649	1.0	5.0	2.69	.68	.80
(9) Competitive	641	1.0	4.9	2.55	.73	.82
(10) Competence/ Perfectionistic	649	1.0	5.0	3.02	.64	.77
(11) Achievement	656	1.3	5.0	3.62	.68	.85
(12) Self-Actualization	651	1.1	4.8	3.29	.67	.82

NOTE: Scale scores presented in this table were derived by averaging the responses to the ten items constituting each scale; these scores, therefore, have a potential range of 1.0 to 5.0. The scale scores shown in the figures that follow were derived by summing responses to the items and therefore range from 10 to 50.

Three comparable factors have been identified in studies focusing on both the self-assessment and description by other versions of the Life Styles Inventory (Cooke & Lafferty, 1994; Cooke & Rousseau, 1988; Cooke & Szumal, 1993). As Table 6 indicates, the mean scores for the Satisfaction styles (Achievement, Self-Actualization, Humanistic-Helpful, and Affiliative) are higher than the mean scores for the People/Security and Task/Security styles. Since the social desirability bias (i.e., the tendency to endorse positive or desirable items and descriptions) can operate on such responses, profiles are normatively scaled to correct for such bias.

Table 3.2: (Cooke & Rousseau, 1988) Rotated Factor Loadings for the Organizational Culture Inventory Scales

	Communality	People/ Security	Satisfaction	Task/ Security
(1) Humanistic-Helpful	.74	-.09	.84	-.15
(2) Affiliative	.81	.11	.86	-.24
(3) Approval	.56	.70	-.05	.28
(4) Conventional	.79	.79	-.25	.32
(5) Dependence	.60	.76	.13	.15
(6) Avoidance	.67	.63	-.36	.39
(7) Oppositional	.40	.41	-.11	.46
(8) Power	.62	.25	.04	.74
(9) Competitive	.63	.19	-.06	.77
(10) Competence/ Perfectionistic	.53	.36	.07	.63
(11) Achievement	.76	-.22	.81	.24
(12) Self -Actualization	.70	-.15	.81	.13
Variance explained M		21.3	24.8	18.9
Cumulative variance explained (%)		21.3	46.1	65.0

NOTE: N = 604.

The data shown in Table 3.3 provide empirical support for the OCI. Cooke (1988) noted: the eta-squared statistics, measuring within-unit consistency in OCI scores, indicate that there is intra-organizational consensus regarding perceived norms and expectations. The amount of agreement, however, is not great and varies across the cultural styles. For example, agreement is low for the Power styles (eta-squared equals .06) but relatively high for the Humanistic, Affiliative, and Dependent styles (.12, .12, and .13, respectively, p. 257).

Table 3.3: (Cooke & Rousseau, 1988) Analysis of Variance for Culture Scales by Organization

	<i>n</i> ²	<i>F</i>	<i>P</i>
(1) Humanistic-Helpful	.12	3.77	.001
(2) Affiliative	.12	3.63	.001
(3) Approval	.10	3.14	.001
(4) Conventional	.08	2.40	.01
(5) Dependence	.13	4.10	.001
(6) Avoidance	.07	2.04	.01
(7) Oppositional	.07	2.12	.01
(8) Power	.06	1.68	.05
(9) Competitive	.12	3.52	.001
(10) Competence/ Perfectionistic	.10	3.01	.001
(11) Achievement	.10	3.07	.001
(12) Self -Actualization	.10	3.05	.001

NOTE: Individual N = 506 to 523; organization N=18.

Again, agreement within organizations is moderate. Cooke (1988) notes: “this finding reflects the fact that the intensity of the cultures of the organizations in this sample varies; some of them have relatively strong cultures (with high consensus) while others have very weak cultures. Additionally, these results suggest that horizontal and vertical differences within organizations may be present (p.261).

Cooke and Rousseau, (1988) report results for construct validity based on factor analyses indicate that the inventory measures what it is designed to measure. The factor structure of the instrument appears to be acceptable, with the scales consistently loading on three factors corresponding to Constructive, Passive-Defensive, and Aggressive-Defensive Cultures. It is noted, however, that certain scales (i.e., Conventional, Avoidance, Oppositional, Perfectionistic) show dual loadings in one or more samples. These results either indicate weaknesses with

respect to discriminant validity or suggest that norms for Aggressive-Defensive and Passive-Defensive are loosely linked in certain settings.

Procedures

The researcher agreed to use the assessment findings to develop and implement a leadership program in exchange for allowing the researcher the use of a local city government in the southeastern United States for the study. Although the leadership program was not part of the study, it created a mutually beneficial outcome for the city and the researcher.

Through a variety of methods, all managers were informed of the leadership program and the intended use of the data for the dissertation research. Information dissemination for the data collection procedures and uses included: a presentation at the monthly leadership team meeting (leadership team will receive and complete questionnaires), an inter-office memo to all managers explaining the leadership program and research study, and follow-up phone calls.

The City Manager introduced the research study and leadership development program at the monthly leadership meeting. The Multifactor Leadership Questionnaire Rater Form (5x short. MLQ) and the Organizational Culture Inventory (OCI) were administered to the leadership team. The researcher was available to address questions and concerns throughout the study.

The researcher scheduled small group meetings on the work-site with all employees. The researcher administered the instruments, and time was allowed for discussion. The researcher instructed the subordinates to complete each questionnaire, place the questionnaires in a sealed envelope (coded and provided by the researcher) and bring the completed questionnaires to the researcher before leaving the training room.

The city manager encouraged all directors to participate in the research study with one stipulation. The stipulation was if a director wanted to participate, it was mandatory that all employees of his or her department would be required to actively participate. In addition to the verbal instructions, all surveys included written information about the nature of the research study. Participants were informed that 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 identification information would not be disclosed.

Debriefing sessions pertaining to the research was made available at the conclusion of the research study, in the form of group meetings or follow-up calls and memos. The researcher and

the city's Director of Human Resources were available, upon request, for individual debriefing throughout the duration of the study.

Description of Measures

Demographic Measures: Six demographic measures were used for the study. These were gender, whether employee was a supervisor, years with the organization, age, education, and race/ethnicity (Caucasian or African-American).

Transformational Leadership: The twenty items in this scale yielded a Cronbach reliability coefficient of .94 with no corrected-item-total correlation less than .40. These twenty items for the transformational scale were subjected to an exploratory factor analysis using Principal Component's analysis with a Varimax rotation and selection criteria of eigenvalues greater than 1.0. Two factors emerged which accounted for 53.07% of the variance. The eigenvalue for the first factor (9.39) accounted for 46.95% and the eigenvalue for the second factor (1.22) accounted for 6.12% suggesting a general Transformational Leadership factor. Given the high reliability coefficient (.94) and the general factor that emerged from factor analysis study, it was decided to examine the construct of Transformational Leadership using a single scale.

Transactional Leadership Measures: The twelve items in this scale yielded a Cronbach reliability alpha of .56 that was deemed too low to be acceptable (Comrey & Lee, 1992). Inspection of the resulting inter-item correlation matrix revealed 22 of the 66 inter-item correlations to be negative. These twelve items for the transactional were subjected to an exploratory factor analysis using Principal Components analysis with a Varimax rotation and a selection criteria of eigenvalues greater than 1.0. Three factors emerged which accounted for 58.13% of the variance. These three factors mirrored the author's three transactional subscales (contingent reward, management-by-exception-active, and management-by-exception-passive) (Bass & Avolio, 1997). The Cronbach alpha coefficients for the three subscales were: contingent reward (.78), management-by-exception-active (.68) and management-by-exception-passive (.71). Given each subscale included only four items and the reliability of a scale typically increases when more items are included (Comrey & Lee, 1992), these three scales were deemed adequate for this project. (see Table 3.4).

Table 3.4: Principal Components Analysis for the Twenty Transactional Leadership Items (N = 331)

	Component			Communalities
	1	2	3	
1. Provides me with assistance in exchange for my efforts	.721			.548
3. Fails to interfere until problems become serious		.687		.559
4. Focuses attention on irregularities, mistakes, exceptions, and deviations from standards			.664	.532
11. Discusses in specific terms who is responsible for achieving performance targets	.749			.578
12. Waits for things to go wrong before taking action	-.419	.688		.652
16. Makes clear what I can expect to receive when performance goals are achieved	.766			.594
17. Shows that he/she is a firm believer in "If it ain't broke, don't fix it"	.302	.619		.526
20. Demonstrates that problems must become chronic before taking action		.793		.669
22. Concentrates his/her full attention on dealing with mistakes, complaints, and failures			.687	.523
24. Keeps track of all mistakes			.771	.616
27. Directs my attention toward failures to meet standards			.695	.532
35. Expresses satisfaction when I meet expectations	.780			.636
Eigenvalues	2.759	2.161	2.076	
Percent of Variance Explained	22.99	18.01	17.30	

Notes: Varimax with Kaiser Normalization. Coefficients < .30 suppressed.

Component 1: Contingent Reward

Component 2: Management-by-Exception (Passive)

Component 3: Management-by-Exception (Active)

However, the contingent reward factor (part of the Transactional Leadership scale cluster) was found to correlate strongly with the Transformational Leadership factor, $r(329) = .86, p < .001$. Due to concerns of multicollinearity between the four-item contingent and twenty-item Transformational Leadership scales, the contingent reward scale was dropped from the regression analyses, leaving Transactional Leadership to be represented by management-by-exception-active and management-by-exception-passive.

Organizational/Leadership Culture Measures The OCI (Cooke & Lafferty, 1994) measures organization leadership and culture using a series of 120 statements. Using the author's scoring criteria, these 120 statements yield 12 scales. The Cronbach coefficients for these 12 scales ranged from .81 to .95 with a median coefficient of .89. These twelve scales were subjected to an exploratory factor analysis using Principal Component's analysis with a Varimax rotation and selection criteria of eigenvalues greater than 1.0. Three factors emerged which accounted for 72.07% of the variance. The eigenvalue for the first factor (3.21) accounted for 26.72%, the eigenvalue for the second factor (2.97) accounted for 24.72%, and the eigenvalue for the second factor (2.48) accounted for 20.63%. Eleven of the twelve mapped exactly the same as the author's circumplex model (Cooke & Lafferty, 1994). One factor, Avoidance, loaded -.458 on Factor 1 "Constructive Styles," .535 on Factor 2 "Aggressive/Defensive Styles," and .474 on Factor 3 "Passive/Defensive Styles." The third factor is the one posited by the authors (see Table 3.5).

Table 3.5: Principal Components Analysis for the Twelve OCI Subscales (N = 331)

	Component			Communalities
	1	2	3	
1. Humanistic	.847			.796
2. Affiliative	.839			.793
3. Approval			.830	.704
4. Conventional		.302	.848	.822
5. Dependent		.317	.780	.710
6. Avoidance	-.458	.535	.474	.721
7. Oppositional	-.319	.702		.645
8. Power		.839		.769
9. Competitive		.826		.769
10. Perfectionistic		.659	.303	.577
11. Achievement	.844			.720
12. Self-Actualizing	.770			.620
Eigenvalues	3.21	2.97	2.48	
Percent of Variance Explained	26.72	24.72	20.63	

Notes: Varimax with Kaiser Normalization. Coefficients < .30 suppressed.

Component 1: Constructive Styles

Component 2: Aggressive/Defensive Styles

Component 3: Passive/Defensive Styles

For this study, Factor 1 was referred to as the “Constructive Culture Factor” while Factors 2 and 3 were combined and referred to as the “Defensive Culture Factor.” The four scales comprising Constructive Culture Factor yielded a Cronbach reliability coefficient of .87 and the other eight scales that comprised Passive/Aggressive Culture Factor also yielded a reliability coefficient of .87. Using a Pearson product-moment correlation, the Constructive and Passive/Aggressive Culture Factors were negatively correlated with each other, $r(329) = -.30, p < .001$.

Statistical Definitions

Constructive Culture: the factor score derived by combining OCI Scales 11, 12, 1 and 2.

Defensive Passive/Aggressive Culture: the factor score derived by combining OCI scales 3 through 10.

Transformational Leadership: the factor score derived by the MLQ transformational scale.

Transactional Leadership: the factor score derived by the two separate MLQ subscales (management-by-exception (passive) and management-by-exception (active)) were examined as a set.

Demographic Factors: gender, age, level of education, race (Caucasian or African-American), type of employee (supervisor or non-supervisor), and length of employment.

Analytic Approach

In addition to identifying the extent to which certain demographic variables mediate the relationship between leadership styles (MLQ), and organizational culture styles (OCI), the following statistical treatment was used to answer the theoretical research question:

To what extent do Transformational Leadership and Transactional Leadership (both individually and as an interaction) predict Constructive Culture and Defensive Culture?

Hypothesis 1a: After controlling for the effects of demographics and the two MLQ transactional scores, MLQ transformational scores will add significant variance in predicting Constructive Culture.

Hypothesis 1b: After controlling for the effects of demographics and the two MLQ transactional scores, MLQ transformational scores will add significant variance in predicting Defensive Culture.

Hypothesis 2a: After controlling for the effects of demographics and the MLQ transformational score, the combination of the two MLQ transactional scores will add significant variance in predicting Constructive Culture.

Hypothesis 2b: After controlling for the effects of demographics and the MLQ transformational score, the combination of the two MLQ transactional scores will add significant variance in predicting Defensive Culture.

Hypothesis 3a: After controlling for the effects of demographics, MLQ transformational and the combination of the two MLQ transactional scores, the three interaction terms (MLQ

transformational * MLQ management-by-exception-active, and MLQ transformational * MLQ management-by-exception-passive) will add significant variance in predicting Constructive Culture.

Hypothesis 3b: After controlling for the effects of demographics, MLQ transformational scores and the combination of the two MLQ transactional scores, the three interaction terms (MLQ transformational * MLQ management-by-exception-active, and MLQ transformational * MLQ management-by-exception-passive) will add significant variance in predicting Defensive Culture.

Hypothesis 4: Based on exploratory factor analysis (Principal Components with Varimax rotation), the four-items from the contingent reward scale and the twenty-items from the transformational scale will have an overlapping factor structure.

The data were examined at three stages of statistical analysis using the software, Statistical Package for Social Sciences (SPSS) version 11.5 for Windows (2000). Alpha levels in this study were determined at a level of $p < .05$ but findings significant at the $p < .10$ were noted as possible trends for future research.

Stage 1: Descriptive and Correlational Analysis: First, descriptive and correlational analyses were performed to identify the zero order relationships among demographic variables, leadership styles, and organizational culture variables. Demographic variables included gender, age, level of education, race (Caucasian, or African-American), type of employee (supervisor or non-supervisor), and length of employment.

Stage 2: Factor Analysis: According to (Comrey & Lee, 1992), one of the most common uses of factor analysis is to analyze the characteristics of a given measuring instrument or method to assess how well it is fulfilling its mission. First, the researcher factor (principal components with an orthogonal varimax rotation) analyzed the interrelationships among the items of each of the two instruments (Multifactor Leadership Questionnaire and the Organizational Culture Inventory Questionnaire). The purpose of factoring items of each instrument was to explain these variables in terms of their common underlying dimensions (factors) thereby condensing the information contained in the original scales into a smaller set of dimensions (factors) with a minimum loss of information and to compare the factor structure based on this research sample with that published in the original study of instrument.

Three separate factor analysis studies were performed for the: (a) 12 OCI scales; (b) twenty Transformational Leadership items; and (c) 12 Transactional Leadership items. Factor analysis was used as a means of understanding the underlying structure of the data and determining whether “local factors” (that is, derived solely on the current sample of data) needed to be used instead of the structure suggested by the authors of the published scales. As reported above, the factor scores derived from this sample were deemed appropriate for this study.

Stage 3: Multiple Regression: Next, to answer the hypotheses, the researcher utilized multiple regression equations.

Assumptions and Limitations

1. This research design was based on the assumption that the population statistics are normally distributed. The proposed correlations also assume linear relations among scores for Transformational Leadership, Transactional Leadership, and organizational culture. Adjustments were made if the assumption was violated based on examinations of normal Q-Q plots and box plots.
2. All of the usual limitations were present that are inherent with survey/descriptive research: volunteer participants, socially desirable responses, unknown levels of motivation of respondents, unknown validity, and reliability of an individual’s unique responses, etc.

CHAPTER IV

RESEARCH FINDINGS

The purpose of this study was to test a predictive model of several components of organizational and leadership culture in a large sample of municipal employees, using three sets of predictors; demographic/employment status of employees, measures of the employees' judgments of the supervisor's Transactional Leadership style, and measures of the employees' judgment of their supervisor's Transformational Leadership style. To what extent does Transformational Leadership and Transactional Leadership (both individually and as an interaction) predict Constructive Culture and Defensive Culture?

Demographics of the Sample

Table 4.1 displays the demographics of this group. For these employees, the mean number of years in the organization was 12.3 years ($SD = 9.92$ years). About one-third of the participants (34.1%) were 35 years of age or younger, with another 28.1% who were between 36 and 45 years of age, and 37.8% of the sample was older than 45 years old. Education levels were evenly split between high school only (31.7%), some college course work (34.7%), and college graduation (33.5%). One-third of the participants ($n = 111$) were female. Thirty-nine percent reported themselves as being in some type of supervisory capacity. Only two ethnic/racial groups yielded a sufficient number of participants to be included in this study; Caucasian ($n = 269$, 81.3%), and African-American ($n = 62$, 18.7%). However, these two racial/ethnic groups comprised more than 95% of the employees in the organization making these two groups representative of the entire organization (Table 4.1).

Table 4.1: Demographics of the Sample (N= 331)

	<i>n</i>	%
<hr/>		
Years With City		
Less than 5 years	115	34.7
5 – 9 years	37	11.2
10 – 19 years	88	26.6
20 – 38 years	91	27.5
Age		
Less than 26 years old	21	6.3
26 – 35 years old	92	27.8
36 – 45 years old	93	28.1
46 – 55 years old	89	26.9
56 – 65 years old	36	10.9
Education		
Less than high school diploma	37	11.2
High school graduate	68	20.5
Some college	93	28.1
A.A. Degree	22	6.6
B.A. or B.S. Degree	61	18.4
Some Master’s Degree units	15	4.5
Master’s Degree	35	10.6
Gender		
Male	220	66.5
Female	111	33.5
Supervisory Capacity		
No	201	60.7
Yes	130	39.3
Race / Ethnicity		
African-American	62	18.7
Caucasian	269	81.3

Intercorrelations Among Primary Factor Scores

The primary scales for this study included OCI Constructive Culture, OCI Defensive Culture, MLQ Transformational Leadership, MLQ contingent leadership, MLQ passive leadership, and MLQ active leadership. The factor scores for these six scales are displayed in Table 4.2. Constructive Culture was positively correlated with MLQ Transformational Leadership ($p = .001$), and MLQ contingent leadership ($p = .001$). In addition, Constructive Culture was negatively correlated with the OCI Defensive Culture factor ($p = .001$), and the MLQ passive factor ($p = .001$). The OCI Defensive Culture factor was positively correlated with MLQ passive leadership ($p = .001$), MLQ active leadership ($p = .001$), and negatively correlated with MLQ Transformational Leadership ($p = .001$), and MLQ contingent leadership ($p = .04$). The MLQ transformational factor was positively correlated with MLQ contingent ($p = .001$), and negatively correlated with MLQ passive ($p = .001$). In addition, the factor scores of MLQ contingent, MLQ passive, and MLQ active were orthogonal to each other ($r = .000$) (Table 4.2).

Table 4.2: Intercorrelations Among Primary Factor Scores (N = 331)

	1	2	3	4	5	6
1. OCI Constructive Culture	1.00					
2. OCI Defensive Culture	-.31****	1.00				
3. MLQ Transformational Leadership	.53****	-.20****	1.00			
4. MLQ Contingent Leadership	.40****	-.11*	.83****	1.00		
5. MLQ Passive Leadership	-.18****	.34****	-.21****	.00	1.00	
6. MLQ Active Leadership	-.08	.20****	.06	.00	.00	1.00

* $p = .05$. ** $p = .01$. *** $p = .005$. **** $p = .001$.

Correlations of Primary Factor Scores with Demographics

Table 4.3 displays the correlations of the primary factor score with the demographics in the study. Six demographic variables were selected for use in this study, and included; number of years with city, age, education, gender, whether they were a supervisor, and race/ethnicity. The OCI Constructive Culture factor was higher for more educated employees ($p = .001$), and for female employees ($p = .001$). OCI Defensive Culture was higher for male employees ($p = .05$). MLQ Transformational Leadership was positively correlated with education ($p = .04$), and higher for female employees ($p = .04$). MLQ contingent leadership was negatively correlated with number of years with the city ($p = .03$). MLQ passive leadership was not significantly correlated with any of the six demographic variables. MLQ active leadership was negatively correlated with education ($p = .001$), as well as being higher for male employees ($p = .006$), and higher for African-American employees ($p = .004$) (Table 4.3).

Table 4.3: Correlations of Primary Factor Scores with Demographics (N = 331)

	Years with City	Age	Education	Gender ^a	Supervisor ^b	Race / Ethnicity ^c
OCI Constructive						
Culture	-.06	-.06	.26****	.26****	.07	-.01
OCI Defensive						
Culture	-.02	-.03	-.08	-.11*	-.08	.06
MLQ Transformational						
Leadership	-.07	-.07	.12*	.11*	.03	.03
MLQ Contingent						
Leadership	-.12*	-.10	.08	.05	-.04	.04
MLQ Passive						
Leadership	.05	.08	-.01	-.03	.04	.01
MLQ Active						
Leadership	.03	.01	-.25****	-.15**	.00	-.16***

* $p = .05$. ** $p = .01$. *** $p = .005$. **** $p = .001$.

^a Gender: “0” = “Male” “1” = “Female”

^b Supervisor: “0” = “No” “1” = “Yes”

^c Race/Ethnicity: “0” = “African-American” “1” = “Caucasian”

Comparison of Primary Factor Scores Based on Gender (N = 331)

Table 4.4 displays the *t* test comparisons for the six primary factor scores based on the participant's gender. Females had significantly higher scores for the Constructive Culture factor ($p = .001$) and Transformational Leadership ($p = .05$) while males had significantly higher scores for the Defensive Culture factor ($p = .05$) and the MLQ management-by-exception-active factor ($p = .005$) (Table 4.4).

Table 4.4: Comparison of Primary Factor Scores Based on Gender (N = 331)

Primary Factor Score	Males <i>n</i> = 220		Females <i>n</i> = 111		<i>t</i> (329)
	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>	
OCI Constructive Culture	-0.19	0.95	0.37	1.01	4.94****
OCI Defensive Culture	0.08	0.94	-0.15	1.09	2.01*
MLQ Transformational	-0.08	0.97	0.16	1.05	2.03*
MLQ Contingent	-0.03	0.99	0.07	1.02	0.88
MLQ Passive	0.03	0.93	-0.04	1.12	0.58
MLQ Active Leadership	0.11	0.92	-0.21	1.12	2.78***

* *p* = .05. ** *p* = .01. *** *p* = .005. **** *p* = .001.

Intercorrelations Among the Demographic Variables

Table 4.5 displays the Intercorrelations among the six demographic factors. For the demographic factors, the number of years with the city was positively correlated with age ($p = .001$), and higher for supervisory employees ($p = .001$). Employees who had more years with the city were also negatively correlated with education ($p = .001$), and lower for male employees ($p = .001$). In addition, the employee's age was higher for supervisors ($p = .001$), and lower for employees with more education ($p = .001$), as well as for female employees ($p = .008$). In addition, employees who had more education were more likely to female ($p = .001$), and Caucasian ($p = .001$). In addition, female employees were less likely to be supervisors ($p = .001$) (Table 4.5).

Table 4.5: Intercorrelations Among the Demographic Variables (N = 331)

	1	2	3	4	5	6
1. Years with City	1.00					
2. Age	.70*****	1.00				
3. Education	-.33*****	-.19*****	1.00			
4. Gender ^a	-.27*****	-.15**	.48*****	1.00		
5. Supervisor ^b	.48*****	.33*****	-.02	-.20*****	1.00	
6. Race/Ethnicity ^c	.01	-.06	.18*****	-.04	.09	1.00

* $p = .05$. ** $p = .01$. *** $p = .005$. **** $p = .001$.

^a Gender: “0” = “Male” “1” = “Female”

^b Supervisor: “0” = “No” “1” = “Yes”

^c Race/Ethnicity: “0” = “African-American” “1” = “Caucasian”

Demographics, Transactional, and Transformational Predicting Constructive Culture

Hypothesis 1a

Hypothesis 1a stated, “After controlling for the effects of demographics and the two MLQ transactional scores, MLQ Transformational Leadership will add significant variance in predicting Constructive Culture.” Table 4.6 displays the three-step hierarchical regression model to address this hypothesis. The first step of the model included the six demographic factors, and the second step of the model added in MLQ active and MLQ passive, with the third step of the model adding in MLQ Transformational Leadership. The first step of the model was significant ($p = .001$), and accounted for 10.8% of the variance in Constructive Culture. An inspection of the beta weights revealed Constructive Culture to be higher for employees who had more education ($p = .009$), and for female employees ($p = .001$). In the second step of the model, the addition of MLQ passive and MLQ active, added 2.9% to the explained variance in Constructive Culture ($p = .005$). Inspection of the second step of the model found Constructive Culture to be higher, based on education ($p = .01$), for female employees ($p = .001$), and for supervisors ($p = .05$). In addition, Constructive Culture was higher when MLQ passive scores were lower ($p = .001$). The third step of the model added in MLQ Transformational Leadership, and was significant ($p = .001$). Addition of MLQ Transformational Leadership added 21.8% to the variance explained for Constructive Culture. Inspection of the individual beta weights revealed Constructive Culture in the full model was higher for employees who had more education ($p = .02$), for female employees ($p = .003$), and for Transformational Leadership ($p = .001$). Based on the findings in Table 4.6, Hypothesis 1a was supported.

Table 4.6: Demographics, Transactional, and Transformational Predicting Constructive Culture

(*N* = 331)

	β	<i>sr</i>	R^2	Change R^2
Step 1			.108	.108****
Years with City	.054	.034		
Age	-.078	-.055		
Education	.170**	.138		
Gender ^a	.207****	.176		
Supervisor ^b	.118	.100		
Race/Ethnicity ^c	-.049	-.047		
Step 2			.137	.029***
Years with City	.048	.030		
Age	-.063	-.045		
Education	.168**	.134		
Gender ^a	.201****	.170		
Supervisor ^b	.121*	.104		
Race/Ethnicity ^c	-.050	-.048		
MLQ Passive	-.170****	-.169		
MLQ Active	-.018	-.018		
Step 3			.355	.218****
Years with City	.059	.037		
Age	-.041	-.029		
Education	.132*	.105		
Gender ^a	.158***	.133		
Supervisor ^b	.081	.069		
Race/Ethnicity ^c	-.065	-.062		
MLQ Passive	-.072	-.070		
MLQ Active	-.065	-.062		
MLQ Transfor- mational	.485****	.467		

* *p* = .05. ** *p* = .01. *** *p* = .005. **** *p* = .001.

^a Gender: “0” = “Male” “1” = “Female”

^b Supervisor: “0” = “No” “1” = “Yes”

^c Race/Ethnicity: “0” = “African-American” “1” = “Caucasian”

sr = Semi partial (part) correlation.

Demographics, Transactional, and Transformational Predicting Defensive Culture

Hypothesis 1b

Hypothesis 1b stated, “After controlling for the effects of demographics and the two MLQ transactional scores, MLQ Transformational Leadership will add significant variance in predicting Defensive Culture.” In the first step of the model, the six demographics were again added and the inclusion of these six demographic factors did not significantly improve the explanation of Defensive Culture ($p = .142$). The second step of the model added MLQ passive and MLQ active, which increased the explained variance by 15.1%. Inspection of the beta weights in step two revealed that Defensive Culture was higher with higher scores for MLQ passive ($p = .001$), and MLQ active ($p = .001$). The third step of the model added in Transformational Leadership. The inclusion of Transformational Leadership added another 1.8% to the variance explained for Defensive Culture ($p = .008$). Inspection of the beta weights in step three revealed Defensive Culture was higher for higher levels of MLQ passive ($p = .001$), higher levels of MLQ active ($p = .001$), and lower levels of MLQ transformational ($p = .008$) (Table 4.7). Based on the regression model displayed in Table 4.7, Hypothesis 1b was supported.

Table 4.7: Demographics, Transactional, and Transformational Predicting Defensive Culture

(*N* = 331)

	β	<i>sr</i>	R^2	Change R^2
Step 1			.029	.029
Years with City	-.011	-.007		
Age	-.010	-.007		
Education	-.050	-.041		
Gender ^a	-.108	-.092		
Supervisor ^b	-.101	-.086		
Race/Ethnicity ^c	.073	.071		
Step 2			.180	.151****
Years with City	.014	.009		
Age	-.039	-.028		
Education	-.010	-.008		
Gender ^a	-.086	-.073		
Supervisor ^b	-.113	-.096		
Race/Ethnicity ^c	.095	.091		
MLQ Passive	.339****	.338		
MLQ Active	.200****	.192		
Step 3			.198	.018**
Years with City	.011	.007		
Age	-.045	-.032		
Education	.001	.000		
Gender ^a	-.073	-.062		
Supervisor ^b	-.101	-.086		
Race/Ethnicity ^c	.099	.095		
MLQ Passive	.312****	.304		
MLQ Active	.214****	.204		
MLQ Transfor- mational	-.138***	-.133		

* $p = .05$. ** $p = .01$. *** $p = .005$. **** $p = .001$.

^a Gender: “0” = “Male” “1” = “Female”

^b Supervisor: “0” = “No” “1” = “Yes”

^c Race/Ethnicity: “0” = “African-American” “1” = “Caucasian”

sr = Semi partial (part) correlation.

Demographics, Transactional, and Transformational Predicting Constructive Culture

Hypothesis 2a

Hypothesis 2a stated, “After controlling for the effects of the demographics and MLQ Transformational Leadership score, the combination of the two MLQ Transactional Leadership scores will add significant variance in predicting Constructive Culture.” As found previously in Table 4.6, the six demographic factors accounted for 10.8% of the variance in Constructive Culture. The addition of MLQ Transformational Leadership added 23.8% to the variance explained in Constructive Culture. Inspection of the beta weights found Constructive Culture to be higher for the more educated employees ($p = .009$), female employees ($p = .002$), and for higher levels of MLQ Transformational Leadership ($p = .001$). Step three of the hierarchical regression model added in MLQ passive leadership and MLQ active leadership. The inclusion of the two extra independent variables added only 0.9% to the variance explained in Constructive Culture ($p = .11$). Based on the findings in Table 4.8, Hypothesis 2a was not supported.

Table 4.8: Demographics, Transactional, and Transformational Predicting Constructive Culture

(*N* = 331)

	β	<i>sr</i>	R^2	Change R^2
Step 1			.108	.108****
Years with City	.054	.034		
Age	-.078	-.055		
Education	.170**	.138		
Gender ^a	.207****	.176		
Supervisor ^b	.118	.100		
Race/Ethnicity ^c	-.049	-.047		
Step 2			.346	.238****
Years with City	.066	.042		
Age	-.047	-.034		
Education	.145**	.117		
Gender ^a	.163****	.138		
Supervisor ^b	.077	.066		
Race/Ethnicity ^c	-.058	-.056		
MLQ Transformational	.494****	.488		
Step 3			.355	.009
Years with City	.059	.037		
Age	-.041	-.029		
Education	.132*	.105		
Gender ^a	.158****	.133		
Supervisor ^b	.081	.069		
Race/Ethnicity ^c	-.065	-.062		
MLQ Transformational	.485****	.467		
MLQ Passive	-.072	-.070		
MLQ Active	-.065	-.062		

* $p = .05$. ** $p = .01$. *** $p = .005$. **** $p = .001$.

^a Gender: “0” = “Male” “1” = “Female”

^b Supervisor: “0” = “No” “1” = “Yes”

^c Race/Ethnicity: “0” = “African-American” “1” = “Caucasian”

sr = Semi partial (part) correlation.

Demographics, Transactional, and Transformational Predicting Defensive Culture

Hypothesis 2b

Hypothesis 2b stated, “After controlling for the effects of the demographics and the MLQ Transformational Leadership score, the combination of the two MLQ transactional scores will add significant variance in predicting Defensive Culture.” As previously reported for Table 4.7, the six demographic factors added only 2.9% to the explanation of the variance in Defensive Culture, and was not significant ($p = .142$). The addition of MLQ Transformational Leadership in the second step, added 3.3% to the variance in explaining Defensive Culture ($p = .001$). Inspection of the beta weights revealed that Defensive Culture was higher with lower levels of MLQ Transformational Leadership ($p = .001$). The third step of the model added in MLQ passive and MLQ active leadership, which increased the variance accounted for by 13.6%. Inspection of the individual beta weights revealed Defensive Culture to be significantly higher for lower levels of Transformational Leadership ($p = .008$), higher levels of MLQ passive leadership ($p = .001$), and higher levels of MLQ active leadership ($p = .001$) (Table 4.9). Based on the findings in Table 4.9, Hypothesis 2b was supported.

Table 4.9: Demographics, Transactional, and Transformational Predicting Defensive Culture

(*N* = 331)

	β	<i>sr</i>	R^2	Change R^2
Step 1			.029	.029
Years with City	-.011	-.007		
Age	-.010	-.007		
Education	-.050	-.041		
Gender ^a	-.108	-.092		
Supervisor ^b	-.101	-.086		
Race/Ethnicity ^c	.073	.071		
Step 2			.062	.033****
Years with City	-.015	-.009		
Age	-.021	-.015		
Gender ^a	-.092	-.078		
Supervisor ^b	-.086	-.073		
Race/Ethnicity ^c	.077	.074		
MLQ Transformational	-.183****	-.181		
Step 3			.198	.136****
Years with City	.011	.007		
Age	-.045	-.032		
Education	.001	.000		
Gender ^a	-.073	-.062		
Supervisor ^b	-.101	-.086		
Race/Ethnicity ^c	.099	.095		
MLQ Transformational	-.138**	-.133		
MLQ Passive	.312****	.304		
MLQ Active	.214****	.204		

* *p* = .05. ** *p* = .01. *** *p* = .005. **** *p* = .001.

^a Gender: “0” = “Male” “1” = “Female”

^b Supervisor: “0” = “No” “1” = “Yes”

^c Race/Ethnicity: “0” = “African-American” “1” = “Caucasian”

sr = Semi partial (part) correlation.

Demographics, Transactional, and Transformational Predicting Constructive Culture

Hypothesis 3a

Hypothesis 3a stated, “After controlling for the effects of demographics, MLQ Transformational Leadership, and the combination of the two MLQ transactional scores, the three interaction terms will add significant variance in predicting Constructive Culture.” As previously found in Tables 4.6 and 4.8, the six demographic factors contributed 10.8% of the variance explained for Constructive Culture ($p = .001$). The second step of the model, which added MLQ Transformational Leadership, MLQ passive leadership, and MLQ active leadership, increased the explained variance in Constructive Culture another 24.7%. Inspection of the beta weights in step two revealed Constructive Culture to be higher for more educated employees ($p = .02$), female employees ($p = .003$), and for higher levels of MLQ Transformational Leadership ($p = .001$). Step three of the model added in the three interaction terms (transformational X passive, transformational X active, and passive X active). The addition of the three interaction terms added only 0.1% to the variance explained in Constructive Culture. Based on examination of Table 4.10, Hypothesis 3a was not supported.

Table 4.10: Demographics, Transactional, and Transformational Predicting Constructive Culture
(*N* = 331)

	β	<i>sr</i>	R^2	Change R^2
Step 1			.108	.108*****
Years with City	.054	.034		
Age	-.078	-.055		
Education	.170**	.138		
Gender ^a	.207*****	.176		
Supervisor ^b	.118	.100		
Race/Ethnicity ^c	-.049	-.047		
Step 2			.355	.247*****
Years with City	.059	.037		
Age	-.041	-.029		
Education	.132*	.105		
Gender ^a	.158***	.133		
Supervisor ^b	.081	.069		
Race/Ethnicity ^c	-.065	-.062		
MLQ Transformational	.485*****	.467		
MLQ Passive	-.072	-.070		
MLQ Active	-.065	-.062		
Step 3			.356	.001
Years with City	.064	.040		
Age	-.044	-.031		
Education	.126*	.098		
Gender ^a	.156***	.131		
Supervisor ^b	.080	.068		
Step 3 (Continued)				
Race/Ethnicity ^c	-.065	-.062		
MLQ Transformational	.485*****	.457		
MLQ Passive	-.074	-.072		
MLQ Active	-.062	-.059		
Transformational X Passive	-.035	-.033		
Transformational X Active	-.005	-.004		
Passive X Active	-.010	-.010		

* $p = .05$. ** $p = .01$. *** $p = .005$. **** $p = .001$.

^a Gender: “0” = “Male” “1” = “Female”

^b Supervisor: “0” = “No” “1” = “Yes”

^c Race/Ethnicity: “0” = “African-American” “1” = “Caucasian”

sr = Semi partial (part) correlation.

Demographics, Transactional, and Transformational Predicting Defensive Culture

Hypothesis 3b

Hypothesis 3b stated, “After controlling for the effects of demographics, MLQ Transformational Leadership, and the combination of the two MLQ transactional scores, the three interaction terms would add significant variance in predicting Defensive Culture.” As previously found in Tables 4.7 and 4.9, the six demographic variables in the first step accounted for only 2.9% of the variance in Defensive Culture, and was not significant ($p = .142$). In step two of the hierarchical regression model, MLQ Transformational Leadership, MLQ passive leadership, and MLQ active leadership were added, and the inclusion of these three variables, added 16.9% to the variance explained for Defensive Culture. Inspection of the beta weights in step two of this model revealed that Defensive Culture was higher for lower amounts of MLQ Transformational Leadership ($p = .008$), as well as for higher levels of MLQ passive leadership ($p = .001$), and higher levels of MLQ active leadership ($p = .001$). The third step of the model added in the same three interaction terms that were found in Table 4.11 and the three interaction terms increased the explained variance by only 1.4%. Thus, Hypothesis 3b was not supported.

Table 4.11: Demographics, Transactional, and Transformational Predicting Defensive Culture
(*N* = 331)

	β	<i>sr</i>	R^2	Change R^2
Step 1			.029	.029
Years with City	-.011	-.007		
Age	-.010	-.007		
Education	-.050	-.041		
Gender ^a	-.108	-.092		
Supervisor ^b	-.101	-.086		
Race/Ethnicity ^c	.073	.071		
Step 2			.198	.169****
Years with City	.011	.007		
Age	-.045	-.032		
Education	.001	.000		
Gender ^a	-.073	-.062		
Supervisor ^b	-.101	-.086		
Race/Ethnicity ^c	.099	.095		
MLQ Transformational	-.138**	-.133		
MLQ Passive	.312****	.304		
MLQ Active	.214****	.204		
Step 3			.212	.014
Years with City	-.011	-.007		
Age	-.033	-.024		
Education	.017	.013		
Gender ^a	-.068	-.057		
Supervisor ^b	-.099	-.084		
Race/Ethnicity ^c	.097	.093		
MLQ Transformational	-.145	-.137		
MLQ Passive	.318	.308		
MLQ Active	.209	.197		
Transformational X Passive	.099	.094		
Transformational X Active	-.011	-.010		
Passive X Active	.051	.048		

* $p = .05$. ** $p = .01$. *** $p = .005$. **** $p = .001$.

^a Gender: “0” = “Male” “1” = “Female”

^b Supervisor: “0” = “No” “1” = “Yes”

^c Race/Ethnicity: “0” = “African-American” “1” = “Caucasian”

sr = Semi partial (part) correlation.

Factor Loading From Principal Components Analysis For MLQ Contingent and Transformational Leadership Items

Hypothesis 4

Hypothesis 4 stated, “Based on exploratory factor analysis (principal components with varimax rotation), the 4 items from MLQ contingent rewards scale, and the 20 items from the MLQ Transformational Leadership scale will have an overlapping factor structure.” Table 4.12 displays the factor loadings for principal components analysis for the MLQ contingent and Transformational Leadership items. The results of the principal components analysis revealed a four-factor structure, which accounted for 61.03% of the variance in the 24 items. Inspection of the individual eigenvalues revealed a large general factor (11.31, accounting for 47.10% of the variance), followed by three considerably smaller factors (1.29, 1.04, 1.01). Inspection of this rotated component matrix revealed all four of the contingent leadership items had the heaviest loading on the first factor. Thus, Hypothesis 4 was supported.

Table 4.12: Factor Loading From Principal Components Analysis For MLQ Contingent and Transformational Leadership Items
(*N*=331)

MLQ Item	1	2	3	4	Communality
1. Provides me with assistance in exchange for my efforts ^a	.516		.467		.569
2. Re-examines initial assumptions to questions whether they are appropriate			.711		.615
6. Talks about his/her most important values and beliefs		.315		.692	.591
8. Seeks differing perspectives when solving problems			.589	.512	.631
9. Talks optimistically about the future	.333			.567	.567
10. Instills pride in me for being associated with him/her	.644			.331	.658
11. Discusses in specific terms who is responsible for achieving performance targets ^a	.490	.402		.341	.528
13. Talks enthusiastically about what needs to be accomplished	.470	.546		.328	.629

Notes: Varimax with Kaiser Normalization. Coefficients <.30 suppressed.

^a MLQ Contingent leadership item. All other items from MLQ transformational leadership.

(Table 4.12 Continued)

Table 4.12 Continues

MLQ Item	1	2	3	4	Communality
14. Specifies the importance of having a strong sense of purpose	.533	.506			.644
15. Spends time teaching and coaching	.522	.374	.366		.560
16. Makes clear what I can expect to receive when performance goals are achieved ^a	.580	.414			.527
18. Goes beyond self-interest for the good of the department	.488				.459
19. Treats me as an individual rather than just a member of a department	.707			.395	.724
21. Acts in ways that builds my respect for him/her	.655		.325		.647
23. Considers the moral and ethical consequences of decisions	.439	.301	.419		.495
25. Displays a sense of power and confidence		.652			.497
26. Articulates a compelling vision of the future	.323	.721			.727

Notes: Varimax with Kaiser Normalization. Coefficients <.30 suppressed.

^a MLQ Contingent leadership item. All other items from MLQ transformational leadership.

(Table 4.12 Continued)

Table 4.12 Continues

MLQ Item	1	2	3	4	Communality
29. Considers me as having different needs, abilities, and aspirations from other individuals	.307		.626		.486
30. Gets me to look at problems from many different angles	.482	.367	.556		.677
31. Helps me develop my strengths	.693	.387	.381		.776
32. Suggests new ways of looking at how to complete assignments	.461	.498	.440		.655
34. Emphasizes the importance of having a collective sense of mission	.431	.587			.628
35. Expresses satisfaction when I meet expectations ^a	.764				.688
36. Expresses confidence that goals will be achieved	.710	.354			.669
Eigenvalues	5.94	3.62	3.02	2.07	
Percent of variance	24.75	15.08	12.58	8.62	

Notes: Varimax with Kaiser Normalization. Coefficients <.30 suppressed.

^a MLQ Contingent leadership item. All other items from MLQ transformational leadership.

CHAPTER V

DISCUSSION

This research was focused on the relationships among Transformational Leadership, Transactional Leadership, Constructive Culture, and Defensive Culture. The researcher found that in this study, it is possible to predict the kind of leadership style that characterizes the culture of an organization or its subunits, given the right instrument for measurement, and that—at least in the organization studied in this work—participants of this organization, perceived a dominate leadership style.

In the face of an ever-evolving world, organizations must develop cultures that can flexibly adapt to meet new demands. Many organizations are now asking themselves: what kind of culture do they need to serve their enterprise? The studies examining the relationship between organizational culture and leadership are widespread and are often associated with how to stimulate organizational change. Changing the culture of an organization is difficult, yet essential for many organizations. In today's environment of global markets, intensified competition, accelerated product life cycles, and the growing complexity of relationships with suppliers, customers, employees, and government (Barlett & Ghoshal, 1990), organizations find that they need to change the way they do business in order to survive.

The task of changing an organization's culture falls to its leaders. Many studies of leadership focus on how a person identified as a leader behaves or interacts with a group of subordinates. In some cases, this group of subordinates is so large that it comprises an entire organization, and therefore a few studies have looked at the leader's influence on organizational culture (Alvesson & Berg, 1992). Often the founder of the organization is the target of attention in these studies (Pettigrew et al., 1992; Schein, 1985).

Typically, such studies focus on top-level leaders, rather than middle managers, since top-level leaders usually set priorities. Yet organizational culture is not simply the result of decisions made by top leaders; it also includes how those decisions are carried out by everyone in the organization—that is, it relies as much on Transactional Leadership as it does on Transformational Leadership. It is revealing that in Yukl's (1981) extensive review of leadership research, the word culture is only mentioned a few times, and then only as something that is changed as a result of Transformational Leadership (Yukl, 1981, 2002; Yukl & Fleet, 1992).

In this study, the researcher identified to what extent Transformational Leadership and Transactional Leadership, both separately and as an interaction, determine Constructive Culture and Defensive Culture within an organization. This question was developed by recognizing a gap in the literature, which provided no clarification of the relationship between Transformational Leadership and Transactional Leadership styles and how they contribute to an organization's culture (i.e., Constructive and Defensive). In other words, using these selected instruments, with factored scores, on this sample, the question this dissertation attempted to answer was whether Transformational Leadership and Transactional Leadership separately, together, or both, can actually influence the culture of this organization in predictable ways. If this is possible to determine, then it could also be possible to create a model or framework for leadership that would provide a better perception of this organization. Similarly, it could allow leaders and managers to identify ways to promote the preferred culture of an organization in ways that would meet the needs of individual units or subcultures within that organization. Thus, this study tested a predictive model of several components of organizational culture and leadership styles in a large sample (N=331) of municipal employees using three sets of predictors: demographic/employment status of employees, measures of employees' judgments of their supervisor's Transactional Leadership styles, and measures of employees' judgments of their supervisor's Transformational Leadership style

Dimensions were selected that reveal properties of Constructive and Defensive Culture within an organization. These selected dimensions were analyzed and correlated with employees' perception of Transformational Leadership and Transactional Leadership styles within an organization, based on their perceptions of their supervisors' styles.

Participants

For the employees studied (n=331), the mean number of years with the organization was 12.37 years ($SD = 9.92$ years). About one third of the participants (34.1%) were under 35 years of age; another 28.1% were between 36-45 years of age, and 37.8% were older than 45 years. Education levels were almost evenly split among high school only (31.7%), some college coursework (34.7%), and college graduation (33.5%). Thirty-nine percent reported themselves to be in some kind of supervisory capacity. One third of the participants (n = 111) were female.

The researcher scheduled small group meetings at the work-site with all employees. The researcher administered the instruments, and time was allowed for discussion. The researcher instructed the subordinates to complete each questionnaire, place the questionnaires in a sealed envelope (coded and provided by the researcher) and bring the completed questionnaires to the researcher before leaving the training room.

In addition to the verbal instructions, all surveys included written information about the nature of the research study and the option to be excluded from the research. Thus, participation was voluntary. Participants were informed that 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 identification information would not be disclosed.

Debriefing sessions pertaining to the research were made available at the conclusion of the research study, in the form of group meetings or follow-up calls and memos. The researcher and the city's Director of Human Resources were available, upon request, for individual debriefing throughout the duration of the study.

Findings

Demographics

Six demographic variables were selected for use in this study; these included the number of years with city, age, education, gender, whether they were a supervisor, and race/ethnicity. It is important to note that this sample largely consisted of three departments: the Department of Public Works (DPW), the Fire Department (FD), and the Department of Social Service (DSS). The DPW was characterized by a predominately male population (males = 130 and females = 6) performing blue-collar work, with only 15 employees with a college degree. The FD was also predominately male (males = 55 and females = 3), performing blue-collar work, with only nine employees with a college degree. In contrast, the DSS was characterized by a predominantly female population (males = 22 and females = 76), performing white-collar work. Significantly, a majority of the employees with a college degree were employed by the DSS (college graduates = 73). This is important to know because the correlations of the primary factor scores indicated that the OCI Constructive Culture factor was higher for female employees ($p = .001$), and for more educated employees ($p = .001$). In addition, MLQ Transformational Leadership factor was higher for female employees ($p = .04$), and positively correlated with education ($p = .04$).

The particular subunit is important for this study, as well. That a majority of women in this sample were employed by the DSS may perhaps explain their high correlations with Constructive Culture and Transformational Leadership. According to Adrian (1990), the primary responsibilities of a social service counselor are to serve, aid, and protect needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence. These primary responsibilities of a social service counselor are quite similar to the subscales of Constructive Culture (self-actualization, achievement, humanistic-encouraging, and affiliative) and the subscales of Transformational Leadership (idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration). Therefore, it is not surprising that women perceived their culture as a Constructive Culture and their leadership as characterized by a Transformational Leadership style. Additionally, the fact that a majority of the DSS positions require a college degree likely explains the positive correlations with Constructive Culture and Transformational Leadership with respect to education. This is important because the gender status alone may not predict a Constructive Culture or Transformational leadership style. It may be more likely that, along with the leadership style, the nature of the job plays a significant role in driving the type of culture.

Hypotheses

Hypothesis 1a stated, “After controlling for the effects of demographics and the two MLQ transactional scores, MLQ Transformational Leadership will add significant variance in predicting Constructive Culture.” Based on the findings (Table 4.6), Hypothesis 1a was supported. The findings reported that MLQ passive and MLQ active added 2.9% to the variance explained and by adding MLQ Transformational Leadership, 21.8% was added to the variance explained ($p = .001$) for Constructive Culture. The researcher used hierarchical multiple regression, in which the OCI Constructive Culture factor was entered as the dependent variable.

Hypothesis 1a Synthesis: This finding states that a Transformational Leadership style statistically ($p = .001$) predicted a Constructive Culture. A total of 35.5% of the variance was explained; however, the largest variance 21.8% was explained after adding Transformational Leadership. This finding suggested that the behavior modeled by the leader and the management team significantly affects the culture and practices of this organization. For example, what management emphasizes, rewards and punishes strongly influences the organizational culture. This is important because many theorists state the leader is considered somebody who exercises

a more or less far-reaching influence on an organization's culture (Tzeng, 2000; Albrecht, 1983; Ouchi, 1981; Schein, 1992). Therefore, it could be that leadership is a result of culture. Although it is not clear, this finding challenges this theory.

However, it is also important to note that the MLQ transformational items were all positively stated (i.e. goes beyond self-interest for the good of the department), whereas the MLQ transactional items were all negatively stated (i.e. focuses attention on irregularities, mistakes, exceptions, and deviations from standards). In contrast, the OCI constructive items were all positively stated (i.e. show concerns for needs of others), whereas the OCI defensive items were all negatively stated (i.e. accept goals without questioning them). This perhaps suggested the MLQ instrument showed a bias for transformational subscales, and the OCI instrument showed a bias for constructive subscales.

Hypothesis 1b stated, “After controlling for the effects of demographics and the two MLQ transactional scores, MLQ Transformational Leadership will add significant variance in predicting Defensive Culture.” Based on the findings (Table 4.7), Hypothesis 1b was also supported. The MLQ passive and MLQ active factors added 15.1% to the explained variance for predicting Defensive Culture. Transformational Leadership factor added an additional 1.8% to the variance explained for predicting Defensive Culture. Findings revealed that Defensive Culture was higher, with higher scores for MLQ passive ($p=.001$), and MLQ active ($p=.001$). The researcher used hierarchical multiple regression, in which the OCI Defensive Culture factor was entered as the dependent variable.

Hypothesis 1b Synthesis. This finding suggests that—similar to the conclusions drawn from the demographic data—leadership styles, and therefore cultures, may reflect the requirements of particular jobs. Here, when adding MLQ transactional subscales, 15.1% of the variance was explained in predicting Defensive Culture. An inspection of the individual beta weights, when adding Transformational Leadership in the full model ($\beta = -.138$, $p = .005$), added 1.8 % of the variance explained. Since this sample was largely drawn from the DSS, DPW, and FD, the nature of the work, in combination with the demographic data, may explain the findings of Hypothesis 1b. DSS employees were mostly educated, female employees who perceive their immediate supervisor as having a transformational leadership style and that their environment is characterized by a Constructive Culture. These jobs are concerned with helping people as the primary goal. The jobs in the DPW and the FD, in contrast, are blue-collar jobs considered to be

more concerned with output rather than people (Blake, Shepard, & Mouton, 1964). In addition, DPW (males = 103 and females = 6) and FD (males = 55 and females = 3) are also predominantly made up of male employees with fewer college graduates among them.

The conclusion drawn from Hypothesis 1b is supported by Blake, Shepard, and Mouton (1964), who developed a model called the two-factor model of leadership behavior. They called the factors “concern for people” and “concern for task.” According to their studies, managers exhibit behaviors that fall into two primary categories (task and people). Depending on what category was shown most frequently, a leader could be placed along each of the two styles. Therefore, they suggest that leadership styles largely depend on the type of work being performed.

Hypothesis 2a stated, “After controlling for the effects of the demographics and the MLQ Transformational Leadership score, the combination of the two MLQ Transactional Leadership scores will add significant variance in predicting Constructive Culture.” Based on the findings (Table 4.8), Hypothesis 2a was not supported.

Using Hierarchical Multiple Regression, the findings reported that MLQ Transformational Leadership added 23.8% to the variance explained in Constructive Culture. These findings are similar to the findings in Hypothesis 1a, exhibiting a 2.0% increase in variance when adding Transformational Leadership scores.

Hypothesis 2a Synthesis. Findings in Hypothesis 2a imply that leaders cannot be Transactional and Transformational; different cultures or subcultures require different models of leadership. These findings are supported by Burns (1978), who introduced the theories of Transformational Leadership and Transactional Leadership, for which he gave the following definitions:

1. Transformational Leadership consists of behaviors that inspire followers with the personal desire to achieve goals.
2. Transactional Leadership consists of behaviors that obtain commitment for the achievement of goals through a promise of rewards or agreed upon exchanges and by taking corrective actions for inadequate performance.

For Burns (1978), these two types of leadership behaviors were separate and existed at opposite ends of the spectrum. In other words, a leader was either transformational or transactional; he or she could not be both. In contrast to Burns (1979), Bass (1998) suggested that a leader could exhibit both transformational and transactional characteristics. However, the findings in this

research did not support that notion. The multiple regression equations showed no positive correlations between Transformational Leadership styles and Transactional Leadership styles.

Hypothesis 2b stated, “After controlling for the effects of the demographics and the MLQ Transformational Leadership score, the combination of the two MLQ transactional scores will add significant variance in predicting Defensive Culture.” Based on the findings (Table 4.9), Hypothesis 2b was supported.

Hypothesis 2b Synthesis. Hypothesis 1a concluded that Transformational Leadership scores were higher when Constructive Culture scores were higher. Therefore, it was no surprise to find in Hypothesis 2b that Transactional Leadership scores were higher when Defensive Culture scores were higher. Inspection of the beta weights revealed that Defensive Culture was higher with lower levels of MLQ Transformational Leadership ($\beta = -.183, p = .001$). The third step of the model added in MLQ passive and MLQ active leadership, which increased the variance accounted for by 13.6%. This supports the notion that the behavior modeled by the leader and the management team moderately shapes the culture and practices of the organization. Though, as stated in hypothesis 1a synthesis, it is not clear if leadership is a result of culture or culture is a result of leadership. However, it supports Burns’s (1979) findings that Transformational Leadership styles and Transactional Leadership styles are opposites and are not a shared set of behaviors.

A review of the definitions Bass (1990) used to describe the different components of Transformational Leadership and Transactional Leadership shows a similarity in the terminology used to distinguish between leadership behaviors that are task-oriented and relations-oriented; between the dichotomous constructs of leadership versus management; and between the concepts of autocratic versus democratic leadership. Transformational Leadership behaviors include instilling pride, giving respect, trust, and personal attention, coaching, and advising. These tend to be linked to almost identical traits in those who are identified as leaders. In contrast, Transactional Leadership behavior includes exchanging rewards for effort, promising rewards for good performance, and recognizing accomplishments. These behaviors are linked to traits identified in managers. Similar links can be made with the terminology related to autocratic and democratic styles. This is important, because many theorists believe that individuals are either relations-oriented or task-oriented, autocratic or democratic, transformational or transactional, leader or manager; in short, that one cannot be both (Burns, 1979; Davis, 1984; Blake &

Mouton; Fiedler, 1967, Drath & Palus, 1994). The findings here tend to support that notion, although whether this is true of the nature of individuals or their particular circumstances is less clear. It could be that some individuals may change their leadership styles given the right opportunity. Nevertheless, the findings certainly suggest it is not likely that an individual leader is both transformational and transactional at the same time.

Hypothesis 3a stated, “After controlling for the effects of demographics, MLQ Transformational Leadership and the combination of the two MLQ transactional scores, the three interaction terms (MLQ transformational * MLQ management-by-exception-active, and MLQ transformational * MLQ management-by-exception-passive) will add significant variance in predicting Constructive Culture.”

Step three of this model added the three interaction terms (transformational X passive, transformational X active, and passive X active). These three interaction terms added only 0.1% to the variance explained in Constructive Culture, based on examination of Table 10.4. Hypothesis 3a was not supported.

Hypothesis 3a Synthesis. Findings in Hypothesis 3a were also insignificant. The third step of the model added in three interaction terms found in Table 4.10. These terms increased the explained variance a mere .1%. There appeared, then, to be little interaction among these variables.

Hypothesis 3b stated, “After controlling for the effects of demographics, MLQ Transformational Leadership and the combination of the two MLQ transactional scores, the three interaction terms (MLQ transformational * MLQ management-by-exception-active, and MLQ transformational * MLQ management-by-exception-passive) will add significant variance in predicting Defensive Culture”.

Hypothesis 3b Synthesis:

Findings in Hypothesis 3b were also insignificant. The third step of the model also added in the same three interaction terms that are shown in Table 4.10. These terms increased the explained variance by only 1.4%. Thus, as with Hypothesis 3a, the interaction effects of these variables appeared to be negligible.

Taken together, the results from Hypotheses 3a and 3b suggest that perhaps these are not the best interactions, these interactions are essentially redundant with the main effects that

compose them. For example, better interactions perhaps would be transformational x education, transformational x gender, transformational x years of service, etc.

Hypothesis 4 stated, “Based on exploratory factor analysis (principal components with Varimax rotation), the 4 items from MLQ contingent rewards scale, and the 20 items from the MLQ Transformational Leadership scale will have an overlapping factor structure.” Table 4.12 displays the factor loadings for principal components analysis for the MLQ contingent and Transformational Leadership items.

Hypothesis 4 Synthesis. Hypothesis 4 was supported by these findings. The results of the principal components analysis revealed a four-factor structure, which accounted for 61.03% of the variance in the 24 items. Inspection of the individual eigenvalues revealed a large general factor (11.31, accounting for 47.10% of the variance), followed by three considerably smaller factors (1.29, 1.04, 1.01). Inspection of this rotated component matrix revealed all four of the contingent leadership items had the heaviest loading on the first factor. Due to concerns of multicollinearity between the four-item contingent and twenty-item Transformational Leadership scales, the contingent leadership scale was dropped from the regression analysis, leaving Transactional Leadership to be represented by management-by-exception-active and management-by-exception-passive.

Similar to these findings, many other researchers have found positive associations between Transformational Leadership and the contingent reward component of Transactional Leadership. Jung and Avolio (2000-2001) used path analysis to determine the effect that Transformational Leadership and Transactional Leadership had on followers’ trust and value congruence. They concluded that Transformational Leadership had both direct and indirect effects and Transactional Leadership had indirect effects.

Howell and Hall-Marenda (1999) noted that correlations among the subscales were all significant at $p = .05$: “Relatively strong positive correlations were found between the Transformational Leadership subscales and contingent reward ($r = .79$). Even though the active and passive management-by-exception subscales correlated positively with each other ($r = .38$), they correlated negatively with the Transformational Leadership subscales ($r = -.41$, $r = -.62$) and contingent reward ($r = -.36$, $r = -.49$)” (pp. 27-29).

Questions about the MLQ have primarily involved correlations among the Transformational Leadership subscales and the transactional subscale of contingent reward. Bass

(1985) as well as Bass and Avolio (1995) have argued for retaining this subscale within the Transactional Leadership grouping. However, here, because of the findings of this study and others, contingent reward was excluded. Significantly, if contingent reward subscales were not removed, Burn's (1978) theory may not have supported hypotheses 1 and 2 of this research. It is likely that contingent reward subscales would indicate that a leader is both transformational and transactional, thus skewing the data.

Conclusions

Five significant findings were suggested from this research study:

1. Transformational Leadership factored scores were positively and significantly correlated with Constructive Culture factored scores and therefore Transformational Leadership added significant variance in predicting Constructive Culture.
2. Transactional Leadership factored scores were positively and significantly correlated with Defensive Culture factored scores and therefore Transactional Leadership added significant variance in predicting Defensive Culture.
3. Organizations have subcultures that display the personality of the individual departments or units.
4. The type of work performed or provided influences the type of leadership style.
5. The MLQ instrument was found to be a weak measurement of leadership.

First, a total of 35.5% of the variance was explained; however, the largest variance, 21.8%, was explained after adding Transformational Leadership. This finding states that a Transformational Leadership style statistically ($p = .001$) predicted a Constructive Culture.

Second, the MLQ passive and MLQ active factors added 15.1% to the explained variance for predicting Defensive Culture. Transformational Leadership factor added an additional 1.8% to the variance explained for predicting Defensive Culture. Findings revealed that Defensive Culture was higher with higher scores for MLQ passive ($p=.001$), and MLQ active ($p=.001$).

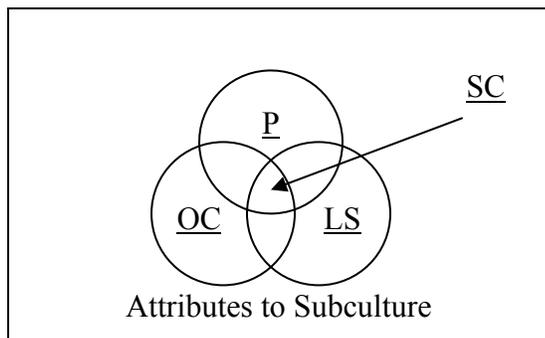
Third, these findings indicate that the organization had subcultures that display the individual personality of each department, and hence may require targeted leadership (see Figure 3. Researchers conceptual model). This sample was largely a representation of three departments, the Department of Social Services, the Department of Public Works, and the Fire Department. The Department of Social Services, composed primarily of white-collar positions,

was perceived by its employees to be a Constructive Culture. The other two departments, Public Works and Fire, were predominantly blue-collar positions, and perceived to be Defensive Cultures. These differences likely require managers (and leaders) to develop leadership models appropriate for the subculture, though these models must also fit with the larger goals of the organizational culture.

Forth, leadership styles within an organization are largely a reflection of what type of product or service (performance) the organization produces or provides. For example, the culture of a large, for-profit corporation is quite different from that of a hospital, which is quite different from a university (see Figure 3. Researchers conceptual model). This has implications for management. For large organizations, many of which have multiple functions (e.g., a university hospital), these findings suggest that if managers or leaders are going to be effective in changing and maintaining the culture of an organization—and the subcultures that serve it—they must understand the nature of their specific subculture and develop the behaviors in themselves and in whom those they supervise to manage—or lead—effectively. In this sample, the combination of white-and blue-collar jobs, with corresponding Transformational and Transactional Leadership styles, suggests that one-size-fits-all managerial directives would not be effective.

The model stated below is a representation of the perceptions of the participants of this sample, and is not intended to be recognized as a universal model. Performance—represents the nature of the many different task being performed, Organizational Culture—represents the different cultures, and Leadership Style—represents the different leadership styles. The overlapped area—sub culture—suggest that the nature of the task (white-collar or blue-collar), the particular culture associated with the task as well as the leadership style, creates a attributes to the subculture.

Figure 2. Researcher’s conceptual model.



P = Performances OC = Organizational Culture LS = Leadership Style SC = Subculture

Finally, this research revealed the need to develop an instrument that represent a more reliable and valid measure of Transformational Leadership and Transactional Leadership behaviors. However, after a careful review of the literature, the MLQ and the OCI were found to be widely used instruments and considered the best available for measuring leadership and culture. However, this research suggested that the MLQ measures could be improved.

Limitations

Four limitations existed in this research. First, the sample consisted exclusively of employees of a small city government organization in a conservative college town, located in the southeastern United States. Results might be different for employees employed by a larger city government, different geographical location, or private organizations.

Second, this research examined the organization in its entirety. For future research, the researcher suggests looking at an organization by the individual units or departments. Often the culture in large organizations is not representative of all departments within an organization. Organizations can vary in terms of the degree of cultural integration and the strength of the subcultures that coexist. In addition, subcultures may share certain characteristics, norms, values, and beliefs, or these may be very different. Exploring the subcultures within an organization could reveal many subcultural factors important for an organization's overall success.

Third, multi-rater feedback from associates may be more accurate measure of an individual's leadership abilities than traditional one-on-one performance appraisal reviews (Church & Waclawski, 1989). The 360-degree feedback rating may provide the best indicator of effective leadership, as this method would allow an individual to assess his or her 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, the leadership profile may increase in accuracy and in usefulness. A 360-degree feedback measure, however, is very costly and time consuming.

Lastly, the relationships of leadership and culture might have been different if percentages for race, age, sex, length of employment, time with immediate supervisor, ethnicity, and educational levels were different. For instance, a different sample (or different demographics) may reveal different findings.

Implications for Practice

According to Hooijberg and Petrock (1993), most organizations invest a great deal in their past practices, and managers are often reluctant to change the processes, structures, and tasks that have contributed to the organization's past success. However, many practitioners believe that understanding and assessing an organization's leadership styles and cultural realities can mean the difference between success and failure in today's fast-changing business environment. This research allowed the organization to explore and correlate the existing leadership styles with the existing organization's culture. The MLQ and OCI instruments offered a snapshot of the existing culture and identified whether the prevailing culture supports and drives the actions necessary to achieve its strategic goals.

In addition, the MLQ and OCI assessment enabled the organization to analyze the gap between the current and desired culture. According to Denison (1993) developing a conceptual picture of the ideal and then taking a realistic look at the gaps provides vital information that can be used to design interventions to close the gaps and bring specific elements of culture into alignment with strategic goals. However, as the research showed, these types of instruments must be factored with the sample being researched or assessed. If instruments are not factored, the findings could be misleading and lead to inappropriate interventions and misdirected resources.

Another important finding was revealed by factoring the MLQ and OCI instruments. By applying exploratory factor analysis, the researcher identified potential concerns of construct validity. The results indicated that contingent reward factor (part of the Transactional Leadership scale cluster) was found to correlate strongly with the Transformational Leadership factor, $r(329) = .86, p < .001$. Based on these findings, the researcher excluded the contingent reward factor, due to concerns of multicollinearity between the four-item contingent and twenty-item Transformational Leadership scales.

Had the research not used exploratory factor analysis using principal components analysis with a varimax rotation and instead used Bass and Avolio's (1997) published factor structure and item measures, the findings in this research may have been different, and the internal validity might have been compromised. As a result, for this sample, the instrument would not have measured what the instrument was intended to measure. However, the researcher employed exploratory factor analysis and created a new factor structure, as well as new item measures, specifically for the sample within this research.

For other researchers interested in this topic--also suggested in the limitation section--was the use of other raters, rather than just subordinate ratings of immediate supervisors. Although subordinate ratings generally reflect the expected intercorrelation patterns among the respective leadership factor scores (Bass & Yammarino, 1991), other raters may provide a richer dimension of leadership assessment. The 360-degree feedback model of leadership assessment may be more effective than just subordinate ratings in revealing subcultures within the different levels of the organization.

Future Research Needs

Additional research should be conducted by looking at individual departments within an organization. In many organizations, a strong dominant culture is pervasive throughout the organization and across business departments, or even regions. This kind of organization is said to possess a high level of cultural integration (Guest, Hersey, & Blanchard, 1977). However, often the culture in large organizations is not singular or uniform. Organizations can vary widely in terms of the degree of cultural integration and the strength of the subcultures that coexist.

Subcultures may share certain characteristics, norms, values, and beliefs or be very different. These subcultures can function cooperatively or be in conflict with each other. In general, subcultures can differ by function, (engineering vs. marketing), by their place in the hierarchy, (management vs. administrators, assistants) by division, by site, or by geographic region and country (Brown & Starkey, 1994).

In addition, this research revealed the need to develop an instrument that represents a more reliable and valid measure of Transformational Leadership and Transactional Leadership behaviors. After a careful review of the literature, the MLQ was found to be a widely used instrument and considered one of the best available leadership instruments for measuring Transformational Leadership and Transactional Leadership behaviors (Butler, Cantrell, & Flick, 1999; Bass & Avolio, 1997; Hoover, 1991). However, these results suggest that this measure could be improved. This research grouped the OCI factors of Passive Defensive and Aggressive Defensive Styles together and created a new factor, Defensive Culture. It would be useful in the future to not group Passive Defensive and Aggressive Defensive styles together, instead viewing them as two separate factors, as recommended by Cooke (1994). This would allow the opportunity to correlate the two factors: Passive Defensive and Aggressive Defensive

independently with the MLQ transactional factor: Management-by-Exception-Active and Management-by-Exception-Passive. This may perhaps offer an additional explanation of the variance Transactional Leadership styles have on a defensive organizational culture.

Summary

The ability to develop a one-size-fits-all culture may be limited, and indeed may not even be desirable. However, the kind of cultural analysis undertaken in this research can allow leaders and managers to identify ways to promote the preferred culture of an organization in ways that would meet the needs of individual departments, units or subcultures within that organization, as well as align each with the organizational-wide mission, visions, and strategic plan.

With respect to the organization studied, the leadership team may want to develop a leadership curriculum that fosters Transformational Leadership and Transactional Leadership as well as Constructive Culture and Defensive Culture. Such a plan could allow the departments or units the opportunity to develop their individual (ideal) culture, and management, consequently, will adapt to these cultures.

Together, the results in this dissertation show that Transformational Leadership and Transactional Leadership determine Constructive Culture and Defensive Culture, respectively, within this organization, in relatively predictable ways. Moreover, these findings allow theorists, as well as practitioners, in the field of organizational development, leadership development, and human resource development a new model or framework for leadership and organizational culture.

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Appendix – A

Proposal Letter Requesting and Explaining the Research

Virginia Tech

Northern Virginia Center
7054 Haycock Road
Falls Church, Virginia, 22043-2311

Wednesday, March 17, 2004

Director
Department of Human Resources

Dear Mr. _____,

As requested, we are providing an explanation of ‘How and Why’ the data gathered from the assessment instruments will be used to development a Leadership program for the City of _____. The objective is to summarize, and get your reactions to an approach for meeting your leadership development needs through this research project. We have included the significance of the research, the development of a leadership program, the research study, the purpose of study, and an example of an instrument used in the study as well as in the development of a leadership program for the city.

We would like the opportunity to meet with you and other members of the leadership team to explain in greater detail the ‘What, Why, Who, and How ‘components of the research study and the leadership development program.

Meanwhile, please do not hesitate to call me with any questions. We are prepared to begin the project as early as November.

We are excited about working with you and other employees of the City of _____.

Sincerely,

Randy Eppard, ABD and Barbara Brown, ABD
Va. Tech. Doctoral Students

Appendix – B

City Participant Letter

TO: Participants
FROM: Randy Eppard

You have been asked to participate in a research project at Virginia Tech University that will provide us with quantitative feedback in each of these key areas. This project will be undertaken by two Doctoral students, Randy Eppard and Barbara Brown. Outcomes they will provide include the following:

Feedback from Assessments:

- Culture:* A “snapshot” of the city’s operating culture in terms of the behaviors that employees believe are required to "fit in and meet expectations" within the city government.
- Employee Commitment:* How employees “currently” feel about staying with the organization and doing their best to helping achieve common goals.
- Leadership Behaviors:* The type of leadership behaviors that employees feel cause them to have High Levels of Commitment; the type of Leadership Behaviors that employees feel cause them to have Low Levels of Commitment; and the type of Leadership Behaviors that employees feel create a Positive Culture; and the type of Leadership Behaviors that employees feel create a Negative Culture.

Strategic Recommendations:

- General:* Ways the information might prove beneficial to the following City stakeholders and constituencies: City Manager, City Council, Leadership Team, Mid-Level Managers, First Line Supervisors, Non-Supervisory Employees, other.
- Specific:* Incremental timeframes will be used to present each of these recommendations: 3-months, 6-months, 12-months, and 18-months. They will include activities the City, Leadership Team, or Managers might consider implementing:
- Strategies to enhance/develop/maintain transformational leadership behaviors
 - Strategies to enhance/develop/maintain high levels of employee commitment
 - Strategies to enhance/develop/maintain a positive culture

Leadership Development Program

Once the data is analyzed, Randy and Barbara will use guidance from the Leadership Team to develop a maximum 3-Day Leadership Development program. While this training will involve a one-time event, it will nevertheless give an opportunity for city employees to participate in a program that has been “customized” and based on specific needs.

First, the research will provide the city with an assessment of where they are currently. Next, it will provide information about strengths as well as opportunities for improvement. Finally, it will offer insight on how the city might approach further development in each of the city’s key success areas.

Program Methodology

Here is a four-part process to be employed to develop a leadership program for the city.

Usefulness of Questionnaires

1. **Assessment.** Assessment tools will be employed to measure which supervisors/managers are proficient in the relevant competencies, and which are in need of development, and where. The assessment process will result in an individual report of strengths and areas of needed improvement for each participant. This needs-based approach will enable the city to focus their development budget and time only where needed, rather than presuming each employee needs improvement in every competency. Internal trainers will also be a resource in this part of the project.
2. **Training.** In response to the needs determined by the assessment process, a three-day leadership program will be developed and implemented. In addition, the city can use the assessment data to construct a complete training and development architecture, to include a variety of resources and approaches.
3. **Development planning.** Based on the individual needs assessment, each participating supervisor/manager will write an Individual Development Plan (IDP). In it s/he will name the specific developmental steps that s/he is going to take from a menu of developmental options, with timeframes and resources needed.
4. **Follow-up and reinforcement.** It is suggested, at six- and twelve-month intervals, follow-up with participants and their managers to review IDP’s, measure progress toward developmental goals, and to ask what additional assistance may be required. Internal city trainers will also be a resource in this part of the project. Note: Part 4 is suggested by Randy and Barbara, but not included in our agreement with Va. Tech.

Description of Questionnaires

1. The Organizational Culture Inventory

The Organizational Culture Inventory (OCI) is a 120-item, 5-point Likert-type scale. It is the most widely used and thoroughly researched tool for measuring organizational culture in the world. The OCI provides an assessment of an organization's operating culture in terms of the behaviors that members believe are required to "fit in and meet expectations" within their organization.

2. The Multifactor Leadership Questionnaire

The Multifactor Leadership Questionnaire (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 their supervisors engage in 32 specific behaviors toward their subordinates. The MLQ 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, three are five transformational factors:

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, three are five transformational factors:

1. Attributed charisma
2. Idealized influence
3. Inspirational motivation Intellectual stimulation
4. Intellectual stimulation
5. Individualized consideration

The three transactional leadership factors are:

4. Contingent reward
5. Management-by-exception (active)
6. Management-by-exception (passive)

Additionally, the MLQ includes three outcome factors:

4. Extra effort
5. Effectiveness
6. Satisfaction

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

3. Organizational Commitment Questionnaire

The Organizational Commitment Questionnaire (OCQ) is a 25-item, 5-point Likert-type scale. The OCQ measures how employees "currently" feel about staying with the organization and doing their best to helping achieve common goals.

RANDY G. EPPARD

106 Westminster Road ♦ Charlottesville, Virginia 22901 ♦ (804) 979-8875 ♦ reppard@cstone.net

SUMMARY OF QUALIFICATIONS

Dynamic human resources professional with extensive experience establishing training and development initiatives. Proven dedication to achieving superior productivity while saving corporate revenues and exceeding established objectives. Demonstrated expertise in the areas of:

<i>Management Development</i>	<i>Quality Assurance</i>	<i>Project Design & Implementation</i>
<i>Organizational Development</i>	<i>Training Methodologies</i>	<i>Regulatory Compliance</i>
<i>Performance Improvements</i>	<i>Strategic Planning & Leadership</i>	<i>Organizational Leadership</i>

- Exceptional planning, analytical, and organizational skills with ability to facilitate cooperation among all levels of employees.

PROFESSIONAL EXPERIENCE

JOINT CARPENTRY APPRENTICESHIP COMMITTEE – *Washington, District of Columbia* **August 2003**

Director, School of Carpentry

Recruited to provide exceptional leadership for the school of carpentry, which offers apprentice, journeyman, foreman, and other members of the United Brotherhood of Carpenters, the necessary skills and knowledge to be a successful leader in the field of commercial carpentry.

- Assessed and analyze the level of program effectiveness in measurable terms.
- Determined the extent to which program participants apply what they learned in the classroom to their on-the-job experiences.
- Identified areas of program improvement using statistical reporting methods.
- Align training with current and future needs of the commercial construction industry needs.
- Developed and implemented concentrations within specialized areas of the trade.

UNIVERSITY OF VIRGINIA – *Charlottesville, Virginia*

May 1999 – October 2001

Program Director, Center for Executive Development

Recruited to provide exceptional management and development leadership for department that offers customized educational services to businesses using the extensive university resources. Direct the design and evaluation of performance management, management development, organizational development, and succession planning programs.

- Improved desired competencies 66% for \$20 billion gas and electric client by utilizing performance improvement methodologies to create innovative executive leadership program.
- Conceived Human Performance Development Model that identified strengths and opportunities for improvement, conducted needs assessments, and established objectives.
- Launched senior management leadership program for \$8 billion manufacturing client that addressed ambiguity while enhancing political savvy, command skills, organizational agility, and presentation talents.
- Achieved 100% commitment of strategic marketing program that transitioned project managers into marketing capacities.
- Coordinated efforts with senior Navy officials to revise and strengthen executive military leadership program.

CITY OF CHARLOTTESVILLE – *Charlottesville, Virginia*

March 1995 – May 1999

Training & Safety Supervisor, Department of Public Works

May 1996 – May 1999

Promoted to provide direction and leadership to over 400 employees in 10 separate departments for a municipality dedicated to improving performance and developing quality employees. Directed all training and development initiatives to ensure compliance with all state and federal laws. Created federally required program that saved significant revenues by identifying industry trends and training requirements, utilizing empirical methodology, and conducting knowledge surveys with targeted companies.

Training & Safety Supervisor, Department of Public Works – (continued)
 empirical methodology, and conducting knowledge surveys with targeted companies.

- Streamlined operational procedures by using various assessment tools including personality indicators, organizational culture inventories, organizational effectiveness inventories, and 360 feedback.
- Developed training program that decreased work-related injuries 88%, reduced workman compensation 66%, increased organizational effectiveness 30%, and improved customer service 40%.
- Developed a New Employee Orientation program, which included policy and procedures, a mentor program and employee coaching systems.
 - Evaluated the existing organizational culture using an instrument called Organizational Culture Inventory OCI and developed a plan to obtain an ideal culture.
 - Eliminated new hire attrition during the first two years of the program, retaining all new employees during the first two years compared to the previous attrition rate of 20% each year.
- Secured millions in revenues by leading reengineering efforts of citywide communications systems and organizational objectives to align computer and non-computer systems.
- Developed comprehensive operator’s qualification program by conducting quantitative research on utility companies, performing logical analysis, and utilizing extensive expertise in statistics, operations, OSHA, adult learning, and program development.

Training & Safety Supervisor, Department of Public Works - Utilities March 1995 – May 1996

Chosen to support safety initiatives, conduct training sessions, and direct organizational improvement efforts. Introduced training and safety department for utilities division, and inaugurated tracking system that measured operations, safety, risk management, and customer service.

- Oversaw design and construction of \$500,000 training facility that encouraged interactive computer training while achieving city objectives.
- Ensured compliance with all federal, state, and local regulations by managing technical inspections, overseeing safety records, and coordinating risk management procedures.
- Implemented organizational change efforts by utilizing techniques of succession planning, competency assessments, and multi-source feedback tools.
- Enhanced employee knowledge base by conducting training sessions on company philosophy, on-the-job training, customer service, human resources compliance, public relations, management, and leadership development.

J. SARGEANT REYNOLDS COMMUNITY COLLEGE – Richmond, Virginia February 1987 – Present

Faculty/Adjunct Instructor

Selected to provide quality instruction for the Department of Business Technology. Established curriculum, assigned and evaluated homework, determined grades, and guided students through educational decisions in statistics, marketing, and management courses.

EDUCATION

VIRGINIA POLYTECHNIC INSTITUTE & STATE UNIVERSITY – Blacksburg, Virginia	2004
Ph.D. in Human Development/Adult Learning and Human Resource Development	
-Dissertation: <i>A Quantitative Study of Leadership Styles and Organizational Culture</i>	
JAMES MADISON UNIVERSITY – Harrisonburg, Virginia	1994
Master of Science, Education/Human Resource Development	
VIRGINIA COMMONWEALTH UNIVERSITY – Richmond, Virginia	1990
Bachelor of Science, Occupational Education	