
A STUDY OF THE RELATIONSHIP
OF TRANSFORMATIONAL,
TRANSACTIONAL AND LAISSEZ FAIRE
LEADERSHIP STYLES WITH FOUR JOB-
RELATED OUTCOMES

By

Amina Talat.

Thesis submitted to the Lahore School of Economics
in partial fulfillment of the requirements for the degree of MPhil

2012

[Word count:24,441]

Supervised by: Dr. Sohail Zafar

Table of Contents

1.	Introduction.....	10
1.1	Statement of the Problem.....	12
1.2	Significance of the Study: Why Leadership Style is Important in Today's Business World?	12
1.3	Scope of the Study:	14
1.4	Research Questions	16
1.5	Assumptions of the Study	17
1.6	Definition of Terms.....	17
1.6.1	Leadership:.....	17
1.6.2	Leadership Style:	18
1.6.3	Transformational Leadership:.....	18
1.6.4	Transactional Leadership:.....	18
1.6.5	Laissez Faire Leadership:	18
1.6.6	Leader-Follower:.....	19
1.6.7	Trust:	19
1.6.4.	Augmentation Hypothesis.....	19
1.7	Definition of Variables:	19
1.8	Organization of the Study	22
2	Literature Review.....	23
2.1	Evolution of Leadership Theories.....	23
2.2	Explanation of the Full Range Leadership model.....	29
2.3	Transformational Leadership Style.....	30
2.4	Transactional Leadership Style.....	32
2.5	Laissez-faire Style	33
2.6	Outcomes of Leadership Styles	34
2.7	Trust	35
2.8	Corollary to the Full Range Leadership Model: Augmentation Hypothesis.....	36
2.9	Research on Leadership Styles in Pakistan.....	37
3	Methodology.....	42
3.1	Augmentation Effect.....	47
3.2	Augmentation is one way.....	48
3.3	Research Hypotheses	48
3.3.1	Hypothesis 1.....	48
3.3.2	Hypothesis 2.....	49
3.3.3	Hypothesis 3.....	49
3.3.4	Hypothesis 4.....	50
3.3.5	Hypothesis 5.....	50
3.3.6	Hypothesis 6.....	50
3.3.7	Hypothesis 7.....	51
4	Data.....	55
4.1	Participants.....	55
4.2	Instruments.....	56
4.3	Trust Scale	57

4.4	Reliability.....	57
4.5	Analysis of Data.....	59
5	Empirical work.....	60
5.1	Hypothesis 1.....	61
5.2	Hypothesis 2.....	66
5.3	Hypothesis 3.....	67
5.4	Hypothesis 4.....	73
5.5	Hypothesis 5.....	74
5.6	Hypothesis 6.....	77
5.7	Hypothesis 7.....	77
5.7.1	Hypothesis 7a.....	77
5.7.2	Hypothesis 7b.....	86
5.7.3	Hypothesis 7c.....	93
6	Conclusion	98
6.1	Restatement of Problem.....	98
6.2	Discussion of the Findings.....	100
6.3	Limitations of the Study.....	103
6.4	Future Research directions.....	103
7	Appendices.....	105
7.1	Appendix A: MLQ Scoring Key.....	105
7.2	Appendix B: Sample Questions from MLQ	106
7.3	Appendix C: Tzafrir And Dolan’s Trust.....	107
8	References.....	108

List of Tables

- Table 1 Definition of Variables**Error! Bookmark not defined.**
- Table 2 Definitions of Transformational, Transactional, and Laissez-Faire Leadership Styles in the MLQ-5X.....**Error! Bookmark not defined.**
- Table 3 Research on Leadership Studies in Pakistan**Error! Bookmark not defined.**
- Table 4 Expected signs of coefficients for Model 1**Error! Bookmark not defined.**
- Table 5 Expected signs of coefficients for Model 1**Error! Bookmark not defined.**
- Table 6 Demographic Description of sample**Error! Bookmark not defined.**
- Table 7 Leader reported extra effort (ANOVA)**Error! Bookmark not defined.**
- Table 8 Leader reported extra effort (regression)**Error! Bookmark not defined.**
- Table 9 Follower reported extra effort (ANOVA)**Error! Bookmark not defined.**
- Table 10 Follower reported extra effort (regression)**Error! Bookmark not defined.**
- Table 11 Leader reported effectiveness (ANOVA)**Error! Bookmark not defined.**
- Table 12 Leader reported effectiveness (regression)**Error! Bookmark not defined.**
- Table 13 Follower reported effectiveness (ANOVA)**Error! Bookmark not defined.**
- Table 14 Follower reported effectiveness (regression)**Error! Bookmark not defined.**
- Table 15 Leader reported satisfaction (ANOVA)**Error! Bookmark not defined.**

Table 16 Leader reported satisfaction (regression)**Error! Bookmark not defined.**

Table 17 Follower reported satisfaction (ANOVA)**Error! Bookmark not defined.**

Table 18 Follower reported satisfaction (regression)**Error! Bookmark not defined.**

Table 19 Trust (ANOVA).....**Error! Bookmark not defined.**

Table 20 Trust (regression).....**Error! Bookmark not defined.**

Table 21 Leader reported extra effort (ANOVA)**Error! Bookmark not defined.**

Table 22 Leader reported extra effort (regression)**Error! Bookmark not defined.**

Table 23 Follower reported extra effort (ANOVA)**Error! Bookmark not defined.**

Table 24 Follower reported extra effort (regression)**Error! Bookmark not defined.**

Table 25 Leader reported effectiveness (ANOVA)**Error! Bookmark not defined.**

Table 26 Leader reported effectiveness (regression)**Error! Bookmark not defined.**

Table 27 Follower reported effectiveness (ANOVA)**Error! Bookmark not defined.**

Table 28 Follower reported effectiveness (regression)**Error! Bookmark not defined.**

Table 29 Leader reported satisfaction (ANOVA)**Error! Bookmark not defined.**

Table 30 Leader reported satisfaction (regression)**Error! Bookmark not defined.**

Table 31 Follower reported satisfaction (ANOVA)**Error! Bookmark not defined.**

Table 32 Follower reported satisfaction (regression)**Error! Bookmark not defined.**

Table 33 Trust (ANOVA).....**Error! Bookmark not defined.**

Table 34 Trust (regression).....**Error! Bookmark not defined.**

Table 35 Leader reported extra effort (ANOVA)**Error! Bookmark not defined.**

Table 36 Leader reported extra effort (regression)**Error! Bookmark not defined.**

Table 37 Follower reported extra effort (ANOVA)**Error! Bookmark not defined.**

Table 38 Leader reported effectiveness (ANOVA)**Error! Bookmark not defined.**

Table 39 Leader reported effectiveness (regression)**Error! Bookmark not defined.**

Table 40 Follower reported effectiveness (ANOVA)**Error! Bookmark not defined.**

Table 41 Leader reported satisfaction (ANOVA)**Error! Bookmark not defined.**

Table 42 Leader reported satisfaction (regression)**Error! Bookmark not defined.**

Table 43 Follower reported satisfaction (ANOVA)**Error! Bookmark not defined.**

Table 44 Follower reported satisfaction (regression)**Error! Bookmark not defined.**

Table 45 Trust (ANOVA).....**Error! Bookmark not defined.**

Table 46 Trust (regression).....**Error! Bookmark not defined.**

Table 47 Model Summary**Error! Bookmark not defined.**

Table 48 Model Summary**Error! Bookmark not defined.**

Table 49 Model Summary**Error! Bookmark not defined.**

Table 50 Model Summary**Error! Bookmark not defined.**

Table 51 Model Summary**Error! Bookmark not defined.**

Table 52 Model Summary**Error! Bookmark not defined.**

Table 53 Model Summary**Error! Bookmark not defined.**

Table 54 Model Summary**Error! Bookmark not defined.**

Table 55 Model Summary**Error! Bookmark not defined.**

Table 56 Model Summary**Error! Bookmark not defined.**

Table 57 Model Summary**Error! Bookmark not defined.**

Table 58 Model Summary**Error! Bookmark not defined.**

Table 59 Model Summary**Error! Bookmark not defined.**

Table 60 Model Summary**Error! Bookmark not defined.**

Table 61 Model Summary**Error! Bookmark not defined.**

Table 62 Model Summary**Error! Bookmark not defined.**

Table 63 Comparison of Mean Scores on Extra Effort, Effectiveness and Satisfaction between High Transformational and Low Transformational Groups **Error! Bookmark not defined.**

Table 64 Comparison of Mean Scores on Trust between High Transformational and Low Transformational Groups**Error! Bookmark not defined.**

Table 65 t-test for Equality of means of dependant variables between High and Low Transformational Groups.....**Error! Bookmark not defined.**

Table 66 Comparison of Mean Scores on Extra Effort, Effectiveness and Satisfaction between High Transactional and Low Transactional Groups **Error! Bookmark not defined.**

Table 67:Comparison of Mean Scores on Trust between High Transactional and Low Transactional Groups**Error! Bookmark not defined.**

Table 68 t-test for equality of means of dependant variables between High and Low Transactional Groups.....**Error! Bookmark not defined.**

Table 69 Comparison of Mean Scores on Extra Effort, Effectiveness and Satisfaction between High Laissez-Faire and Low Laissez-Faire Groups **Error! Bookmark not defined.**

Table 70 Comparison of Mean Scores on Trust between High Laissez-Faire and Low Laissez-Faire Groups**Error! Bookmark not defined.**

Table 71 t-test for equality of means of dependant variables between High and Low Laissez-faire Groups**Error! Bookmark not defined.**

Table of Figures

Figure 1 Leadership Models	29
Figure 2 Full Range Leadership Model with extension.....	42
Figure 3 Hierarchical Regression of Transformational leadership over Transactional leadership	51
Figure 4 Hierarchical Regression Of Transactional Leadership over Transformational Leadership	53

ABSTRACT:

The objective of the study is to study the effect of transformational, transactional and laissez-faire leadership styles on four organizational outcomes, extra effort, satisfaction, effectiveness and trust in the banking industry of Pakistan. It is an empirical qualitative study. MLQ 5-X has been used to collect data on leadership styles and extra effort, effectiveness and satisfaction while a separate Trust scale was used to measure scores on levels of trust. Data was coded and analyzed using SPSS 15.0. The statistical techniques employed include t-test for independent samples, Multiple regression and hierarchical regression. While the study found partial support for efficacy of transformational leadership, contingent reward, a component of transactional leadership was also found to be positively related to organizational outcomes. Laissez-faire, as expected in light of previous literature review, was found to be negatively related to organizational outcomes. It clearly means that leaders in banking industry should practice transformational and transactional styles of leadership and avoid laissez-faire style of leadership. The augmentation effect of transformational leadership over transactional leadership was studied by dividing the data into two subsets as a function of median score on transformational leadership. The results showed that transformational leadership “augments” transactional leadership, especially for the subset with higher than median scores on transformational leadership. However, Transactional Leadership was also found to “augment” transformational

leadership. This is a new finding and very important. It allows us to conclude that both transformational leadership style and transactional leadership style are important to a leaders efficacy and can complement each other. It also means that transactional leadership style is an independent leadership style and not a subset of transformational leadership

1. Introduction

In recent times of economic upheaval, leadership theories have generated much interest and research. Though there is no single framework which integrates competing leadership theories proposed by different writers but it would be no exaggeration to say that one of the most popular theories is the Full Range Leadership Theory (Bass, 1985) and the related concepts of Transformational and Transactional leadership. A proof of the theory's popularity is the presence of a large research body on the subject across industries and cultures.

In the 1970's, researcher James McGregor Burns (1978) wrote a significant book entitled, *Leadership*. Burns' work represents a shift in leadership theories from analyzing traits of a "great man" to the interaction between leaders and followers. He classified the leaders' behaviours into two broad categories: Transformational leadership behaviour and Transactional leadership behaviour. The cornerstone of Transformational Leadership is the belief that leaders and followers can raise each other to higher levels of motivation and morality. Transactional Leadership, in contrast, is a mere pragmatic exchange of reward for effort.

The Transformational Leader, as envisioned by Burns, inspires his followers to rise from their "everyday selves" to "better selves". Such a leader does not need formal authority to transpire the change. Hence he does not necessarily have to be a superior in rank to his "followers". The power of the Transformational Leader lies in being able to motivate followers, through the strength of his/her vision, away from dishonorable emotions (such as jealousy, greed and pure self interest) to higher level needs such as self actualization. Burns (1978) was influenced by Abraham Maslow's theory of Hierarchy of Human Needs. Maslow's theory (1943) recognizes that human beings have a hierarchy of needs and their behaviour in the outside world and within the organization will be greatly influenced by whether these needs are met or not. It requires a high level

of self esteem and self actualization to be a truly Transformational Leader. Transformational Leaders offer a purpose that encourages the followers to look beyond the short term and focus on higher order needs.

Burns might be credited with coining the terms Transformational and Transactional Leadership but the true architect of the Transformational Leadership Theory is Bernard Bass (1985). He defined Transformational Leadership in terms of the leader's motivational effect on followers. The Transformational Leader encourages in his followers, motivation to work for the good of the organization rather than exclusively the good of their own person (the latter being the hallmark of transactional leadership). This is achieved through increasing subordinates' awareness of the importance of doing their tasks well and appealing to their higher order needs. The followers feel loyalty, trust, admiration and respect toward the Transformational leader. They are motivated to serve and achieve more than they originally were expected to.

A fundamental difference between the conceptual frameworks of Burns and Bass is that Burns viewed transactional and Transformational leadership as opposite poles on a continuum while Bass believes that they are separate concepts, and that good leaders exhibit characteristics of both leadership styles (Judge and Piccolo, 2004).

Furthermore, Bass introduced a third leadership style – Laissez Faire; a non-leadership construct where the leader is passive and avoids responsibility (Bass and Avolio; 1997). A leader practicing the Laissez-Faire style of leadership absents himself frequently at critical times and refrains from any decision making. Such a leader does not enjoy the respect of his followers, has no vision, and does not transpire trust and confidence in his followers. In fact some of the followers might try to replace him as the leader (Coad and Berry; 1998).

Bass and Avolio (1990. p 20) defined Laissez-Faire leadership in the following words:

“With Laissez- Faire (avoiding) Leadership, there are generally, neither transactions, nor agreement with followers. Decisions are often delayed; feedback, rewards and involvement are absent; and there is no attempt to motivate followers or to recognize and satisfy their needs.”

Laissez Faire leadership style has consistently been found to be negatively related to all measure of performance outcomes. (Avolio, 1999; Bass, 1998) Since Bass’ theory encompasses the complete range of leadership styles, it is befittingly called Full Range Leadership Theory.

1.1 Statement of the Problem

This study was aimed at investigating whether the three leadership styles, Transformational, Transactional and Laissez-Faire impact followers’ effectiveness; followers’ satisfaction; and extra effort exerted by followers. It was the aim of this study to find which of the three leadership styles facilitate the followers to attain the highest performance levels at workplace.

In addition to the three performance outcomes embedded within the theory, the relationship between leadership styles and Trust was also explored.

The study also attempted to verify the augmentation effect of Transformational Leadership style over the Transactional Leadership style and investigated whether this augmentation effect was unidirectional.

1.2 Significance of the Study: Why Leadership Style is Important in Today’s Business World?

Changes in the marketplace and workforce dictate that leaders become more Transformational. Jobs for the less skilled are being automated. In this age of downsizing and technological advancement, the social contract of a life-long job in return of employee loyalty no longer holds (Griffin, 2000). Since steady pay and secure benefits can no longer be guaranteed

against meritorious service (Bass, 1985), Transactional Leadership style loses some of its clout.

Organizational structures are becoming increasingly flatter and less hierarchal. More and more responsibility is being delegated downwards. Fear of the superiors and submission to authority among the followers is no longer sufficient to survive in today's competitive environment. Instead the employees at all levels should be willing to accept challenges and to accept responsibility. Hence today's leaders face the daunting task of aligning the individuals goals with those of the organization in the absence of the lifelong employment contract. Clearly Transformational Leadership style is better suited to win their followers creativity imagination, and best efforts (Walsman, Bass, & Yammarino, 1990). Avolio (1997) states, "What most organizational leaders agree on, however, is that their organizations must move away from encouraging employees to 'leave their brains at the door', to systems where employee's intellectual capital is nurtured, developed, and more directly rewarded." Whether the Transformational Leadership or Transactional Leadership is better suited to today's business environment and which leadership style helps an organization get the best out of its employees, is the subject of this study.

This study was conducted in the Banking Industry of Pakistan. It is a well-established fact that the health of an economy depends on the degree of safety and stability of its banking and financial system. A sound, stable and robust banking and financial system is a pre-requisite for economic well being of a country and its populace.

The last few years have been characterized by jolts for the banking industry worldwide. On the global front the Eurozone debt crisis has loomed large; while Pakistan's banking industry is facing many internal challenges. Among these, growing concerns about militancy, sluggish GDP growth, worsening law and order situation, fuel and energy crises, growing fiscal and current deficits and uncertainty of monetary policy are

worth highlighting. As the banking industry has undergone a huge transformation globally in the past two decades, many of developing and under-developed countries are left grappling to keep up with the changes. It is against this backdrop that this study was conducted to establish what role leadership style can play in effectively mobilizing crucial human resources to meet the challenges that the banking industry faces domestically and internationally. It is important to investigate the perceptions of employees about the leadership style of their managers and also their perceptions about the efficacy of the respective leadership styles.

1.3 Scope of the Study:

Full Range Leadership Theory was proposed by Bass (1997) and has continuously been tested by various researchers. It has help revive interest in leadership studies. Robbins (2005) has termed Full Range leadership model as “cutting-edge” leadership theory.

The theory suggests that there are three styles of leadership. The most active and also the most effective style of leadership is attributed to leaders who have a charismatic ability, are able to inspire an motivate their followers to give their best, consider the individual needs of their followers, and encourage the followers to look for innovative solutions to problems. Leaders who exhibit such behaviour frequently are called Transformational leaders. The other style of leadership is Transactional leadership. This involves clearly specifying what tasks are to be performed, monitoring performance to gauge if targets are being met, and then rewarding according to performance. The third style of leadership in this model is characterized by avoiding involvement and is called Laissez-faire style of leadership. Numerous researchers investigated the Full Range Leadership Model in different cultures and found empirical support for it.

Full Range Leadership Theory (Bass, Avolio:1997) posits that as leadership style moves from passive to active, it is increasingly able to

increase followers' effectiveness, satisfaction and extra effort exerted. Not all aspects and consequences of leadership styles were researched. The following paragraphs describe the specific issues that were researched in this study.

The current study is aimed to empirically test the applicability of the Full Range Leadership Model to the banking sector employees. Therefore the generalizability of the findings is limited to the banking industry.

This study also investigated the relationship between the leadership styles and trust. Trust is a key ingredient of cooperative relationships. Trust is defined as

“the willingness of a party (the trustor) to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control the other party” (Mayer et al., 1995).

Extending this to the leader-follower relationship, trust in the leader can be viewed as the willingness of followers to be vulnerable to the actions of their leaders.

No organization can work well if there does not exist a feeling of trust amongst the employees. The majority of research on trust at workplace focuses on the relationship between leaders and followers. If there is lack of trust, large amounts of time, energy and resources are spent by followers to protect themselves (Schmidt and Posner, 1982). On the other hand, when employees do trust one another their performance increases (Kegan and Rubenstein, 1973). This study explored research questions to find out which leadership style best suited to engender trust at workplace.

Trust in the leader is a significant outcome of good leadership style, especially in the field of leadership effectiveness (e.g. Casimir, Waldman, Bartram, & Yang, 2006; Jung & Avolio, 2000; Pillai et al., 1999; Podsakoff et al., 1990). Yukl (1999) argued that one of the key reasons why leadership was effective was because followers trust and respect the

leader. There are also a number of empirical studies suggesting a positive relationship between the leader's success and trust in the leader. For instance, Podsakoff et al. (1990) reported a direct link between leadership style and trust in the leader. Podsakoff et al. (1990) characterized trust in the leader as faith in and loyalty to the leader. Building on Podsakoff et al.'s (1990) work, Jung and Avolio (2000) posited that a leader may be able to gain followers' trust by acting as role model in the process of developing a shared vision, and also by demonstrating individualized consideration for followers' needs and the capabilities to achieve the vision. A successful leader may build followers' trust by establishing a social exchange relationship between himself and his followers. Summarizing 13 empirical studies, Dirks and Ferrin's (2002) meta-analysis showed that the correlation between effective leadership and trust is highly significant. Taken together, it was expected by this leadership to establish which leadership style has a positive impact on followers' trust in the leader.

Augmentation Effect of Transformational Leadership over Transactional Leadership was also studied in this research. Inherent in the Augmentation Hypothesis is the implication that Transactional Leadership would not contribute significantly to increasing the effectiveness of leaders if they already exhibit Transformational Leadership frequently but the opposite was expected to be not true. Both these proposition are subjected to testing in this study.

1.4 Research Questions

1. What is the relationship between leadership style and performance outcomes: (1) effectiveness of followers, (2) satisfaction of followers and (3) extra effort exerted by followers.
2. What is the relationship of leadership style with trust of the followers?
3. Is there Augmentation Effect of Transformational Leadership style over Transactional Leadership style?

4. Is there Augmentation Effect of Transactional Leadership style over Transformational Leadership style?
5. Do those leaders who scored higher on Transformational style get better outcomes from the followers than those leaders who scored lower on Transformational style of leadership?

1.5 Assumptions of the Study

Several assumptions were made when conducting this study.

First assumption was Transformational Leadership, Transactional Leadership and Laissez Faire Leadership styles were exhibited by the banking professionals.

It was also assumed that four outcomes (Extra Effort, Satisfaction, and Effectiveness and Trust) were representative measures of performance for leader effectiveness in banking industry.

The third assumption was that the MLQ 5-X survey was, in the context of pakistan's banking professionals, suitable to measure Transformational, Transactional, and Laissez-Faire Leadership This questionnaire has been widely used by researchers and academicians worldwide and has been subjected to reliability and validity tests.

Another assumption was that the banking professionals who responded to the questionnaire, provided fair and objective assessment of leadership styles and organizational outcomes.

A final assumption of the study was that the respondents who were a part of our sample were representative of the population of employees working in the banking industry .

1.6 Definition of Terms

1.6.1 Leadership:

Yukl defined leadership as “the process of influencing others to understand and agree about what needs to be done, how to do it, and the process of facilitating individual and collective efforts to accomplish and achieve common objectives (Yukl, 2006, p 8).

It must be understood that, leadership is a social-influence process. Leadership cannot exist without a leader and one or more followers. It results in followers' behavior that is purposeful and goal-directed in some sort of organized setting.

1.6.2 Leadership Style:

Leadership is the characteristic manner an individual exerts influence on a group of people to achieve a shared goal. (Northouse, 2010) As mentioned previously, in Full Range Leadership Theory, leadership styles include Transformational, Transactional, and Laissez Faire. The three styles of leadership were the independent variables for this study.

1.6.3 Transformational Leadership:

Transformational Leadership style is a form of leadership which inspires people to want to improve themselves. It involves motivating individuals improve performances and to go beyond simply meeting organizational expectations. Transformational Leadership is composed of five components: (a) Idealized Influence (Attribute) (b) Idealized Influence (Behaviour) (c) Inspirational Motivation, (d) Intellectual Stimulation, and (e) Individual Consideration (Bass, 1997).

1.6.4 Transactional Leadership:

It is a form of leadership that involves a system of exchange between leaders and followers (Burns, 1978). Contingent Reward and Management by Exception are elements of this exchange system (Bass, 1985).

1.6.5 Laissez Faire Leadership:

This is a non-leadership dimension. This style of leadership is characterized by intervention only after standards have been compromised or when problems arise; abdicating responsibility, delaying decisions, giving no feedback and making little effort to help followers satisfy their

needs are the hallmarks of this leadership style. (Antonakis et al., 2003; Bass 1985)

1.6.6 Leader-Follower:

For the purpose of this study, leader is considered as a person at a higher level of hierarchy in the organization than the “follower”. He thus enjoys formal authority. It was further required that for an employee to qualify as a leader at least two “followers” must be reporting to the leader. Even though a “Transformational Leader” does not require formal authority it couldn’t be assumed a-priori that all leaders will be transformational and will exert influence without formal authority and hence the need for this definition.

1.6.7 Trust:

Trust is the willingness of followers to be vulnerable to the actions of their leader. Trust describes the innate propensity of individuals to trust others not to harm them (Flores & Solomon, 1998)

1.6.4. Augmentation Hypothesis.

This hypothesis proposes that Transformational Leadership enhances the ability of Transactional Leadership to predict followers’ efficacy.(Waldman, Bass and Yamarino, 1990)

1.7 Definition of Variables:

Constitutive definitions for the studied variables are provided in Table 1 below.

Table 1 Definition of Variables

<i>Dependent Variable: Performance Outcomes</i>	
<i>Variable</i>	<i>Constitutive Definition</i>
<i>Satisfaction</i>	<i>the degree to which the followers are satisfied with the target leader's methods and styles</i>
<i>Extra effort</i>	<i>the degree to which the follower endeavoured beyond the norm in response to the leadership style</i>
<i>Effectiveness</i>	<i>the degree to which the leader is perceived as effective at different levels of the organization</i>
<i>Trust</i>	<i>the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party</i>

<i>Independent Variables: Leadership Styles</i>	
<i>Variable</i>	<i>Constitutive Definition</i>
<i>Transformational Leadership Style</i>	<i>can be defined based on the impact that it has on followers. Transformational leaders inspire trust, respect and admiration from their followers. It enhances the motivation, morale and performance of followers</i>
<i>Transactional Leadership Style</i>	<i>is built on reciprocity: exchange of reward or punishment according to performance. It involves leaders clarifying goals and objectives.</i>
<i>Laissez-Faire Leadership Style</i>	<i>Is characterized by abdication of responsibility; decisions are delayed, no attempt to motivate followers, no agreements are reached and no feedback is provided to the followers.</i>

1.8 Organization of the Study

An introduction, statement of problem, significance of the study, scope of the study, limitations of the study, have been presented in this Chapter as have been the definition of Terms and Concepts.

Chapter 2 explains the Full Range Leadership Theory and extensively reviews the studies conducted on the subject previously. It identifies the current themes in the field of leadership research.

Chapter 3 outlines the research methodology and procedures used to gather and analyze the data for this study. It includes details related to research design, hypotheses, sample of the study, instruments for data collection and method of data collection. It also outlines the statistical methods that were used to test the hypotheses.

Chapter 4 contains a detailed analysis of the statistical findings. All the statistical models run on SPSS and the result tables are included in this chapter.

Chapter 5 consists of a summary of the findings of this study, and the conclusions drawn from the findings. Recommendations for further investigation are also provided.

2 Literature Review

2.1 Evolution of Leadership Theories

There are six important organizational leadership theories that have been developed over time. These theories evolved over time, the first one in line was The Great-Man Theory. It was followed by Trait Theory. Criticism on Trait Theory gave birth to Behavioral Theory, Contingency Theory, and Leader-Member Exchange Theory. The most recent framework of leadership has been developed under Full Range Leadership Theory. Full Range Leadership Theory was taken as the theoretical framework for this research study.

Great-Man Theory, originally proposed by Thomas Carlyle (1888), assumes that leaders are born and not made and that great leaders will arise when there is a great need. When research on the topic of leadership first began it focused on the study of people who were already great leaders. These people were often from the aristocracy. Given that people of a lower social status had fewer opportunities to achieve leadership roles, the idea that leadership is an inherent ability gained popularity.

The argument against the Great-Man theory can be summed up in the words of sociologist Herbert Spencer (1896), who wrote in *The Study of Sociology*, "Before he (Great Man) can remake his society, his society must make him."

Trait Theories assume that people inherently possess certain qualities and traits that make them better suited to leadership. Research related to this theory was directed at identifying the personal traits of leaders that differentiated them from followers. Stogdill (1948) reviewed many studies on leadership and concluded that there were some traits that appeared again and again when leaders were described. He also looked at whether good leaders can be distinguished from poor leaders, according to the traits they display. He concluded that there does not exist a mutually exclusive list of traits characterizing good leaders and poor leaders but

there are traits that show up often in leaders who are effective. Some of the traits identified by the researchers that appear recurrently in good leaders included intelligence, dominance, self-confidence, level of energy and activity, and task-relevant knowledge. Stogdill (1948) and Mann (1959) have suggested that such traits are not reliable predictors of who will emerge in a leadership role. Lord (1986) has found that traits influence our perceptions of whether someone is a leader.

The biggest criticism against the Trait Theory of leadership is that it fails to explain why certain people possess the traits that are purported to be indicators of effective leadership, but are not effective leaders in real life.

Behavioral Theories of leadership, as the name suggests, focus on the study of specific behaviors of a leader. According to these theories, a leader's behavior is the best predictor of his leadership influences.

There are two important behavioral studies. The first one is known as Ohio State University Study (1940s). A group of people from Ohio State University developed, the Leaders Behavior Description Questionnaire (LBDQ), which is a list of 150 statements. One of the primary purposes of that study was to identify common leadership behaviors. The Ohio State University research came up with two leadership styles. These were defined as Consideration (People Oriented Leaders) and Initiating Structure (Task Oriented Leaders).

The people oriented leaders are also concerned about tasks and the results but they also pay attention to ensuring that the needs of the people are satisfied. They seek to motivate their staff through emphasizing the human relation. Such leaders engage in encouraging, observing, listening and coaching and mentoring.

The task oriented leaders are highly concerned with organizational structure, the operating procedures and keeping control. Their chief concern is initiating, organizing, clarifying goals and information gathering.

The other well known Behavioral study is the University of Michigan (1950s) Study. It identified three characteristics of effective leadership; two of these, task and relationship oriented behaviours had previously been observed in studies that had been conducted at Ohio State University. This study is credited with discovering a new leadership dimension, namely participative leadership, a style of leadership in which the leader involves followers in goal-setting and problem solving but retains the authority to make the final decision

While trait theory focused on identifying traits that could predict a leader's effectiveness, the behavioral approach focused on certain behaviors that would universally predict success of leaders. Unfortunately, empirical research has not found consistent relationships between task-oriented or people-oriented leaders' behaviors and leader effectiveness. Behavioral Theories of Leadership research, like theories before it, failed to consider situational influences that might moderate the relationship between leader behaviors and leader effectiveness.

In *Contingency Theories of Leadership*, the success of the leader is dependent upon many situational influences such as subordinate, task, and/or group variables. Whether or not a given pattern of leader behavior is successful is contingent upon the demands imposed by the situation. These theories therefore suggest that different styles of leadership are appropriate in different organizational situations. Among the Contingency theories, the three most popular theories were Fiedler's contingency model (Fiedler, 1967), Hersey and Blanchard's situational model (Hersey & Blanchard, 1969), and House's path-goal model (House, 1971)

Fiedler's Contingency Theory (Fiedler, 1967; Fiedler & Chemers, 1984; Fiedler, 1987) is the earliest and most extensively researched of the Contingency Theories. It stated that task oriented leadership style was not universally superior to people-oriented leadership style, nor vice versa. According to Fiedler, task-oriented leaders were more effective when the situation was either highly favorable or highly unfavorable, but that

person-oriented leaders were more effective in the moderately favorable or moderately unfavorable situations.

It is important to note that the Contingency theory did not necessarily propose that leaders could adapt or switch from one leadership style to other according to the situation but that leaders with different leadership styles would be more effective when placed in situations that matched their preferred style.

Fiedler's (Fiedler, 1967; Fiedler & Chemers, 1984; Fiedler, 1987) contingency theory has received widespread criticism both for its theoretical weaknesses and the methods employed to operationalize the theory. However, many of underlying relationships as proposed by the theory have been supported empirically. It has made an important contribution to the evolution of leadership theories in recognizing that leaders do not operate in a vacuum, and the success of a leader or lack thereof, is a function of interactions between leadership style and many situational variables.

Leader-Member Exchange (LMX) Theory was introduced by George Graen (1978) and various colleagues in the 1970s. The contribution of LMX theory was to recognize that a leader does not treat all followers in the same way. Instead there exist dyadic (i.e., one-on-one) relationships between leaders and individual followers.

Leaders have close relationships with some of their followers (the in-group). The members of the in-group enjoy trust and mutual respect and are often consulted when making important decisions. Those not in the in-group are by default part of the out-group. The members of the out-group have a more formal and restrictive relationship with the leader. Those in the out-group are excluded from important activities and decisions and perform only routine tasks.

The idea of *Charismatic Leadership* was first advanced by Weber (1947). Several scholars have advanced additional theories that build upon the concept of charismatic leadership (Bass, 1985), visionary leadership

(Bennis & Nanus, 1985; Sashkin, 1988), and transformational leadership (Burns, 1978). These related theories have been subjected to substantial empirical investigation and have much in common. They focus on attempting to explain how leaders can accomplish extraordinary tasks against extraordinary odds. The theories also emphasize the importance of leaders' inspiring subordinates' admiration, dedication, and unquestioned loyalty through articulating a clear and compelling vision.

Despite Webers introducing the concept of Charismatic Leadership, it largely lay dormant till the 70s when Robert House (1977) further developed the concept. He noticed that followers attributed extraordinary powers to leaders. Cogner and Kanunko (1988) developed a framework where Transformational leaders possessed four qualities: (i) a vision, (ii) willingness to take risks to achieve that vision, (iii) attention to the needs of followers and (iv) a unique approach to problem solving.

With the advent of Full Range Leadership Theory (Bass, 1985), the idea of Charismatic Leadership faded into the background. Transformational Leadership, a component of Full Range Leadership Theory bears close resemblance to Charismatic Leadership. House and Podsakoff (1994) and Cogner and Kanunko (1988) found that only minor differences existed between the two constructs. Bass and Avolio (1994) contended that Transformational leadership was a broader construct and that charismatic leadership was a component of Transformational Leadership.

According to Bass (1990) the task of a Transformational Leader is to elevate the engagement and commitment of his followers by generating awareness and acceptance of the organization's goals and by inspiring the follower's to place the good of the group before their own self-interest. In other words, a Transformational Leader achieves alignment between the goals of the organization and its members. A leader who frequently exhibits Transformational Leadership style develops better capacity and commitment in his followers which in turn leads to additional effort and

greater productivity (Barbuto, 2005; Leithwood & Jantzi, 2000; Spreitzer, Perttula & Xin, 2005).

Transformational Leaders elevate people from low levels of needs, focused on survival (following Maslow's hierarchy), to higher levels of needs (Kelly, 2003; Yukl, 1989). Transformational Leaders recognize people not simply as employees, but also identify and engage the full person of the follower seeking to satisfy higher order needs such as to learn or to leave a legacy. Rice (1993) concluded that Transformational Leaders emphasized the self-actualization of followers. Bass (1985; 1988) took it a step further and suggested that it was even possible to motivate followers to transcend their own interests for some other collective purpose (Feinberg, Ostroff and Burke, 2005). Barbuto, (2005) reported that followers of Transformational Leaders felt trust, admiration, loyalty, and respect towards the leader and were motivated to perform. In a nutshell, Transformational Leadership raises the achievements, morality and motivations of the leader and the followers to levels that in the absence of the same might not have been possible (Barnett, 2003; Chekwa, 2001; Crawford, Gould & Scott, 2003).

In addition to Transformational Leadership, Bass' model (1985) proposed two other leadership styles, Transactional and Laissez Faire. Transactional Leadership (Bass, 1985) embodies the time-tested carrot and stick model. The follower will offer his services in exchange for something the leader controls (employment, bonus, promotion). The leader can then reward or discipline (withholding bonus or promotion and in the worst case scenarios employment) the follower based on his/her performance. What employees do for the organization is done for whatever the organization has promised in return for the person's output. In other words, the followers' commitment to the organization is one of reciprocity. Bass (1999) describes the results of Transactional Leadership as "reasonably satisfying and effective" but pronounces Transformational Leadership considerably more effective.

The least active and the least effective leadership style is Laissez Faire. Laissez-faire Leadership is “ (a measure of) the extent to which the leader abdicates or relinquishes his or her leadership role” , (Kelly, 2003). This type of leadership is characterized by a lack of direction and support, apathy for what the followers do, and the leader burying himself or herself in work (Bass, 1998) to avoid responsibility. Laissez-Faire Leadership leads to negative effects for the organization, important among them, social loafing and over-delegation (Bass, 1998). On the other hand, this leadership style has been found to be positively correlated with role conflict, role ambiguity, and conflicts with coworkers (Skogstad et al, 2007).

2.2 Explanation of the Full Range Leadership model

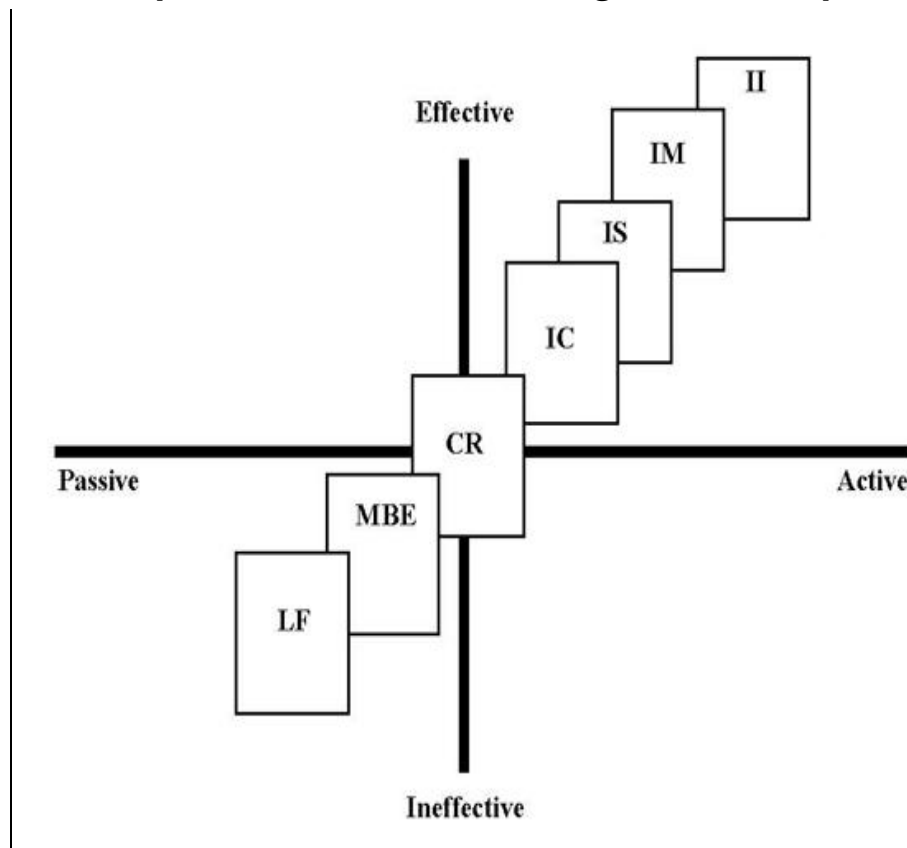


Figure 1 Leadership Models

Figure 1 shows the Full Range Leadership Model (Bass and Avolio, 1997). The model measures leadership on two dimensions. One dimension measures how active or passive a leader is and the second dimension measures how effective or ineffective a leader is. The leadership styles are represented on the active and passive dimension. The most active leaders practice the five I(s) (idealized influence attribute, idealized influence behavior, inspirational motivation, intellectual stimulation, and individualized consideration). In the middle lie the moderately active leadership behaviours CR (contingent reward) and MBE-A (management-by-exception active) while the other end of the continuum is represented by MBE-P (management-by-exception passive) and LF (Laissez-Faire) which are passive leadership styles.

The Full Range Leadership model implies that a leader displays a range of leadership styles but would adopt one leadership style more frequently than others and hence a leader would be classified as Transformational or Transactional based on the most frequent (by no means exclusive) leadership style that he employs. Closely linked with the Full Range Leadership theory is the development of Multifactor Leadership Questionnaire (MLQ) by Bass and Avolio (1993). MLQ attempts to capture the full range of possible leadership behaviours from very active to very passive. MLQ not only measures the three major leadership behaviours: Laissez Faire, Transactional leadership and Transformational leadership, but also identifies and measures sub-components of each leadership style on a likert like scale.

2.3 Transformational Leadership Style

Transformational Leadership is the most active and involved leadership style. Transformational leadership encourages the followers to rise from from lower levels, such as self-interest, to “higher levels of maturity” (Bass and Avolio, 1997, p.17), such as good for the group or the organization. Since a Transformational leader encourages the followers to think out of the box and develop new ideas, their followers accept greater

responsibility, take more initiative and in the process develop an enhanced skill set (Den Hartog, Van Muijen and Koopman, 1997). Both Bass (1985), and Yukl (1998) found that Transformational Leadership is not restricted to higher management and can be displayed at all managerial levels.

Transformational Leadership has five dimensions: (i) Idealized Influence (Attributed), (ii) Idealized Influence (Behaviour), (iii) Inspirational Motivation, (iv) Intellectual Stimulation, and (v) Individualized Consideration.

Idealized Influence (Attributed): is the degree to which the leader can influence the ideals of the followers (Avolio and Bass,1991). The followers want to identify with the leader. The leader shows confidence in himself and conviction in his beliefs. Such leaders enjoy respect and admiration of the followers and are regarded as role models. It is closely related to the concept of Charismatic leadership.

Idealized Influence (Behaviour): is the degree to which the leader shares a vision and sense of mission with the followers. The leader conveys what he considers to be important values and beliefs and builds a collective sense of mission among the followers (Antonakis et al., 2003).

Individualized Consideration: is the degree to which a leader respects the uniqueness of employees' needs, acts as a mentor to the followers and listens to the followers' concerns. It fulfills the followers' need for recognition and encourages them to do their best. It includes delegation to provide followers the opportunity for self-actualization and moral development (Bass & Avolio, 1993).

Inspirational Motivation: is the degree to which a leader articulates a vision that is appealing to the followers for the task at hand. Such leaders

not only communicate the goal clearly, but also offer optimism and inspire their followers to rise to the challenge.

Intellectual Stimulation: is the degree to which a leader stimulates creative thinking in his followers. Such leaders and hence their followers are willing to develop “out of the box” solutions. This behaviour encourages the followers to challenge conventions. It naturally involves taking risks; but since the leader does not penalize for a failed idea, the followers are willing to think of innovative solutions to any given task.

2.4 Transactional Leadership Style

Whereas the emphasis in Transformational Leadership is to “exceed” expectations, the focus of Transactional Leadership style is to “meet” expectations. Transactional Leaders have a clear understanding of what their followers want from their work. They set appropriate performance standards and promise rewards in return of job well done. (Bass and Avolio, 1997). For a leader to be an effective Transactional Leader he must also be able to deliver on whatever promises he has made to the followers. Transactional Leadership has three dimensions: (i) Contingent Reward, (ii) Management-by-exception-Active and (iii) Management-by-exception-passive.

Contingent Reward refers to the exchange between followers and leaders where leaders reward followers for good performance with recognition, bonuses, promotions (Howell and Avolio,1993) or discipline the followers for poor performance. Bass and Avolio(1996) have opined that if executed properly, the contingent reward strategy should allow management to achieve its objectives.

Management-by-exception (Active) Leaders proactively scrutinize performance and are on the lookout for mistakes. This leadership style can lead to “risk avoidance” by the followers because any “mistake” will be taken note of and duly punished. Leaders exhibiting Management-by-exception (active) anticipate problems and take corrective action before there are any serious difficulties.

Management-by-Exception (Passive) differs from Management-by-exception (Active) in the timing of intervention. Passive leaders wait till problems have been created or followers have failed to meet performance standards, before intervening. Leaders of this kind “leave things alone as long as it doesn’t give them too much trouble” (Bass and Avolio, 1996).

2.5 Laissez-faire Style

Laissez-faire leadership is considered an absence of leadership. The leader does not provide followers any clear guidelines, does not take responsibility and is unconcerned about meeting deadlines, profit targets etc. The followers are left to their own devices and seek help from outside sources (Dubinsky, Yammarino, Jolson, and Spangler, 1995). They also attempt to oust the leader and assume that role themselves (Coad and Berry, 19).

Table 2 Definitions of Transformational, Transactional, and Laissez-Faire Leadership Styles in the MLQ-5X (Source: Eagley: Leadership Styles of Men and Women)

Transformational Leadership Style		
MLQ-5X subscales	scales with	Description of leadership style
Idealized (attribute)	Influence	Leader demonstrates qualities that motivate respect and pride among followers from association with him or her
Idealized (behavior)	Influence	Leader communicates values, purpose, and importance of organization’s mission
Inspirational Motivation		Leader exhibits optimism and excitement about goals and future states
Intellectual Stimulation		Leader examines new perspectives for solving problems and completing tasks

Individualized Consideration	Leader focuses on development and mentoring of followers and attends to their individual needs
Transactional Leadership Style	
MLQ-5X scales with subscales	Description of leadership style
Contingent Reward	Leader provides rewards for satisfactory performance by followers
Management by Exception (active)	Leader attends to followers' mistakes and failures to meet standards
Management by Exception (passive)	Leader waits until problems become severe before attending to them and intervening
Laissez-faire Style	
MLQ-5X scales with subscales	Description of leadership style
Laissez Faire	Leader exhibits frequent absence and lack of involvement during critical junctures

2.6 Outcomes of Leadership Styles

The second dimension of Full Range Leadership Model is effectiveness. It broadly represents the relationships between the leadership styles. Performance of followers is often termed as leadership outcomes. The model clearly predicts Transformational Leadership to be the most active and most effective. Studies across various cultures and various industries seem to support these predictions.

In order to study the efficacy of the three leadership styles, in addition to the three leadership styles, Bass and Avolio (1997) also proposed three

leadership outcomes. The three leadership outcomes are exhibited by the followers of the leaders. The constitutional definition of these proposed outcomes are as below:

1. *Extra Effort* reflects the degree to which the follower expended effort beyond required in response to the leadership behaviour.
2. *Effectiveness* reflects the degree to which the leader is perceived as effective
3. *Satisfaction* reflects the degree to which the followers are satisfied with the target leader's methods and styles.

2.7 Trust

For the purpose of this study it was proposed that a fourth leadership outcome, Trust, also be studied. It is not less important than the other three outcomes but has not as extensively been studied and was not part of the original MLQ as developed by Bass (1985). At the heart of studying Trust as a desirable outcome lies the intuition that economic action is embedded in networks of social relationships (McAllister 1995).

There are various definitions of trust that exist in the literature. Trust has been described as behavioral intention by Mayer et al., (1995); McKnight et al., (1998) and Rousseau et al., (1998). It has also been described as a synonym for trustworthiness i.e., personal characteristics of a leader that encourage positive expectations on the part of other individuals (e.g., Butler and Cantrell, 1984; McKnight et al., 1998),

For managers and professionals developing trust among their followers is very important because unless there is a feeling of security in the followers that their welfare is of interest to the leader, there is little chance of a leader being able to get the best out of his followers. When trust declines, people are less willing to take risks and are more focused on defending their own interests (Tyler and Kramer, 1996). In the presence of high levels of trust, breach of contract and high staff turnover is less likely to

occur (Robinson 1996). Ferrer et al (2002) studied the effect of trust as a precursor to the potential mediating effect of Transformational leadership. The literature review strongly suggests that leadership style and trust levels in an organization are intertwined. In their paper Bennis and Nanus (1985) found evidence that Transformational Leaders possessed values and took actions that enabled them to earn the trust of their followers. Transformational Leaders possessed values that were most respected by followers—honesty, integrity, and truthfulness (Kouzes and Posner, 1987) and values that inspire trust (Posner and Schmidt 1992). According to Bass and Avolio (1993), followers trust in and emotionally identify with Transformational Leaders. Transformational Leaders help their followers develop a collective identity, create joint products and goals, and commit to commonly shared values. Such leaders may earn identification-based trust (Lewicki and Bunker 1995). Moreover, the followers feel more trust, loyalty, liking, admiration, and respect for the Transformational Leader who serves as a mentor (Bass 1985). Colquitt et al. (2007) in their meta-analytic study found a positive relationship between trust in leader and task performance by the followers.

2.8 Corollary to the Full Range Leadership Model: Augmentation Hypothesis

Implicit in the Full Range Leadership Model presented by Bass (1985, 1988), is the *Augmentation Hypothesis*. The hypothesis proposes that Transformational Leadership adds to the base of Transactional Leadership. It is important to note that Transformational Leadership does not substitute for Transactional Leadership but rather complements it. Herein lies the difference between the concepts of Transformational Leadership and Transactional Leadership as envisioned by Burns (1978) and Bass(1985,1988). Burns saw the two leadership styles as opposite ends of a continuum and hence implied that they could not co-exist in the same person but Bass' assertion allows for the fact that Transformational Leadership style can exist in the presence of Transactional Leadership in

the same person and can enhance it. In the words of Avolio (1999) “Transactions are at the base of every transformation”.

The *Augmentation Hypothesis* has also been a subject of interest in that Transformational Leadership augments other leadership styles but the other leadership styles do not add to Transformational Leadership. Consider for example Contingent Reward, a component of Transactional Leadership. Honouring the promises made is the hallmark of Contingent Reward. However a Transformational Leader seeking to win the trust of his followers will also consistently honour his transactional agreements. It is not without logic to assume that any positive effects that are being attributed to Transactional Leadership are actually a by-product of Transformational Leadership. Bycio, Hacket and Allen (1995) found support for Transformational Leadership augmenting Transactional Leadership but not vice versa.

2.9 Research on Leadership Styles in Pakistan

In line with the rest of the world, leadership models have also been a subject of interest in Pakistan. A brief summary of some of the articles that have been published based on the research conducted in Pakistan is given below, in Table 3.

Researches that have investigated all three leadership styles, Transformational, Transactional and Laissez-faire have been restricted to a sample of teachers (Bodla and Nawaz, 2010) and students (Khan, Ramzan and Ahmad, 2011). A study by Bushra, Usman and Naveed (2011) has been conducted in the banking industry also, but that limits itself to Transformational Leadership style only.

Unlike this study, none of the previous studies have proposed any extension to the existing model. Also, none of the studies included work on the Augmentation Hypothesis.

Trust as an outcome was not also studied by Pakistani researchers. When IT-related jobs were outsourced to India, there was a spate of articles that researched values important for conducting business successfully in the

region. “Trust” emerged as a significant factor. In a study conducted by Golesorkhi (2005), it was found that Danish managers placed greater emphasis on job competence, while Asian managers placed a greater emphasis on trust.

“...the most significant difference between Danish managers and Asian managers was expectations of “benevolence” from a co-worker. Benevolent behaviour involves showing concern for a co-worker’s welfare, looking out for what is important to them, going out of one’s way to help them, and paying attention to their needs. The community-oriented cultures of Southeast Asia placed significantly more importance on a co-worker’s Benevolence, than individualistic and task-oriented cultures of Scandinavia, which emphasize diligence, hard work and a relative separation of work from personal life.”

“Benevolence” as defined by Golesorkhi(2005)bears striking resemblance to the construct of trust, as defined by Mayer et al (1995):“willingness of a party (the trustor) to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor.”

Bodla and Nawaz (2010) examined leadership behaviour of teaching faculty members of higher education institutes and universities. The data were collected by administering Multifactor Leadership Questionnaire (MLQ) to 265 faculty members in all. SPSS 13.0 was used to conduct analysis. They reported that the practice of transactional leadership style was significantly more prevalent among the faculty members in private sector than those in public sector while transformational and Laissez-faire were practiced to the same extent.

Khan ,Ramzan ,Ahmed , Nawaz (2011) conducted a study is to determine the relationship between transformational, transactional, laissez-faire, and

satisfaction among students and extra efforts towards study. The respondents were faculty members working in both, public and private higher education institutions. The instrument used to collect data was Multifactor Leadership Questionnaire (MLQ) and SPSS 17.0 and AMOS 16.0 are used to find out the relationships and association. The findings of the study suggest that the educational professional should be more transformational or transactional in order to satisfy the followers and laissez-Faire style is not significantly related with follower satisfaction and extra effort.

Fatima, Imran and Awan (2011) studied the relationship between Emotional intelligence and leadership style. Data was analyzed using SPSS 16.0. Statistical techniques included correlation, regression and t-test. The study found a positive relationship between transformational leadership and emotional intelligence in the given sample.s

Table 3 Research on Leadership Studies in Pakistan

Title	Date	Journal	Authours	Industry	Findings
Transformational Leadership and Organizational Innovation: Moderated by Organizational Size	2009	African Journal of Business management	Rabia Khan; Abaid-ur-Rehman; Afsheen Fatima	Telecommunic ation	positive relationship between transformational leadership and organizational innovation
Emotional Intelligence and Transformational leadership: Finding Gender Differences	2011	World Applied Sciences Journal	Afsheen Fatima; Rabia Imran; Sajid Hussain Awan	Hotel	positive relationship between transformational leadership and emotional intelligence
Enhancing employ ee performance through ethical leadership, transformational leadership and organizational culture in development sector of Pakistan	2012	African Journal of Business Management	Adil Sheraz; Arshad Zaheer; Kashif-ur-Rehman; Muhammad Naeem	NGOs	significant positive relationship among transformational leadership, organizational culture, ethical leadership and employee performance
Transformational, Transactional, and Laissez-Faire Styles of teaching faculty as predictors of satisfaction, and extra effort among the students: evidence from higher education institutions	2011	Interdisciplin ary Journal of Research in Business	Dr. Mubbsher Munawar Khan; Muhammad Ramzan; Ishfaq Ahmed; Muhammad Mussarat Nawaz	Educational Instituites	Both transformational and transaccational leadership styles positively realted to satisfaction while laissez- faire negatively related

Comparative Study of Full Range Leadership Model among Faculty Members in Public and Private Sector Higher Education Institutes and Universities	2010	International Journal of Business and Management	Mahmood Ahmad Bodla;Muhammad Musarrat Nawaz	Educational Institutes	Faculty members in both public and private sectors were practicing transformational leadership while transactional leadership was exhibited more significantly in private sector compared to public.
Effect of Transformational Leadership on Employees' Job Satisfaction and Organizational Commitment in Banking Sector of Lahore (Pakistan)	2011	International Journal of Business and Social Science	Fatima Bushra;Ahmad Usman:Asvir Naveed	Banking	study concluded that transformational leadership positively effects job satisfaction and organizational commitment of employees.

3 Methodology

The study investigates the effect of all three leadership styles, Transformational Leadership, Transactional Leadership and Non-transactional leadership on four job related outcomes. Leadership styles are independent variables. Job related outcomes are the dependant variables. Three job related outcomes Extra Effort, Effectiveness and Satisfaction are proposed by the Full Range Leadership Theory. The fourth variable, Trust, is being proposed as an extension to the model.

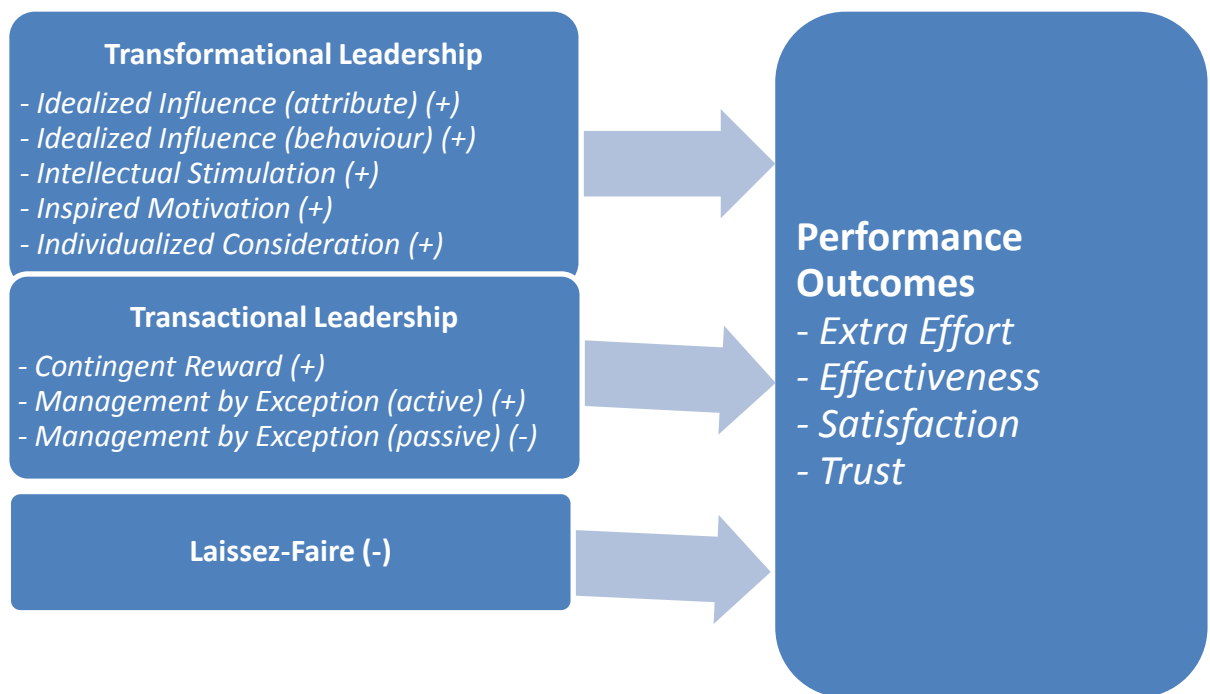


Figure 2 Full Range Leadership Model with extension

Transformational Leadership elevates the followers to better-selves rather than requiring them to simply fulfill goals. Transformational Leadership encompasses four key areas. Followers are invited to look at issues in novel ways and to challenge conventions (Intellectual Stimulation). Leaders convey a vision that is challenging

and yet optimistic. It often requires the followers to look beyond self-interest and work for the benefit of the organization (Inspirational Motivation). In order to facilitate the followers to transcend self-interest, the Transformational Leaders pay special attention to the individual needs of the follower (Individualized Consideration). This entails not only understanding the key concerns and perspectives of the followers but also offering coaching and support. The final dimension of Transformational Leadership is Idealized Influence. Transformational Leaders show respect towards followers' (Idealized Influence: Attributes) and maintain exemplary conduct (Idealized Influence: Behaviour).

These five factors of Transformational Leadership: Idealized Influence (attributes), Idealized Influence (behaviour), Intellectual Stimulation, Inspirational Motivation and Individualized Consideration were the independent variables for this study.

The theory itself and the vast body of empirical work suggest that leaders who engage in Transformational Leadership will engender many positive outcomes for the organization. Our attention was focused on the three performance variables measured by the MLQ: Extra Effort, Effectiveness and Satisfaction and also investigate a fourth variable trust.

A meta-analysis of 39 studies found all components of Transformational Leadership to be positively correlated with leader effectiveness (Lowe, Kroeck, & Sivasubramaniam, 1996; see also DeGroot, Kiker, & Cross, 2000). Similar findings were also reported after a large norming study of the MLQ measure (Center for Leadership Studies, 2000b). Martin and Epitropaki (2001) reported that followers of Transformational leaders were more satisfied with their leaders and their jobs while Byio, Hacket and Allen (1995) have found that Transformational Leadership is strongly correlated to Extra Effort.

By clearly communicating shared values and beliefs, and engendering commitment to the cause, Transformational Leaders enable followers to collectively maximize performance (Howell and Avolio, 1993). No less important is the Transformational Leader's ability to encourage participation from followers. One way in which a Transformational Leader does this is through the use of Intellectual Stimulation. Intellectually stimulating leaders actively encourage new ways of looking at old

problems (Bass and Avolio, 1994). Hand in hand with the culture of creativity and participation goes a culture of tolerance so the followers do not fear personal criticism. Harvey (1988) adds that the development of a culture of Trust is strongly linked to the leader's ability to recognize success and give encouragement after failure. A Transformational Leader helps to develop Trust by recognizing failure and mistakes as developmental. Korsgard et al. (1995) also found that when leaders adopt a more participatory approach, followers feel greater commitment to the decision, greater attachment to the team and greater trust in the leader. Kirkpatrick and Locke (1996) identified over 35 studies reporting positive relationships between leadership and performance. Lowe et al. (1996) in their meta analysis found Transformational leadership or its components to be positively associated with individual and collective performance levels. Bass and Avolio (1997), found Transformational Leadership to be positively related to Extra Effort, Effectiveness and Satisfaction. Recent studies validate their findings. Dum dum, et al (2002) and Erkutlu (2008) also found Transformational Leadership and organizational outcomes to be positively related.

In light of previous studies, a positive relationship was expected between components of Transformational leadership and four organizational outcomes, Extra Effort, Effectiveness, Satisfaction and Trust.

Transactional leaders engage in both constructive and corrective measures. The Contingent Reward component of Transactional leadership is considered constructive and has been found to have a positive relationship with organizational outcomes. Contingent Reward entails clearly communicating what the leader wants and promising incentives if job is performed as outlined. The followers perform the tasks to achieve the promised incentives. By rewarding the appropriate behaviours, the Transactional Leader helps the organization achieve its desired goals. (Howell and Avolio, 1993; Boehnke et al, 2003). Many studies have found Contingent Reward component of Transactional Leadership to be positively related to organizational outcomes (e.g. Singer and Singer, 1990; Comer et al., 1995; Geyer and Steyrer, 1998). More recently, Chen et al (2005) found Contingent Reward to be positively related to Satisfaction. Management-by-exception (both active and passive) are considered corrective forms of leadership. Corrective forms of leadership are

exhibited by passive leaders who wait for things to go wrong before they take any “corrective measures”. Such leadership styles are negatively related to organizational outcomes (Bass and Avolio; 2004). Management-by-exception (active) style of leadership has been found to have no or little relationships with the leadership outcomes (Coad and Berry, 1998; Comer et al., 1995); and Management-by-exception (passive) management was found to be negatively related to Extra Effort, Effectiveness and Satisfaction (Singer and Singer, 1990; Howell and Avolio, 1993; Geyer and Steyrer, 1998).

Hence it was expected that Contingent Reward, and Management-by-exception (active) will be positively related to four job outcomes and Management-by-exception (passive) will be negatively related to the same outcomes.

Laissez-faire leadership style is considered as “non-leadership”. It is the most passive form of leadership where the leader refuses to accept responsibility and unnecessarily delays decision making. (Bass & Riggio, 2006). Laissez-faire leadership is associated with the lowest levels of performance and satisfaction (Sosik & Jung, 2010) and it has been consistently been reported as negatively related to organizational outcomes. (Bass and Avolio, 1997).

Hence it was expected that a strong negative relationship between Laissez-faire style and Extra Effort, Effectiveness, Satisfaction and Trust will be found in this study.

Several studies have shown that a Transformational Leadership style has better outcomes than Transactional Leadership (Bass, 2000; Bono and Judge, 2003; Barling, Weber and Kelloway, 1996;). Findings from many studies indicate that Transformational Leadership improves organizational performance and Satisfaction (DeGroot, Kiker and Cross, 2000;),and leads to higher levels of Trust in management (Barling, et al., 1996). Cummings et al (2001) reported in the findings of their content analysis that leadership styles focused on people and relationships (for example Transformational) were associated with higher nurse job Satisfaction and Effectiveness, whereas leadership styles focused on tasks (such as Management by exception) were associated with lower nurse job Satisfaction. Waldman, Bass and Einstein (2011) conducted a study to investigate relationship between Leadership and outcomes of performance appraisal processes. Their findings suggest that only the

five components of Transformational Leadership were related to performance appraisal scores while Contingent Reward component of Transactional leadership and all five components of Transformational Leadership, were related to Satisfaction with performance appraisal processes. Management-by-exception was associated with lower satisfaction. The Laissez-faire style is marked by abrogation to take responsibility and failure to take responsibility for leading (Alimo-Metcalfe & Alban-Metcalfe, 2001; Eagly & Johannesen-Schmidt, 2003). The most passive style of leadership has also been deemed the least effective of the three leadership styles (Eagly & Johannesen-Schmidt, 2003; Alimo-Metcalfe & Alban-Metcalfe, 2001).

Table 4 Expected signs of coefficients for Model 1

		Dependent Variables				Literature Review	
		Extra effort	Satisfaction	Effectiveness	Trust		
Leadership Styles	Transformational	II(A)	+	+	+	+	Lowe, Krock&Sivasubramaniam(96);Martin andEpitropaki(2001); Bycio, Hacket and Allen (2001);Kouzes and Posner (1987);
		II(B)	+	+	+	+	
		IM	+	+	+	+	
		IS	+	+	+	+	
		IC	+	+	+	+	
	Transactional	CR	+	+	+	+	Howell and Avolio(1993; . Parry and Sarros, 1996; Comer et al., 1995; Singer and Singer, 1990; Geyer and Steyrer, 1998
		MB	+/0	+/0	+/0	+/0	
		E(A)					
		MB	-	-	-	-	
	Laissez Faire	E(P)					Bass and Avolio (1997
		-	-	-	-		

(+sign stands for positive relationship found,-sign stands for negative relationship found, 0 stands for no relationship found)

3.1 Augmentation Effect

A separate model was developed to verify the Augmentation Effect .The effect has been widely studied and verified. Studies by Avolio and Howell (1992), Halter and Bass (1998), Waldman, Bass and Yamarino (1990), all confirm that positive effects of Transactional Leadership significantly improve in the presence of Transformational Leadership style. In other words adding Transformational Leadership components in addition to Transactional Leadership components, results in a significant increase in the explanatory capacity of the model to predict positive outcomes.

To establish the Augmentation Effect of Transformational Leadership the sample was divided into two subsets, one composed of leaders with high scores on Transformational Leadership style and the other with low scores on Transformational Leadership style, the median serving as the cut-off point. As in the earlier model, the leadership style was used as independent variable and the organizational outcome variables- Satisfaction, Extra Effort, and Effectiveness- were taken as dependent variables. The purpose was to establish *augmentation* by using hierarchical regressions. As a first step, the equation had components of Transactional Leadership. Then were added to that base, the Transformational Leadership components, the change in the explanatory power of the two equations was taken as proof of (or otherwise) the presence Augmentation Effect. A positive change in R^2 would signify that the Augmentation Effect of Transformational over Transactional styles exists. It was expected that the Augmentation Effect will be more pronounced for the subset with high Transformational Leadership scores.

3.2 Augmentation is one way

The next logical question was: Do other leadership styles also add to the Transformational Leadership style? To check for this, the order of adding variables to the model was reversed. As a first step we added Transformational Leadership scores and then Transactional Leadership scores were added. If percentage of variance accounted for does not increase significantly, especially for the subset with high Transformational leadership scores, it would suggest that in presence of Transformational leadership, other leadership styles have little to add. In other words, the Augmentation Effect is a one-way street.

3.3 Research Hypotheses

3.3.1 Hypothesis 1

All five components of Transformational Leadership – Idealized Influence (both Attribute and Behaviour), Intellectual Stimulation, Inspired Motivation, Individualized Consideration – will have a *significant positive* relationship with the three leadership outcomes – Extra Effort, Effectiveness and Satisfaction.

Moreover this will apply to both self-reported and follower-reported values of the outcomes. More formally, for each outcome Y_i

$$\begin{aligned}
 Y_i = & \alpha_i + \beta_{i1}(\textit{idealized influence attribute}) \\
 & + \beta_{i2}(\textit{idealized influence behaviour}) \\
 & + \beta_{i3}(\textit{intellectual stimulation}) \\
 & + \beta_{i4}(\textit{inspired motivation}) \\
 & + \beta_{i5}(\textit{individualized consideration})
 \end{aligned}
 \tag{eq 1}$$

where $Y_1 \dots Y_6$ are the self and follower reported outcomes (extra effort, effectiveness and satisfaction), the values of β_{ij} were expected to be significantly positive.

3.3.2 Hypothesis 2

A fourth variable, Trust, will also have *significant positive* relationship with Transformational leadership. More formally, for follower reported trust,

$$\begin{aligned}
 \textit{Trust} = & \alpha + \beta_1(\textit{idealized influence attribute}) \\
 & + \beta_2(\textit{idealized influence behaviour}) \\
 & + \beta_3(\textit{intellectual stimulation}) \\
 & + \beta_4(\textit{inspired motivation}) \\
 & + \beta_5(\textit{individualized consideration})
 \end{aligned}
 \tag{eq 2}$$

the values of all β_i ($i = 1 \dots 5$) were expected to be significantly positive.

3.3.3 Hypothesis 3

Two components of Transactional Leadership – i.e. Contingent Reward and Management- by- exception (active) – will have a *significantly positive* relationship with the three leadership outcomes – extra effort, effectiveness and satisfaction. Management-by-exception (passive) will have a negative relationship with all three organizational outcomes.

This hypothesis was tested on leaders’ self-reported data and follower-reported data of the perceived leadership style and organizational outcomes. In other words, for each outcome

$$\begin{aligned}
 Y_i = & \alpha_i + \beta_{i1}(\textit{contingent reward}) + \\
 & \beta_{i2}(\textit{management by exception- active}) + \\
 & \beta_{i3}(\textit{management by exception passive})
 \end{aligned}
 \tag{eq}$$

where, $Y_1 \dots Y_6$ are the self and follower reported organizational outcomes (extra effort, effectiveness and satisfaction), the values of β_{i1} and β_{i2} were expected to be positive whereas the value of β_{i3} was expected to be negative.

3.3.4 Hypothesis 4

It was hypothesized that, trust, will also have *significantly positive* relationship with the two Transactional Leadership components – Contingent Reward and Management-by- exception (active) whereas it will have a *significantly negative* relationship with the remaining component of Transactional Leadership-Mangement-by-exception (passive). In other words, for follower reported trust, on their leader

$$\text{Trust} = \alpha + \beta_1(\text{contingent reward}) + \beta_2(\text{management by exception- active}) + \beta_3(\text{management by exception passive}) + \epsilon_i$$

the values of β_1 and β_2 were expected to be positive while the value of β_3 was expected to be negative

3.3.5 Hypothesis 5

The remaining component of the Full Range Leadership model, Laissez faire – will have a *significantly negative* relationship with (both self-reported and follower-reported) leadership outcomes – extra effort, effectiveness and satisfaction. i.e. for each outcome Y_i

$$Y_i = \alpha_i + \beta_{i1}(\text{laissez faire}) \quad \text{eq 5}$$

where, $Y_1 \dots Y_6$ are the self and follower reported outcomes (extra effort, effectiveness and satisfaction), the values of β_{ij} will be negative.

3.3.6 Hypothesis 6

It was hypothesized that Laissez Faire leadership style will have a *significantly negative* relationship with the trust that the followers feel in the leader. So, for, Trust the following model was estimated.

$$\text{Trust} = \alpha + \beta_1(\text{laissez faire}) \quad \text{eq 6}$$

The values of β_1 was expected to be negative.

3.3.7 Hypothesis 7

Hypothesis 7 seeks to establish the Augmentation Effect (see corollary on page 36 for details). This is further divided into 3 hypotheses 7a, 7b and 7c. For testing hypotheses 7a and 7b, we divide the data into two subsets consisting of leaders with low and high Transformational leadership scores (see 3.1.2 and **Error! Reference source not found.**1.3 for details) and perform hierarchical regression on the two data subsets.

Hypothesis 7a

Addition of Transformational leadership components to the model of Transactional Leadership as additional independent variables affecting the dependant (four outcome) variables, High Transformational Leadership will lead a greater increase in the explanatory capacity of the equation to predict outcome variables – extra effort, effectiveness, satisfaction and trust, in comparison to Low Transformational Leadership.

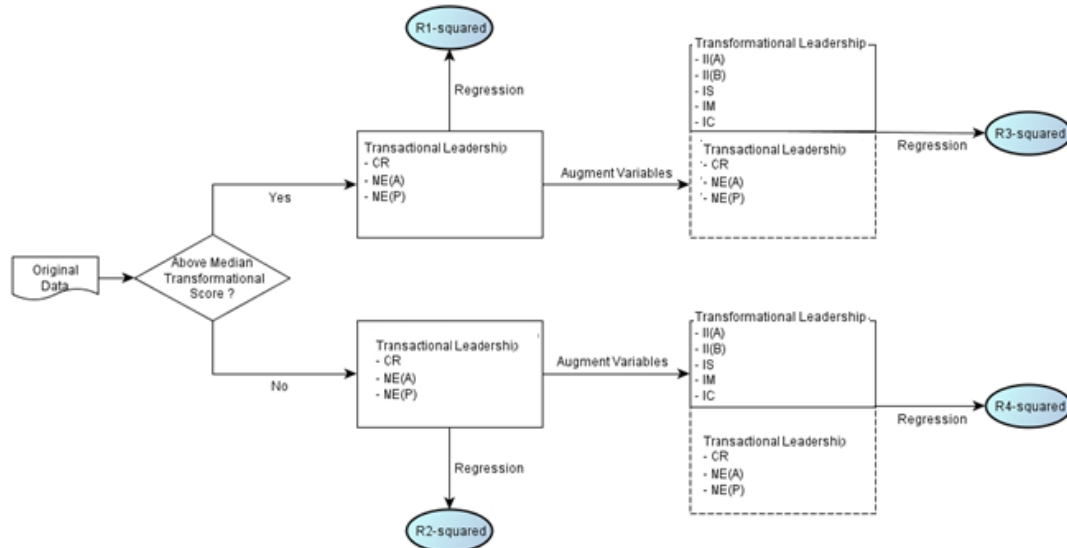


Figure 3 Hierarchical Regression of Transformational leadership over Transactional leadership

To test this, the dataset was divided into two subsets: High Transformational leadership Group (Group H) and Low Transformational Leadership Group (Group L) (see Figure 3 for details). The relevant outcome variables were regressed on the transactional leadership components separately for each dataset. We define

$$\begin{aligned}
Y_i = & \alpha_i + \beta_{i,1}(\text{contingent reward}) \\
& + \beta_{i,2}(\text{management by exception active}) \\
& + \beta_{i,3}(\text{management by exception passive})
\end{aligned}
\tag{eq 7}$$

Here $Y_i (i = 1 \dots 4)$ represent the leadership outcome variables – extra effort, effectiveness, satisfaction and trust – respectively for the complete data.

Next were added the Transformational leadership components to equation given above and run the regression was run again, respectively for each groups. The equations for the two groups that is Group H and Group L are

$$\begin{aligned}
Y_{H,i} = & \alpha_H + \beta_{H,i,1}(\text{contingent reward}) \\
& + \beta_{H,i,2}(\text{management by exception active}) \\
& + \beta_{H,i,3}(\text{management by exception passive}) \\
& + \beta_{H,i,4}(\text{idealized influence attribute}) \\
& + \beta_{H,i,5}(\text{idealized influence behaviour}) \\
& + \beta_{H,i,6}(\text{intellectual stimulation}) \\
& + \beta_{H,i,7}(\text{inspired motivation}) \\
& + \beta_{H,i,8}(\text{individualized consideration})
\end{aligned}
\tag{eq 8}$$

and

$$\begin{aligned}
Y_{L,i} = & \alpha_L + \beta_{L,i,1}(\text{contingent reward}) \\
& + \beta_{L,i,2}(\text{management by exception active}) \\
& + \beta_{L,i,3}(\text{management by exception passive}) \\
& + \beta_{L,i,4}(\text{idealized influence attribute}) \\
& + \beta_{L,i,5}(\text{idealized influence behaviour}) \\
& + \beta_{L,i,6}(\text{intellectual stimulation}) \\
& + \beta_{L,i,7}(\text{inspired motivation}) \\
& + \beta_{L,i,8}(\text{individualized consideration})
\end{aligned}
\tag{eq 9}$$

Here $Y_{H,i} (i = 1 \dots 4)$ represent the leadership outcome variables – extra effort, effectiveness, satisfaction and trust – for Group H and similarly $Y_{L,i}$ for Group L.

By adding variables it was expected R^2 for both groups would increase; i.e. between equations (8) and (7) and between equations (9) and (7). Hypothesis 7a claims that increase in R^2 would be higher for the subset with high Transformational leadership (Group H) score than for the subset with low Transformational leadership scores (Group L) for all four leadership outcomes – Extra Effort, Effectiveness, Satisfaction and Trust.

Hypothesis 7b

For leaders scoring high on Transformational Leadership (Group H), the other leadership components, when added to the Transformational components, does not significantly increase the explanatory capacity of the equation to predict outcome variables, accounted for by the Transformational components alone. In contrast, for leaders scoring low on the Transformational Leadership, adding remaining leadership components was expected to contribute significantly toward explaining for the

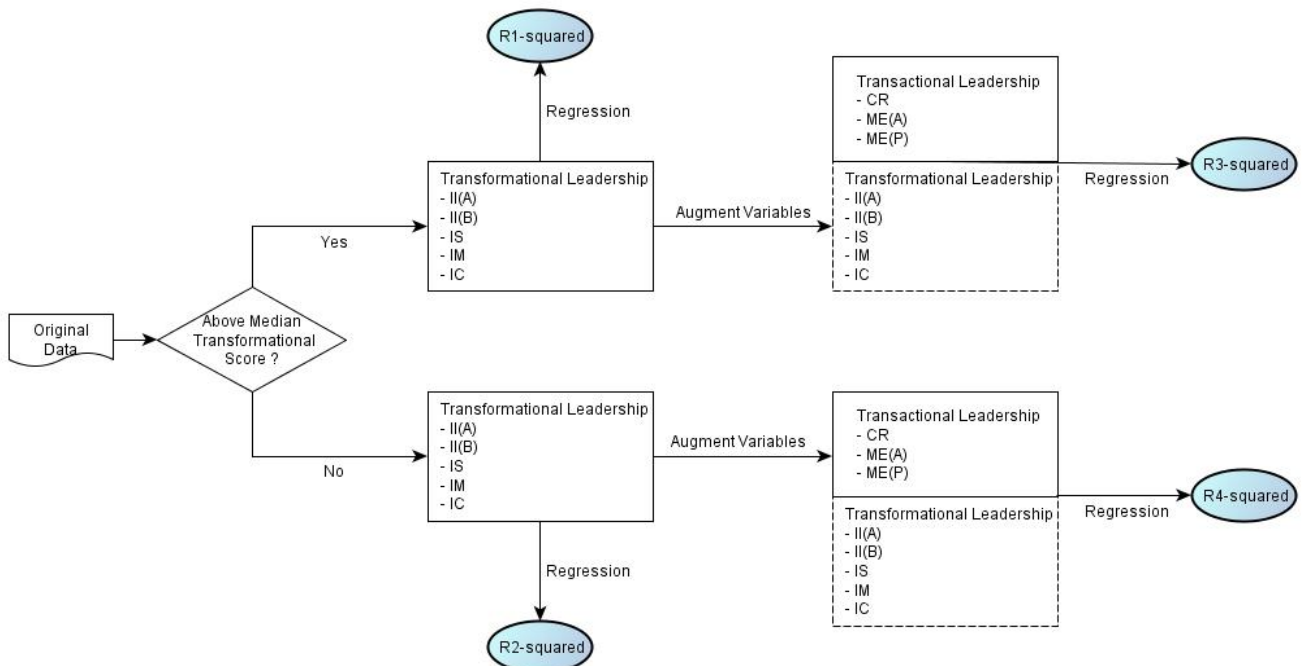


Figure 4 Hierarchical Regression Of Transactional Leadership over Transformational Leadership

For Hypothesis 7b, the order of hierarchical regression done for Hypothesis 7a was reversed. First the Transformational Leadership components were regressed, on each outcome separately for Groups H and L (see Figure 4 above for details).

$$\begin{aligned}
 Y_{H,i} = & \alpha_H + \beta_{H,i,1}(\textit{idealized influence attribute}) \\
 & + \beta_{H,i,2}(\textit{idealized influence behaviour}) \\
 & + \beta_{H,i,3}(\textit{intellectual stimulation}) \\
 & + \beta_{H,i,4}(\textit{inspired motivation}) \\
 & + \beta_{H,i,5}(\textit{individualized consideration})
 \end{aligned}
 \tag{eq 10}$$

and

$$\begin{aligned}
 Y_{L,i} = & \alpha_L + \beta_{L,i,1}(\textit{idealized influence attribute}) \\
 & + \beta_{L,i,2}(\textit{idealized influence behaviour}) \\
 & + \beta_{L,i,3}(\textit{intellectual stimulation}) \\
 & + \beta_{L,i,4}(\textit{inspired motivation}) \\
 & + \beta_{L,i,5}(\textit{individualized consideration})
 \end{aligned}
 \tag{eq 11}$$

where $Y_{H,i}$ and $Y_{L,i}$ refer to leadership outcomes: $i=1,2,3,4$; for outcomes ranging from effectiveness to trust; and H and L refer to High and Low groups of leaders based on their score of Transformational Leadership style.

Now we add the components from the other leadership styles to equations (10) and (11) giving us equations (8) and (9).

Again, an increase in the number of variables between equations (10) and (8) and between equations (11) and (9) means an increase in R^2 in both cases. According to Hypothesis 7b an increase in R^2 was expected to be much higher for Group L compared to the increase (if any) for Group H for all four leadership outcomes – Extra Effort, Effectiveness, Satisfaction and Trust. This would, in essence, support the one-way Augmentation Effect of the Transformational Leadership over Transactional Leadership.

Hypothesis 7c

Leaders who receive high scores on the Transformational Leadership style, will be

- a) perceived as more effective.
- b) their followers will exert more effort.
- c) their followers will feel more satisfied with their jobs.
- d) their followers will exhibit greater levels of trust in their leader.

in comparison to those who receive low scores on Transformational Leadership style.

4 Data

The following section describes the participants of the study and the instruments used to collect data.

4.1 Participants

The Multifactor Leadership Questionnaire was distributed in various branches of commercial banks in Lahore area. Participants of this study were 100 leaders and 200 followers directly reporting to them. The branch managers in small branches and managers or department heads in large branches were treated as leaders. For any participant to qualify as a leader, it was considered a pre-requisite that at least two followers were reporting to that leader.

A cover page was attached to the questionnaire explaining the academic nature of the study and all participants were assured of confidentiality. Personal visits were made to the branches to drop the questionnaires and to verify the status of leaders and followers. The questionnaires were enclosed in an envelope that could be sealed, to ensure confidentiality.

The leaders filled out a questionnaire evaluating their own leadership skills. Followers also filled out a questionnaire evaluating the leadership style of their boss. To reduce any bias, responses from two followers of the same leader were sought. The followers' questionnaire included an additional section measuring the trust they place in their boss. Followers were matched to the leaders.

4.2 Instruments

The most well known tool for measuring leadership style is Multifactor Leadership Questionnaire, known as MLQ. This tool consists of 45 statements about the behaviour of the leader. There are two forms of MLQ-the Leader Form, which is completed by the leaders themselves, and the Rater Form which is completed by the leader's followers.

The MLQ has been used across a wide variety of organizations such as military, healthcare and banks.

Ever since its introduction, various attempts have been made to criticize, test, and/or develop the content of the full range model as well as the MLQ (Rost,1991). Some opponents conceive it as an important weakness that more factors measuring Transformational leadership seem to be correlated, while others highlight the fact that some factors measuring transactional leadership are missing in the MLQ questionnaire. More broadly, it has been discussed whether Transformational leadership can, as revealed by Bass, be displayed at all levels in an organization or if it is only the top executives who display Transformational leadership. Other concerns included the criticism that MLQ lacked discriminative validity among the various factors comprising the survey (Yukl, 1989; Pierce and Newstrom, 1995; Bryman, 1996; Yukl, 2001). Bass and Avolio(1993), concluded, after reviewing prior studies that utilized the MLQ that while the original factor structure presented by Bass in 1985 was theoretically sound, but in order to validate the measurement of a broader or "fuller range" of leadership styles, a new version of the survey instrument should be produced.

In response to the above criticism, a revised instrument was developed. It tests leadership style based on nine factors, or variables, as opposed to the original seven. The additional variables are: attributions regarding the leader's Transformational style, which distinguishes between charismatic behaviors and attributions; management-by-exception – active; and. management-by-exception – passive. The last two variables represent a division of the original management-by-exception factor tested in Bass's (1985) original instrument. An additional alteration from the original instrument is the change of terms from "charisma" to "idealized influence". By

making these changes to the MLQ, Bass and Avolio (1995) have developed an instrument which measures a broader range of leadership factors. This enhanced ability to study leadership style has significantly contributed to leadership research and has led to a number of important observations regarding leadership studies (Yukl, 2001). It has been used in nearly 200 research programs, doctoral dissertations and masters' theses throughout the world (Bass and Avolio, 1995).

For the purpose of this study, the latest version of the MLQ, called the (MLQ 5X-Short), was used. It consists of 45 items to be answered by the leader's subordinates. These items are rated using a five-point Likert like scale with anchors labeled as 0 not at all, 1 once in a while, 2 sometimes, 3 fairly often, and 4 frequently, if not always. The nine variables related to leadership styles included in the latest version of the MLQ are: Idealized Influence (attributed), Idealized Influence (behavior), Inspirational Motivation, Intellectual Stimulation, Individualized Consideration, Contingent Reward, Management-by-Exception (active), Management-by-Exception (Passive), and Laissez-Faire.

4.3 Trust Scale

There is no universally accepted scale of trust. Researchers have used different scales for measuring trust in the organizational setting (Fried, Tieg & Bellamy 1992, Robinson & Rousseau 1994, McAllister 1995). For this study found the trust scale developed by Tzafrir and Dolan (2004) a suitable instrument to measure employees' trust in leader. It is a 16 item instrument. Each item of the trust scales is ranked on a five point Likert like scale (responses range from 1 = 'strongly disagree' to 5 = 'strongly agree')

4.4 Reliability

To test the reliability of the instruments under use, a "pilot" study composed of 100 respondents was conducted. The Cronbach Alpha for each of the constructs is reported in Table 5.

The generally agreed upon lower limit for Cronbach's alpha is 0.60. According Gelim & Gelim (2003) the following rule of thumb is followed, where an alpha score of 0.9

is considered as excellent, 0.80 good, 0.70 acceptable, 0.60 questionable, 0.50 Poor and less than 0.50 as unacceptable.

However, it should be noted that a Cronbach alpha of 0.60 with only four items is acceptable because the coefficient alpha underestimates the internal consistency of scales with a low number of items (Cronbach,1951), as coefficient alpha includes the number of items in the formula. Tenenbaum, Eklund, Kamata (2012) report that given the same average interitem correlation, a 3-item scale will yield a coefficient alpha value of 0.56 whereas an 8-item scale will yield an alpha value of 0.81.

Table 5 Expected signs of coefficients for Model 1

Independent Variables	Pre Test (N = 100)
Transformational Leadership	
Idealized Influence(Attribute)	0.689
Idealized Influence(Behaviour)	0.616
Inspirational Motivation	0.642
Intellectual Stimulation	0.598
Individualized Consideration	0.600
Transactional Leadership	
Contingent Reward	0.672
Management-by-exception(Active)	0.603
Management-by-exception(Passive)	0.742
Non-Transactional	
Laissez-Faire	0.794
Dependant variables	
Extra Effort	0.616
Effectiveness	0.752
Satisfaction	0.376
Trust	0.829

4.5 Analysis of Data

The returned questionnaires were coded and entered into the SPSS software. To test the null hypothesis, the p -values < 0.05 were used as is the convention. Multiple regression, hierarchal regression and t -test were used to test the hypotheses.

5 Empirical work

To test hypotheses, data was entered into SPSS 16.0. Hypotheses 1 to Hypotheses 6, were tested using multiple regression models were estimated. Hierarchical regressions were run to test Hypotheses 7(a) and(b) . To test Hypotheses 7 (c), t-test for independent samples was conducted.

Independent variables were: Transformational Leadership, composed of five factors, Idealized Influence (attributed), Idealized Influence (behavior), Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration; Transactional Leadership, composed of Contingent Reward, Management-by-exception (active) and Management-by-exception(passive) ; Non-Transactional Leadership composed of a single factor Laissez-Faire. The dependent variables were Extra Effort, Effectiveness, and Satisfaction and trust.

Table 6 Demographic Description of sample

		Leaders (N=100)	Followers (N=200)
Gender	Male	89	160
	Female	11	35
	Unreported	0	5
Marital of status	Single	15	91
	Married	84	103
	Unreported	1	6
Level of Education	Masters or above	84	140
	Bachelors	15	48
	Missing	4	12
	Median Age	37	
	Median Years of Work Experience (Total)	12	
	Median Years of Work Experience(Organization)	5	

The table shows a brief description of the sample used for this study. Of the total hundred leaders, eighty nine were male and eleven were female. Most of the leaders were married and an overwhelming majority held a Masters degree or above. The

median age of the leaders was thirty seven. The total years spent in the work force were reported as twelve whereas median years of work experience within the organization was five.

A total of two hundred followers returned the questionnaire. Of these one hundred and sixty followers were male and thirty five were female whereas five did not report their gender. Ninety one followers were unmarried and one hundred three were married. Six did not report their marital status.

5.1 Hypothesis 1

$$\text{Leader reported extra effort} = \alpha + \beta_1(\text{idealized influence attribute}) + \beta_2(\text{idealized influence behaviour}) + \beta_3(\text{intellectual stimulation}) + \beta_4(\text{inspired motivation}) + \beta_5(\text{individualized consideration})$$

Table 7 Leader reported extra effort (ANOVA)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.487 ^a	.237	.197	.48208

Table 8 Leader reported extra effort (regression)

Variables	Standardized Coefficients	p-value
1.Idealized Attribute	0.241	0.035
2.Idealized Behaviour	-0.066	0.564
3.Inspirational Motivation	0.179	0.141
4.Intellectual Stimulation	0.165	0.127
5.Individualized Consideration	0.098	0.351
R ² = .487		
Adjusted R ² = .237		

A linear multiple regression model was estimated on all five components of Transformational Leadership to predict the effect of Transformational Leadership on Extra Effort. Independent and Dependent variables in this case were all leader-reported. The ANOVA table shows that the regression equation is explaining a

statistically significant portion of the variability in the dependent variable from variability in the independent variables. Adjusted R^2 for this model was 0.237. Significance tests for components of Transformational Leadership were mostly not significant. Only Idealized Influence (Attribute) was significant at 0.05 significance level.

Follower reported extra effort =

$\alpha + \beta_1(\textit{idealized influence attribute}) +$

$\beta_2(\textit{idealized influence behaviour}) + \beta_3(\textit{intellectual stimulation}) +$

$\beta_4(\textit{inspired motivation}) + \beta_5(\textit{individualized consideration})$

Table 9 Follower reported extra effort (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
Model 1	Regression	16.537	5	3.307	21.054	.000 ^b
	Residual	14.767	94	0.157		
	Total	31.304	99			

Table 10 Follower reported extra effort (regression)

Variables	Standardized Coefficients	p-value
1.Idealized Attribute	0.256	0.012
2.Idealized Behaviour	0.003	0.980
3.Inspirational Motivation	0.227	0.089
4.Intellectual Stimulation	0.228	0.023
5.Individualized Consideration	0.160	0.085
$R^2 = .528$		
Adjusted $R^2 = .503$		

A similar linear multiple regression model was run to estimate the effect of five components of Transformational Leadership on Extra Effort, as reported by followers. From the ANOVA table we can see that the regression equation is explaining a statistically significant portion of the variability in the dependent variable from variability in the independent variables. Adjusted R^2 for this model was 0.503. Significance tests for the coefficients of components of Transformational

leadership were highly significant for Idealized Attribute (p-value=.012) and Intellectual Stimulation (p-value=.023). Idealized Influence (behaviour) and Individualized Consideration were significant at 0.10 level of significance.

$$\text{Leader reported effectiveness} = \alpha + \beta_1(\text{idealized influence attribute}) + \beta_2(\text{idealized influence behaviour}) + \beta_3(\text{intellectual stimulation}) + \beta_4(\text{inspired motivation}) + \beta_5(\text{individualized consideration})$$

Table 11 Leader reported effectiveness (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
Model 1	Regression	8.004	5	1.601	6.543	.000 ^b
	Residual	22.997	94	0.245		
	Total	31.001	99			

Table 12 Leader reported effectiveness (regression)

Variables	Standardized Coefficients	p-value
1. Idealized Attribute	0.322	0.005
2. Idealized Behaviour	-0.042	0.706
3. Inspirational Motivation	0.275	0.023
4. Intellectual Stimulation	0.073	0.491
5. Individualized Consideration	-0.092	0.375
R ² = .258		
Adjusted R ² = .219		

Table 12 reports the results of linear multiple regression model conducted on all five components of Transformational Leadership (leader reported) and Effectiveness (leader-reported). The ANOVA table shows that the regression model is significant overall. Adjusted R² for this model was 0.219. Idealized Attribute (p-value=.005) and Inspirational Motivation (p-value=.023) were significant at 0.05 significance level. These were the only two out of the five components which were found significantly related with effectiveness of leaders.

$$\text{Follower reported effectiveness} = \alpha + \beta_1(\text{idealized influence attribute}) + \beta_2(\text{idealized influence behaviour}) + \beta_3(\text{intellectual stimulation}) + \beta_4(\text{inspired motivation}) + \beta_5(\text{individualized consideration})$$

Table 13 Follower reported effectiveness (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	18.544	5	3.709	29.468	.000 ^b
	Residual	11.831	94	0.126		
	Total	30.375	99			

Table 14 Follower reported effectiveness (regression)

Variables	Standardized Coefficients	p-value
1.Idealized Attribute	.391	.000
2.Idealized Behaviour	.065	.554
3.Inspirational Motivation	.093	.440
4.Intellectual Stimulation	.100	.268
5.Individualized Consideration	.289	.001
R ² = .781		
Adjusted R ² = .611		

Table 14 reports the results of linear multiple regression model conducted on all five components of Transformational Leadership(follower- reported) and Effectiveness (follower-reported).Table 13 shows that the regression equation is valid, explaining a statistically significant portion of the variability in the dependent variable. Adjusted R² for this model was 0.611. Idealized Influence (Attribute) (p-value=.000) and Individualized Consideration (p-value=.001) were found significant at 0.01 significance level.

$$\text{Leader reported satisfaction} = \alpha + \beta_1(\text{idealized influence attribute}) + \beta_2(\text{idealized influence behaviour}) + \beta_3(\text{intellectual stimulation}) + \beta_4(\text{inspired motivation}) + \beta_5(\text{individualized consideration})$$

Table 15 Leader reported satisfaction (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	9.648	5	1.93	8.286	.000 ^b
	Residual	21.892	94	0.233		
	Total	31.54	99			

Table 16 Leader reported satisfaction (regression)

Variables	Standardized Coefficients	p-value
1.Idealized Attribute	0.306	0.005
2.Idealized Behaviour	0.011	0.916
3.Inspirational Motivation	0.223	0.055
4.Intellectual Stimulation	0.188	0.07
5.Individualized Consideration	-0.088	0.379
R ² = .553 R ²		
Adjusted R ² = .306		

Multiple regression model with satisfaction (leader-reported) as the dependent variable and five Transformational leadership factors (leader reported) as independent variables was significant as evidenced by the ANOVA Table. Adjusted R² for this model is 0.306. Only Idealized attribute (p=.005) was significant at .05 level of significance. Inspirational Motivation (p=.055) and Intellectual Stimulation (p=.070), are significant at 0.10 level of significance.

Follower reported satisfaction

$$\begin{aligned}
 &= \alpha + \beta_1(\textit{idealized influence attribute}) \\
 &+ \beta_2(\textit{idealized influence behaviour}) \\
 &+ \beta_3(\textit{intellectual stimulation}) + \beta_4(\textit{inspired motivation}) \\
 &+ \beta_5(\textit{individualized consideration})
 \end{aligned}$$

Table 17 Follower reported satisfaction (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	23.962	5	4.792	23.5	.000 ^b
	Residual	19.17	94	0.204		
	Total	43.132	99			

Table 18 Follower reported satisfaction (regression)

Variables	Standardized Coefficients	p-value
1.Idealized Attribute	0.374	0
2.Idealized Behaviour	0.095	0.421
3.Inspirational Motivation	0.089	0.489
4.Intellectual Stimulation	0.212	0.03
5.Individualized Consideration	0.123	0.172
R ² = .556		
Adjusted R ² = .532		

Multiple regression model with satisfaction (follower-reported) as the dependent variable and five Transformational leadership factors (follower reported) as independent variables was also significant, and p for F-ratio was less than .001. Overall explanatory power of the equation was 53.2%, so the model is significant. Idealized Influence (Attribute) is significant (p-value=0). Intellectual Stimulation is also significant at .05 level of significance (p-value=.030).

5.2 Hypothesis 2

$$\begin{aligned}
 \text{Trust} = & \alpha + \beta_1(\text{idealized influence attribute}) \\
 & + \beta_2(\text{idealized influence behaviour}) \\
 & + \beta_3(\text{intellectual stimulation}) + \beta_4(\text{inspired motivation}) \\
 & + \beta_5(\text{individualized consideration})
 \end{aligned}$$

Table 19 Trust (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	3.709	5	.742	4.496	.001 ^b
	Residual	15.507	94	.165		
	Total	19.216	99			

Table 20 Trust (regression)

Variables	Standardized Coefficients	p-value
1.Idealized Attribute	0.224	0.09
2.Idealized Behaviour	-0.157	0.326
3.Inspirational Motivation	0.304	0.082
4.Intellectual Stimulation	0.075	0.565
5.Individualized Consideration	0.033	0.786
R ² = .193		
Adjusted R ² = .150		

The model is overall significant. The adjusted R² is 0.150, which shows that collectively Transformational Leadership components explain approximately 15% of the variability in dependable variable, i.e., Trust. Significance tests for the coefficients of components of Transformational Leadership were not found significant at 5%. Only Idealized Influence (Attribute) and Inspirational Motivation were significant at .10 level of significance.

5.3 Hypothesis 3

$$\begin{aligned} \text{Leader reported extra effort} = & \alpha + \beta_1(\text{contingent reward}) + \\ & \beta_{i2}(\text{management by exception- active}) \\ & + \beta_{i3}(\text{management by exception passive}) \end{aligned}$$

Table 21 Leader reported extra effort (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	3.689	3	1.230	4.729	.004 ^b
	Residual	24.960	96	.260		
	Total	28.649	99			
a. Dependent Variable: ExtraEffortL						
b. Predictors: (Constant), MBEPassiveL, MBEActiveL, ConRewardL						

Table 22 Leader reported extra effort (regression)

Variables	Standardized Coefficients	p-value
Contingent Reward	.315	.005
Management-by-exception (Active)	.061	.569
Mangement-by-exception (passive)	-.034	.736
R ² = .359		
Adjusted R ² = .129		

Table 22 reports the results of linear multiple regression model conducted on components of Transactional Leadership(leader-reported) and Effectiveness (leader-reported).From the ANOVA table we can see that the regression equation is valid, explaining a statistically significant portion of the variability in the dependent variable. The adjusted R² was .128. Contingent Reward was significant (p-value=.005), at .05 level of significance. Management-by-exception (active) and Mangement-by-exception (passive) had the expected signs but were not significant.

$$\begin{aligned}
 \text{Follower reported extra effort} = & \alpha + \beta_1(\text{contingent reward}) + \\
 & \beta_{i2}(\text{management by exception- active}) \\
 & +\beta_{i3}(\text{management by exception passive})
 \end{aligned}$$

Table 23 Follower reported extra effort (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	10.432	3	3.477	15.993	.000 ^b
	Residual	20.872	96	.217		
	Total	31.304	99			

Table 24 Follower reported extra effort (regression)

Variables	Standardized Coefficients	p-value
Contingent Reward	.484	.000
Management-by-exception (Active)	.153	.092
Management-by-exception (passive)	.235	.007
R ² = .333		
Adjusted R ² = .312		

Regression model was estimated, with extra effort (follower-reported) as the dependent variable and three factors of transactional leadership (follower reported), Contingent Reward, Management-by-Exception (Active), and Management-by-Exception (Passive) as independent variables. The model was significant, F ratio was 15.993 and p-value was less than .001. The adjusted R² was .312. Contingent Reward and management-by-exception (passive) were found to have a significant positive impact (p-value=.000) on Extra Effort by followers.

$$\begin{aligned} \text{Leader reported effectiveness} = & \alpha + \beta_1(\text{contingent reward}) + \\ & \beta_{i2}(\text{management by exception- active}) \\ & + \beta_{i3}(\text{management by exception passive}) \end{aligned}$$

Table 25 Leader reported effectiveness (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	7.272	3	2.424	9.807	.000 ^p
	Residual	23.729	96	.247		
	Total	31.001	99			

Table 26 Leader reported effectiveness (regression)

Variables	Standardized Coefficients	p-value
Contingent Reward	.231	.028
Management-by-exception (Active)	.196	.053
Management-by-exception (passive)	-.236	.013
R ² = .235		
Adjusted R ² = .211		

Table 26 presents the results of regression equation with effectiveness (leader-reported) as the dependent variable and components of transactional leadership factors, Contingent Reward and Management-by-Exception (Active), and Management-by-Exception (Passive) as independent variables. The model was significant, F-ratio was 9.807, p-value less than 0.001. The adjusted R² was .235. Contingent Reward was found to have a significant positive impact (p-value=.028) on Effectiveness at .05 level of significance, while Management-by-Exception (Active) (p-value=.053) was found to be significant at .10 level. The coefficients of Contingent Reward and Management-by-exception (Active) both had positive signs. Management-by-exception (passive) had a significant negative relationship with Effectiveness, (p value=.013) at .05 level of significance.

$$\begin{aligned}
 \text{Follower reported effectiveness} = & \alpha + \beta_1(\text{contingent reward}) + \\
 & \beta_{i2}(\text{management by exception- active}) \\
 & + \beta_{i3}(\text{management by exception passive})
 \end{aligned}$$

Table 25 Follower reported effectiveness (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	11.462	3	3.821	19.393	.000 ^b
	Residual	18.913	96	.197		
	Total	30.375	99			

Table 26 Follower reported effectiveness (regression)

Variables	Standardized Coefficients	p-value
Contingent Reward	.521	.000
Management-by-exception (Active)	.195	.027
Management-by-exception (passive)	.051	.537
R ² = .377		
Adjusted R ² = .358		

A regression model was run with effectiveness (follower-reported) as the dependent variable and three components of transactional leadership (follower reported), that is, Contingent Reward and Management-by-Exception (Active), and Management-by-Exception (Passive) as independent variables. The model was significant, as F ratio is significant at less than 0.01. The adjusted R² was .377. Both Contingent Reward (p-value=0) and Management-by-Exception(Active)(p-value=.027) were found to have a significant positive relationship with Effectiveness.

$$\text{Leader reported satisfaction} = \alpha + \beta_1(\text{contingent reward}) + \beta_{i2}(\text{management by exception- active}) + \beta_{i3}(\text{management by exception passive})$$

Table 27 Leader reported satisfaction (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	8.949	3	2.983	12.676	.000 ^b
	Residual	22.591	96	.235		
	Total	31.540	99			

Table 30 Leader reported satisfaction (regression)

Variables	Standardized Coefficients	p-value
Contingent Reward	.367	.000
Management-by-exception (Active)	.130	.183
Mangement-by-exception (passive)	-.196	.032
R ² = .284		
Adjusted R ² = .261		

Table 30 reports the results of linear multiple regression model conducted on three components of Transactional Leadership (leader- reported) and Satisfaction (leader-reported). The ANOVA table shows that the regression equation is valid, explaining a statistically significant portion of the variability in the dependent variable. Adjusted R² for this model was .284. Contingent Reward was found significant (p-value=0.00). It is significantly positively related to satisfaction of followers. Management-by-exception (passive) was found to be significantly (p-value=.032) negatively related to Satisfaction.

Follower reported satisfaction

$$\begin{aligned}
 &= \alpha + \beta_1(\text{contingent reward}) \\
 &+ \beta_{i2}(\text{management by exception active}) \\
 &+ \beta_{i3}(\text{management by exception passive})
 \end{aligned}$$

Table 8 Follower reported satisfaction (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
Model 1	Regression	13.932	3	4.644	15.268	.000 ^b
	Residual	29.200	96	.304		
	Total	43.132	99			

Table 32 Follower reported satisfaction (regression)

Variables	Standardized Coefficients	p-value
Contingent Reward	.528	.000
Management-by-exception (Active)	.104	.253
Mangement-by-exception (passive)	.087	.309
R ² = .323		
Adjusted R ² = .302		

The ANOVA table shows the regression model was significant. The regression equation is explaining a statistically significant portion of the variability in the dependent variable. The adjusted R^2 of the equation was .323. Contingent Reward (p -value=0), was found to be significantly related to satisfaction of the followers. Both dependant and independent variables in the model employed follower reported values.

5.4 Hypothesis 4

Table 33 Trust (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	4.358	3	1.453	9.385	.000 ^b
	Residual	14.859	96	.155		
	Total	19.216	99			

Table 34 Trust (regression)

Variables	Standardized Coefficients	p -value
Contingent Reward	.205	.038
Management-by-exception (Active)	.187	.056
Mangement-by-exception (passive)	-.328	.001
$R^2 = .227$		
Adjusted $R^2 = .203$		

Table 34 reports the results of linear multiple regression was run with components of transactional leadership (follower reported), as independent variables and Trust (follower-reported) as dependant variable. The ANOVA table shows that the regression model is significant overall. Adjusted R^2 for this model was .203. Contingent reward (p -value=.038) was significant at .05 significance level. Trust placed on leaders was found high among those followers whose leaders practiced Contingent Reward style of leadership. Management-by-exception (active) was significant at .10 level of significance, its standardized coefficient is a positive number but smaller than the coefficient of Contingent Reward, hence signifying that Management-by Exception (active) is also effective management style to win the

Trust of followers. Management-by-exception (passive) was significantly negatively related to Trust, and that seems in line with common sense as well.

5.5 Hypothesis 5

$$\text{Leader reported extra effort} = \alpha + \beta_1(\text{laissez faire})$$

Table 35 Leader reported extra effort (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	.782	1	.782	2.751	.100 ^b
	Residual	27.867	98	.284		
	Total	28.649	99			

Table 36 Leader reported extra effort (regression)

Variables	Standardized Coefficients	p-value
Laissez Faire	-0.165	0.1
R ² = .027		
Adjusted R ² = .017		

The model is significant at p-value=.10. The adjusted R² value is .017 and Laissez-Faire, leader-reported, is found to be negatively related to Extra Effort, at p-value .10. The followers of leaders exhibiting Laissez Faire style were found to be exerting less Extra Effort on their job.

$$\text{Follower reported extra effort} = \alpha + \beta_1(\text{laissez faire})$$

Table --: Results of multiple-regression analysis with *Extra Effort (follower-reported)* as the dependent variable and *Laissez Faire (follower reported)* as independent variables

Table 9 Follower reported extra effort (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	.110	1	.110	.345	.558 ^b
	Residual	31.194	98	.318		
	Total	31.304	99			

Model was insignificant as p value for F-ratio is greater than 0.05

$$\text{Leader reported effectiveness} = \alpha + \beta_1(\text{laissez faire})$$

Table 38 Leader reported effectiveness (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	2.314	1	2.314	7.903	.006 ^b
	Residual	28.688	98	.293		
	Total	31.001	99			

Table 39 Leader reported effectiveness (regression)

Variables	Standardized Coefficients	p-value
Laissez Faire	-.273	.006
R ² = .075		
Adjusted R ² = .065		

The model is overall significant as shown in then ANOVA table. The value of R² is .075 and value of Adjusted R² is .065. Laissez Faire is significant (p-value=.005), at .01 level of significance. It is concluded that laissez faire leadership style has a negative effect on the effectiveness of the leader.

$$\text{Follower reported effectiveness} = \alpha + \beta_1(\text{laissez faire})$$

Table 40 Follower reported effectiveness (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	.719	1	.719	2.377	.126 ^b
	Residual	29.656	98	.303		
	Total	30.375	99			

Model was insignificant as p value for F-ratio is greater than 0.05

$$\text{Leader reported satisfaction} = \alpha + \beta_1(\text{laissez faire})$$

Table 41 Leader reported satisfaction (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	1.680	1	1.680	5.514	.021 ^b
	Residual	29.860	98	.305		
	Total	31.540	99			

Table 42 Leader reported satisfaction (regression)

Variables	Standardized Coefficients	p-value
Laissez Faire	-.231	.021
R ² = .053		
Adjusted R ² = .044		

Bivariate regression model with satisfaction (leader-reported) as the dependent variable and Laissez Faire as independent variables(leader reported) was significant as seen in the ANOVA Table, p=.021 for F-ratio. Laissez Faire (p=.021) was found to have a significant negative relationship with satisfaction, so leaders who perceived themselves as adopting Laissez Faire leadership style perceived their followers experience low job satisfaction.

Follower reported satisfaction = $\alpha + \beta_1$ (laissez faire)

Table 43 Follower reported satisfaction (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	2.081	1	2.081	4.969	.028 ^b
	Residual	41.051	98	.419		
	Total	43.132	99			

Table 44 Follower reported satisfaction (regression)

Variables	Standardized Coefficients	p-value
Laissez Faire	-.220	.028
R ² = .048		
Adjusted R ² = .039		

The table presents results of regression analysis with job satisfaction (follower-reported) as the dependent variable and Laissez Faire (follower reported) as independent variables. The overall model is significant. Laissez Faire was negatively related with job Satisfaction of followers. The coefficient was negative as proposed by the theory and was significant (p value=.028) at .05 level of significance.

5.6 Hypothesis 6

Table 45 Trust (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	2.213	1	2.213	12.757	.001
	Residual	17.003	98	.173		
	Total	19.216	99			

Table 46 Trust (regression)

Variables	Standardized Coefficients	p-value
Laissez Faire	-.339	.001
R ² = .115		
Adjusted R ² = .106		

The overall model was significant; implying 11.5% variance in trust is explained by the Laissez-faire leadership style. Since only one independent variable is being used as the predictor, the value of R² does not need to be adjusted downward. Coefficient of Laissez Faire style had the expected negative sign and was found to be significant (p-value=.001) at .01 level of significance. The finding implies followers feel low trust in leaders who adopt Laissez Faire leadership style.

5.7 Hypothesis 7

Hypothesis 7 seeks to establish the Augmentation Effect (see corollary on page 36 for details). This is further divided into 3 hypotheses 7a, 7b and 7c. For testing hypotheses 7a and 7b, the data was divided into two subsets consisting of leaders with low and high Transformational leadership scores and perform hierarchical regression on the two data subsets were estimated.

5.7.1 Hypothesis 7a

Subset: Higher than median score:

- a. Dependant variable: Extra effort; Independent variable: All components of Transactional Leadership

$$\text{Extra effort}_{H, \text{transactional}} = \alpha + \beta_1(\text{contingent reward}) + \beta_2(\text{management by exception active}) + \beta_3(\text{management by exception passive})$$

b. Dependant variable: Extra effort; Independent variable: All components of Transactional Leadership + Transformational Leadership (High)

$$\text{Extra effort}_{H, \text{augmented}} = \alpha + \beta_1(\text{contingent reward}) + \beta_2(\text{management by exception active}) + \beta_3(\text{management by exception passive}) + \beta_4(\text{idealized influence attribute}) + \beta_5(\text{idealized influence behaviour}) + \beta_6(\text{intellectual stimulation}) + \beta_7(\text{inspired motivation}) + \beta_8(\text{individualized consideration})$$

Table 47 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.481 ^a	.232	.181	.45001	.232	4.527	3	45	.007
2	.712 ^b	.507	.408	.38256	.275	4.453	5	40	.003

As model 1 with only Transactional Leadership Factors had R² of .481 and R² increases in Model 2 to .712 when both Transformational and Transactional Leadership factors were there, the explanatory power of the equation increases from .181 to .408 , that is a change in R² of .275. The change in R² is significant with p=.003 as shown in the table.

a. Dependant variable: Effectiveness; Independent variable: All components of Transactional Leadership

$$Effectiveness_{H,transactional} =$$

$$\alpha + \beta_1(\text{contingent reward}) + \beta_2(\text{management by exception active}) + \beta_3(\text{management by exception passive})$$

b. Dependant variable: Effectiveness; Independent variable: All components of Transactional Leadership+Transformational Leadership (High)

$$Effectiveness_{H,augmented} =$$

$$\alpha + \beta_1(\text{contingent reward}) + \beta_2(\text{management by exception active}) + \beta_3(\text{management by exception passive}) + \beta_4(\text{idealized influence attribute}) + \beta_5(\text{idealized influence behaviour}) + \beta_6(\text{intellectual stimulation}) + \beta_7(\text{inspired motivation}) + \beta_8(\text{individualized consideration})$$

Table 48 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.466 ^a	.217	.165	.40265	.217	4.157	3	45	.011
2	.782 ^b	.612	.534	.30075	.395	8.132	5	40	.000

When Transformational leadership components are added to the transactional variables in Model 1, a change in R² of .395 is registered. The F-ratio indicates that the change in value of R² is significant. The results are in line with the expectations. We had expected that for higher than median Transformational Group, the explanatory power of the equation would significantly increase, as Transformational leadership style would “augment” transactional leadership style.

a. Dependant variable: Satisfaction; Independent variable: All components of Transactional Leadership

$$Satisfaction_{H,transactional}$$

$$= \alpha + \beta_1(\text{contingent reward}) + \beta_2(\text{management by exception active}) + \beta_3(\text{management by exception passive})$$

b. Dependant variable: Satisfaction; Independent variable: All components of Transactional Leadership+Transformational Leadership (High)

$$\begin{aligned}
 \text{Satisfaction}_{H, \text{augmented}} = & \\
 & \alpha + \beta_1(\text{contingent reward}) + \beta_2(\text{management by exception active}) + \\
 & \beta_3(\text{management by exception passive}) + \\
 & \beta_4(\text{idealized influence attribute}) + \beta_5(\text{idealized influence behaviour}) + \\
 & \beta_6(\text{intellectual stimulation}) + \beta_7(\text{inspired motivation}) + \\
 & \beta_8(\text{individualized consideration})
 \end{aligned}$$

Table 49 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.515 ^a	.265	.216	.43976	.265	5.402	3	45	.003
2	.668 ^b	.447	.336	.40460	.182	2.632	5	40	.038

The adjusted R² for model 1 with only transactional variables is .216 and adjusted R² for Model 2 with Transactional and Transformational variables is .336. The change of .182 in the value of R² is significant. The F-value for change in R² is .038 which is less than .05 level of significance. Transformational style augments transactional style in case of satisfaction of followers.

a. Dependant variable: Trust; Independent variable: All components of Transactional Leadership

$$\begin{aligned}
 \text{Trust}_{H, \text{transactional}} & \\
 & = \alpha + \beta_1(\text{contingent reward}) \\
 & + \beta_2(\text{management by exception active}) \\
 & + \beta_3(\text{management by exception passive})
 \end{aligned}$$

- b. **Dependant variable: Trust; Independent variable: All components of Transactional Leadership+Transformational Leadership (High)**

$$Trust_{H,augmented}$$

$$= \alpha + \beta_1(\text{contingent reward})$$

$$+ \beta_2(\text{management by exception active})$$

$$+ \beta_3(\text{management by exception passive})$$

$$+ \beta_4(\text{idealized influence attribute})$$

$$+ \beta_5(\text{idealized influence behaviour})$$

$$+ \beta_6(\text{intellectual stimulation})$$

$$+ \beta_7(\text{inspired motivation})$$

$$+ \beta_8(\text{individualized consideration})$$

Table 50 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.486 ^a	.236	.185	.35755	.236	4.628	3	45	.007
2	.647 ^b	.418	.302	.33088	.182	2.509	5	40	.046

The difference between the value of Adjusted R² for model 1 and Model 2 is .182. The change is significant as the F-value is significant at .05 level of significance for model 2. Transformational style augments Transactional style in case of trust of followers in their leader.

Subset: Transformational Leadership score lower than median

- a. **Dependant variable: Extra effort; Independent variable, All components of Transactional Leadership**

Extra Effort_{L,transactional}

$$= \alpha + \beta_1(\text{contingent reward}) + \beta_2(\text{management by exception active}) + \beta_3(\text{management by exception passive})$$

- b. Dependant variable: Extra effort; Independent variable, All components of Transactional Leadership+ Transformational Leadership(Low)**

Extra effort_{L,augmented} =

$$\alpha + \beta_1(\text{contingent reward}) + \beta_2(\text{management by exception active}) + \beta_3(\text{management by exception passive}) + \beta_4(\text{idealized influence attribute}) + \beta_5(\text{idealized influence behaviour}) + \beta_6(\text{intellectual stimulation}) + \beta_7(\text{inspired motivation}) + \beta_8(\text{individualized consideration})$$

Table 51 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.437 ^a	.191	.139	.42909	.191	3.699	3	47	.018
2	.660 ^p	.436	.329	.37893	.245	3.653	5	42	.008

The augmentation effect is seen even in group Transformational scores less than (or equal to) median. There is a .245 change in R² which is significant. However, for the group higher than median scores, the change in R² had been slightly greater (.275) and the value of adjusted R² for model 2 had exceeded .507 as reported in table 47. This result was expected as High Transformational group was expected to have stronger augmentation effect on Transactional style.

- a. Dependant variable: Effectiveness; Independent variable, All components of Transactional Leadership**

Effectiveness_{L,transactional}

$$= \alpha + \beta_1(\text{contingent reward}) + \beta_2(\text{management by exception active}) + \beta_3(\text{management by exception passive})$$

- b. Dependant variable: *Effectiveness*; Independent variable, All components of Transactional Leadership+ Transformational Leadership(Low)**

$$\begin{aligned} \text{Effectiveness}_{L,\text{augmented}} = & \alpha + \beta_1(\text{contingent reward}) + \beta_2(\text{management by exception active}) + \beta_3(\text{management by exception passive}) + \beta_4(\text{idealized influence attribute}) + \beta_5(\text{idealized influence behaviour}) + \beta_6(\text{intellectual stimulation}) + \beta_7(\text{inspired motivation}) + \beta_8(\text{individualized consideration}) \end{aligned}$$

Table 52 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.539 ^a	.290	.245	.41278	.290	6.407	3	47	.001
2	.699 ^b	.488	.391	.37071	.198	3.254	5	42	.014

Model 1 investigates the effect of only Transactional factors on effectiveness whereas model 2 studies the effect of Transactional and Transformational components together on the same dependant variable. Model 2 shows an increment in R² but the change is only significant at .10 level of significance. A similar hierarchal regression for Group higher than median scores on Transformational leadership yielded a higher change in R², and was significant at .05 level of significance, as shown in table 48.

- a. Dependant variable: *Satisfaction*; Independent variable, All components of Transactional Leadership**

Satisfaction_{L,transactional}

$$= \alpha + \beta_1(\text{contingent reward})$$

$$+ \beta_2(\text{management by exception active})$$

$$+ \beta_3(\text{management by exception passive})$$

b. Dependant variable: Satisfaction; Independent variable, All components of Transactional Leadership+ Transformational Leadership(Low)

Satisfaction_{L,augmented}

$$= \alpha + \beta_1(\text{contingent reward})$$

$$+ \beta_2(\text{management by exception active})$$

$$+ \beta_3(\text{management by exception passive})$$

$$+ \beta_4(\text{idealized influence attribute})$$

$$+ \beta_5(\text{idealized influence behaviour})$$

$$+ \beta_6(\text{intellectual stimulation})$$

$$+ \beta_7(\text{inspired motivation})$$

$$+ \beta_8(\text{individualized consideration})$$

Table 53 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.450 ^a	.202	.151	.59848	.202	3.975	3	47	.013
2	.699 ^b	.488	.391	.50720	.286	4.688	5	42	.002

The difference in Adjusted R² between Model 1 and Model 2 is .286 and is significant. In this instance, this change in R² is greater as compared to higher than median group as reported in Table 49. This finding is unexpected and goes against the hypothesis of augmentation being stronger for High Transformational style group.

- c. Dependant variable: *Trust*; Independent variable: All components of *Transactional Leadership*

$$Trust_{L,transactional}$$

$$= \alpha + \beta_1(\text{contingent reward}) \\ + \beta_2(\text{management by exception active}) \\ + \beta_3(\text{management by exception passive})$$

- d. Dependant variable: *Trust*; Independent variable: All components of *Transactional Leadership+Transformational Leadership (Low)*

$$Trust_{L,augmented}$$

$$= \alpha + \beta_1(\text{contingent reward}) \\ + \beta_2(\text{management by exception active}) \\ + \beta_3(\text{management by exception passive}) \\ + \beta_4(\text{idealized influence attribute}) \\ + \beta_5(\text{idealized influence behaviour}) \\ + \beta_6(\text{intellectual stimulation}) \\ + \beta_7(\text{inspired motivation}) \\ + \beta_8(\text{individualized consideration})$$

Table 54 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.411 ^a	.169	.116	.42652	.169	3.178	3	47	.032
2	.580 ^b	.336	.209	.40326	.167	2.116	5	42	.082

The effect of Transactional leadership components on trust is reported in model 1. The adjusted R² is .169. When Transformational components (lower than median) were added, there is an increase in R² of .167. This change in R² is not significant at .05 level of significance. It is however significant at .10 level of significance. Compared to the hierarchal regression equation with leadership with higher than median scores, the change in R² was smaller and less significant. This result supports the hypothesis

of Transformational style being more prominent as augmenting influence on Transactional style for leaders whose score is higher on Transformational leadership style.

5.7.2 Hypothesis 7b

Subset 1: Leaders with scores above median

Dependant variable: Extra Effort; Independent variable: All components of Transformational Leadership (High)

$$\text{Extra effort}_{H,transformational} = \alpha + \beta_1(\text{idealized influence attribute}) + \beta_2(\text{idealized influence behaviour}) + \beta_3(\text{intellectual stimulation}) + \beta_4(\text{inspired motivation}) + \beta_5(\text{individualized consideration})$$

Dependant variable: Extra Effort; Independent variable: All components of Transformational Leadership (High)+Transactional Leadership

$$\text{Extra effort}_{H,transformational, augmented} = \alpha + \beta_1(\text{idealized influence attribute}) + \beta_2(\text{idealized influence behaviour}) + \beta_3(\text{intellectual stimulation}) + \beta_4(\text{inspired motivation}) + \beta_5(\text{individualized consideration}) + \beta_6(\text{contingentreward}) + \beta_7(\text{management by exception active}) + \beta_8(\text{management by exception passive})$$

Table 55 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.631 ^a	.399	.329	.40734	.399	5.699	5	43	.000
2	.712 ^b	.507	.408	.38256	.108	2.917	3	40	.046

The overall value of adjusted R² for the full model is the same as earlier examined when Transactional scores were entered first and Transformational scores later. It is

the change in R^2 that is interesting. In the first instances when the order of entering was Transactional first and Transformational later the change in R^2 was .275(see table 47). When the order of entering was reversed, the change in R^2 is .108. Although the change in R^2 is till significant , as measured by F-statistic, the magnitude of change is smaller, supporting our hypothesis that it is primarily, Transformational leadership that augments other leadership styles, that is, augmentation is one way, Transformational style augmenting Transactional style more than Transactional style augmenting Transformational style.

Dependant variable: Effectiveness; Independent variable: All components of Transformational Leadership (High)

$$Effectiveness_{H,transformational} = \alpha + \beta_1(idealized\ influence\ attribute) + \beta_2(idealized\ influence\ behaviour) + \beta_3(intellectual\ stimulation) + \beta_4(inspired\ motivation) + \beta_5(individualized\ consideration)$$

Dependant variable: Effectiveness; Independent variable: All components of Transformational Leadership (High) + Transactional Leadership

$$Effectiveness_{H,transformational,augmented} = \alpha + \beta_1(idealized\ influence\ attribute) + \beta_2(idealized\ influence\ behaviour) + \beta_3(intellectual\ stimulation) + \beta_4(inspired\ motivation) + \beta_5(individualized\ consideration) + \beta_6(contingentreward) + \beta_7(management\ by\ exception\ active) + \beta_8(management\ by\ exception\ passive)$$

Table 56 Model Summary

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.767 ^a	.588	.540	.29890	.588	12.259	5	43	.000
2	.782 ^b	.612	.534	.30075	.024	.824	3	40	.489

The change in R^2 between Model 1 and 2 is nominal and insignificant. Reversing the order of entering variable reveals that Transformational leadership adds considerably and significantly to Transactional leadership components but the opposite is not true. This is especially true for group with High Transformational leadership scores. Please refer to table 48 for comparison.

Dependant variable: Satisfaction; Independent variable: All components of Transformational Leadership (High)

$$Satisfaction_{H,transformational} = \alpha + \beta_1(idealized\ influence\ attribute) + \beta_2(idealized\ influence\ behaviour) + \beta_3(intellectual\ stimulation) + \beta_4(inspired\ motivation) + \beta_5(individualized\ consideration)$$

Dependant variable: Satisfaction; Independent variable: All components of Transformational Leadership (High) + Transactional Leadership

$$Satisfaction_{H,transformational,augmented} = \alpha + \beta_1(idealized\ influence\ attribute) + \beta_2(idealized\ influence\ behaviour) + \beta_3(intellectual\ stimulation) + \beta_4(inspired\ motivation) + \beta_5(individualized\ consideration) + \beta_6(contingentreward) + \beta_7(management\ by\ exception\ active) + \beta_8(management\ by\ exception\ passive)$$

Table 57 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.644 ^a	.415	.347	.40136	.415	6.096	5	43	.000
2	.668 ^b	.447	.336	.40460	.032	.772	3	40	.517

When Transactional leadership components are added to Transformational leadership scores (high), there is no significant change in R^2 . The explanatory power of the equation rests in Transformational components. It is according to expectation that augmentation is one way.

Dependant variable: Trust; Independent variable: All components of Transformational Leadership (High)

$$\text{Trust}_{H,transformational} = \alpha + \beta_1(\text{idealized influence attribute}) + \beta_2(\text{idealized influence behaviour}) + \beta_3(\text{intellectual stimulation}) + \beta_4(\text{inspired motivation}) + \beta_5(\text{individualized consideration})$$

Dependant variable: Trust; Independent variable: All components of Transformational Leadership (High) + Transactional Leadership

$$\text{Trust}_{H,transformational,augmented}$$

=

$$\alpha + \beta_1(\text{idealized influence attribute}) + \beta_2(\text{idealized influence behaviour}) + \beta_3(\text{intellectual stimulation}) + \beta_4(\text{inspired motivation}) + \beta_5(\text{individualized consideration}) + \beta_6(\text{contingentreward}) + \beta_7(\text{management by exception active}) + \beta_8(\text{management by exception passive})$$

Table 58 Model Summary

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.504 ^a	.254	.167	.36134	.254	2.931	5	43	.023
2	.647 ^b	.418	.302	.33088	.164	3.760	3	40	.018

Model 1 refers the effect of Transformational leadership scores on Trust. The R² was .254. When Transactional components are added the value of R² changed to .418. There was a change of .164 in the value of R² and the change was significant. Compared to reverse order of entering Transactional style first and the Transformational style later (table 50), these results show a smaller change in R². This finding implies that augmentation is stronger for Transformational than for transactional style, though strictly speaking though augmentation is not one way in case of trust. As shown in table 58 above, adding transactional on to Transformational style also improved R² significantly implying augmenting effect of transactional style is present; but the change in R² in this case is smaller than the case of table 50 where adding Transformational style in the model yielded a bigger change in R².

Subset: Leaders with Transformational Leadership scores lower than median.

Dependant variable: Extra Effort; Independent variable: All components of Transformational Leadership (Low)

$$\text{Extra effort}_{L,\text{transformational}} = \alpha + \beta_1(\text{idealized influence attribute}) + \beta_2(\text{idealized influence behaviour}) + \beta_3(\text{intellectual stimulation}) + \beta_4(\text{inspired motivation}) + \beta_5(\text{individualized consideration})$$

Dependant variable: Extra Effort; Independent variable: All components of Transformational Leadership (Low)+Transactional Leadership

$$\text{Extra effort}_{L,\text{transformational, augmented}} = \alpha + \beta_1(\text{idealized influence attribute}) + \beta_2(\text{idealized influence behaviour}) + \beta_3(\text{intellectual stimulation}) + \beta_4(\text{inspired motivation}) + \beta_5(\text{individualized consideration}) + \beta_6(\text{contingent reward}) + \beta_7(\text{management by exception active}) + \beta_8(\text{management by exception passive})$$

Table 109 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.606 ^a	.367	.297	.38782	.367	5.224	5	45	.001
2	.660 ^p	.436	.329	.37893	.069	1.712	3	42	.179

As Transactional leadership scores are added to the base of Transformational leadership scores, the change in R^2 is nominal and insignificant. These findings are consistent with the theory that any positive effects of Transactional Leadership are subsumed in the higher order Transformational Leadership and hence the addition of Transactional Leadership components did not add significantly to the explanatory power of the equation.

Dependant variable: Effectiveness; Independent variable: All components of Transformational Leadership (Low)

$$Effectiveness_{L,transformational} = \alpha + \beta_1(\text{idealized influence attribute}) + \beta_2(\text{idealized influence behaviour}) + \beta_3(\text{intellectual stimulation}) + \beta_4(\text{inspired motivation}) + \beta_5(\text{individualized consideration})$$

Dependant variable: Effectiveness; Independent variable: All components of Transformational Leadership (Low)+Transactional Leadership

$$Effectiveness_{L,transformational,augmented} = \alpha + \beta_1(\text{idealized influence attribute}) + \beta_2(\text{idealized influence behaviour}) + \beta_3(\text{intellectual stimulation}) + \beta_4(\text{inspired motivation}) + \beta_5(\text{individualized consideration}) + \beta_6(\text{contingentreward}) + \beta_7(\text{management by exception active}) + \beta_8(\text{management by exception passive})$$

Table 60 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.602 ^a	.362	.291	.39987	.362	5.114	5	45	.001
2	.699 ^b	.488	.391	.37071	.126	3.452	3	42	.025

Increase in R² in case of Model 2 is 0.126 but it is smaller to results in table 52 when order of entry was Transactional first and Transformational later. Again this finding is according to the expectation that augmentation effect of Transformational on Transactional style is stronger, though the results in table 59 show the presence of Transactional style augmenting Transformational style in a significant manner.

Dependant variable: Satisfaction; Independent variable: All components of Transformational Leadership (Low)

$$Satisfaction_{L,transformational} = \alpha + \beta_1(\text{idealized influence attribute}) + \beta_2(\text{idealized influence behaviour}) + \beta_3(\text{intellectual stimulation}) + \beta_4(\text{inspired motivation}) + \beta_5(\text{individualized consideration})$$

Dependant variable: satisfaction; Independent variable: All components of Transformational Leadership (Low)+Transactional Leadership

$$\begin{aligned}
 \text{Satisfaction}_{L,transformational,augmented} = & \\
 & \alpha + \beta_1(\text{idealized influence attribute}) + \beta_2(\text{idealized influence behaviour}) + \\
 & \beta_3(\text{intellectual stimulation}) + \beta_4(\text{inspired motivation}) + \\
 & \beta_5(\text{individualized consideration}) + \beta_6(\text{contingentreward}) + \\
 & \beta_7(\text{management by exception active}) + \\
 & \beta_8(\text{management by exception passive})
 \end{aligned}$$

Table 61 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.676 ^a	.457	.397	.50470	.457	7.571	5	45	.000
2	.699 ^p	.488	.391	.50720	.031	.853	3	42	.473

The change in R² is nominal and insignificant. Transactional style was not found augmenting transformational style with respect to satisfaction of followers.

Dependant variable: Trust; Independent variable: All components of Transformational Leadership (Low)

$$\begin{aligned}
 \text{Trust} = & \\
 & \alpha + \beta_1(\text{idealized influence attribute}) + \beta_2(\text{idealized influence behaviour}) + \\
 & \beta_3(\text{intellectual stimulation}) + \beta_4(\text{inspired motivation}) + \\
 & \beta_5(\text{individualized consideration})
 \end{aligned}$$

Dependant variable: Trust; Independent variable: All components of Transformational Leadership (Low)+Transactional Leadership

$$\begin{aligned}
 \text{Trust}_{L,transformational,augmented} = & \alpha + \beta_1(\text{idealized influence attribute}) + \\
 & \beta_2(\text{idealized influence behaviour}) + \beta_3(\text{intellectual stimulation}) + \\
 & \beta_4(\text{inspired motivation}) + \beta_5(\text{individualized consideration}) + \\
 & \beta_6(\text{contingentreward}) + \beta_7(\text{management by exception active}) + \\
 & \beta_8(\text{management by exception passive})
 \end{aligned}$$

Table 62 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.334 ^a	.112	.013	.45059	.112	1.132	5	45	.358
2	.580 ^b	.336	.209	.40326	.224	4.727	3	42	.006

Adding components of Transformational style increased R^2 by .224 which was significant at $p=.006$. It seems transactional style augmented the Transformational style in case of trust for followers. In case of reverse order of entering (table 53) the increase in R^2 was smaller (.167). Therefore, in case of trust, there was found stronger influence of transactional style augmenting the Transformational style than otherwise. These findings were unexpected.

5.7.3 Hypothesis 7c

Table 63 Comparison of Mean Scores on Extra Effort, Effectiveness and Satisfaction between High Transformational and Low Transformational Groups

Outcome Variables	High Transformational Leadership		Low Transformational Leadership	
	M	SD	M	SD
Extra effort	3.1259	0.49713	2.5343	0.46253
Effectiveness	3.0935	0.44059	2.4681	0.47504
Satisfaction	3.1582	0.49659	2.5196	0.6497

Note. Scores range between 0 and 4. Higher scores indicate higher perception of effectiveness, extra effort, or satisfaction. High Transformational Leadership presents the group with greater than median scores on Transformational Leadership whereas Low Transformational Group presents lower than median scores on Transformational Leadership.

Table 64 Comparison of Mean Scores on Trust between High Transformational and Low Transformational Groups

Outcome Variables	High Transformational Leadership		Low Transformational Leadership	
	M	SD	M	SD
Trust	3.6224	0.39602	3.3854	0.45354

Note. Scores range between 1 and 5. Higher scores indicate higher perception of Trust. High Transformational Leadership presents the group with greater than median scores on Transformational Leadership whereas Low Transformational Group presents lower than median scores on Transformational Leadership.

Table 65 t-test for Equality of means of dependant variables between High and Low Transformational Groups

Independent Samples Test					
	t-test for Equality of Means				
	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
ExtraEffort	6.163	98	0	0.59154	0.096
Effectiveness	6.819	98	0	0.62540	0.0917
Satisfaction	5.506	98	0	0.63856	0.116
Trust	2.779	98	0.007	0.23699	0.0853

In order to establish Hypotheses 7 (c), an independent sample t-test was run using SPSS to test between mean differences on outcome variables for High and Low Transformational style leaders. Transformational Leadership (above or below median) was used as the grouping variable (independent variable) and a cut-off point of 2.7(Median score on Transformational Leadership) was specified. Four organizational outcome-Extra Effort, Effectiveness, Satisfaction and Trust were used as dependant variables.

Table 64 reports the result of t-tests. It is clear that for all organizational outcomes under study—Extra effort, Effectiveness, Satisfaction, Trust, the means were

different. Followers who assigned their leaders higher than median scores on Transformational Leadership, as compared to leaders with less than median scores, also exerted extra effort at work, perceived their leaders as more effective, were more satisfied at work and placed greater trust in their leaders, as depicted by their higher mean scores on these four outcome variables.

Table 64 shows that t-test for equality of means was significant in all cases. The p-value for Extra Effort, Effectiveness and Satisfaction were significant at $p < .01$ while p-value for Trust was significant at $p < .05$.

Table 66 Comparison of Mean Scores on Extra Effort, Effectiveness and Satisfaction between High Transactional and Low Transactional Groups

Outcome Variables	High Transactional Leadership		Low Transactional Leadership	
	M	SD	M	SD
Extra effort	3.0567	.52770	2.5917	.50007
Effectiveness	2.9625	.47060	2.5867	.57129
Satisfaction	3.1150	.47705	2.5500	.69985

Note. Scores range between 0 and 4. Higher scores indicate higher perception of effectiveness, extra effort, or satisfaction. High Transactional Leadership presents the group with greater than median scores on Transactional Leadership whereas Low Transactional Group presents Lower than median scores on Transactional Leadership.

Table 67: Comparison of Mean Scores on Trust between High Transactional and Low Transactional Groups

Outcome	High Transactional		Low Transactional	
	M	SD	M	SD

Variables				
Trust	3.5169	.39455	3.4863	.48582

Note. Scores range between 1 and 5. Higher scores indicate higher perception of Trust.. High Transactional Leadership presents the group with greater than median scores on Transactional Leadership whereas Low Transactional Group presents lower than median scores on Transactional Leadership.

Table 68 t-test for equality of means of dependant variables between High and Low Transactional Groups

Independent Samples Test					
	t-test for Equality of Means				
	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
ExtraEffort	4.523	98	.000	.46500	.10281
Effectiveness	3.590	98	.001	.37583	.10467
Satisfaction	4.717	98	.000	.56500	.11978
Trust	.345	98	.731	.03057	.08851

To further test the robustness of our results, the sample was divided into two subsets based upon Transactional Leadership scores and means of dependent variables of High Transactional and Low Transactional Leadership compared.(Table 66, table 67). For three of the four variables, as shown in Table 68, Extra Effort, Effectiveness and Satisfaction the mean scores between the two groups were significantly different at $p=.01$ level of significance. However, for Trust, the difference between the mean scores was insignificant ($p=.731$). The results indicate that Transactional leadership is also a predictor of organizational outcomes.

Table 69 Comparison of Mean Scores on Extra Effort, Effectiveness and Satisfaction between High Laissez-Faire and Low Laissez-Faire Groups

	High Laissez-Faire Leadership >1.5 (N=48)		Low Laissez Faire Leadership <= 1.5 (N=52)	
	M	SD	M	SD
Extra effort	2.7865	.52562	2.8590	.59718

Effectiveness	2.6944	.52924	2.8486	.57083
Satisfaction	2.6823	.62895	2.9712	.66357

Note. Scores range between 0 and 4. Higher scores indicate higher perception of effectiveness, extra effort, or satisfaction. High Laissez-faire Leadership presents the group with greater than median scores on Laissez-faire Leadership whereas Low Laissez-faire Group presents Lower than median scores on Laissez-faire Leadership.

Table 70 Comparison of Mean Scores on Trust between High Laissez-Faire and Low Laissez-Faire Groups

Outcome Variables	High Laissez-Faire Leadership >1.5 (N=48)		Low Laissez-Faire Leadership <= 1.5 (N=52)	
	M	SD	M	SD
	Trust	3.3736	.38753	3.6197

Note. Scores range between 1 and 5. Higher scores indicate higher perception of Trust.. High Transactional Leadership presents the group with greater than median scores on Transactional Leadership whereas Low Transactional Group presents lower than median scores on Transactional Leadership.

Table 71 t-test for equality of means of dependant variables between High and Low Laissez-faire Groups

Independent Samples Test					
	t-test for Equality of Means				
	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
ExtraEffort	-.642	98	.522	-.07252	.11289
Effectiveness	-1.397	98	.166	-.15411	.11034
Satisfaction	-2.230	98	.028	-.28886	.12954
Trust	-2.892	98	.005	-.24606	.08508

The population was then divided into two subsets as a function of median Laissez-Faire leadership score. Those who reported lower levels of Laissez-Faire leadership scores indicated higher levels of extra effort, effectiveness, satisfaction and trust. The difference between High Laissez Faire and Low Laissez Faire is negative for each of the four organizational variables, in line with the theoretical framework. However the means are significantly different in case of Satisfaction and Trust only.

6 Conclusion

In previous chapters, the topic of research was introduced and the research objectives were outlined, an in-depth review of the literature related to the topic was presented, methodology used in this study was discussed, and the results of the quantitative research were presented. This is the final chapter of the thesis. It will provide summary of the key findings and their interpretation. It also discusses limitations of the study and future research directions.

6.1 Restatement of Problem

Over the past several decades, study of leadership has become increasingly important, and more so for modern organizations. The banking industry specially is going through a period of change, facing many challenges ranging from a slow economy, to a wave of mergers and acquisitions. The study aimed to examine the effect of leadership styles on the four selected performance outcomes.

This study has two main goals: (a) to compare the effects of Transformational leadership style and the other styles on some important organizational outcomes (b) to investigate whether Transformational leadership style significantly increases the percentage of variance accounted for by other leadership styles in explaining the various organizational outcomes.

The leadership styles under investigation were Transformational Leadership, Transactional Leadership and Laissez-faire Leadership. These leadership styles,

together, are termed the full range of leadership styles, as proposed by Full Range Leadership Theory. The dependant variables for this study were extra effort, effectiveness and satisfaction. An extension in the model was proposed and the effect of the three leadership styles on a new variable, trust, were also investigated. Both self-reported scores of the leader and follower-reported scores were used, for leadership styles scores of each leader.

The study also investigated the Augmenataion Hypothesis. The Augmentation Hypothesis asserts that Transformational leadership supplements Transactional leadership. (Howell and Avolio ,1993) In words of Judge and Piccolo (2004) , “transformational leadership adds to the effect of transactional leadership”. The study undertook to test the hypothesis that investigate whether Transformational leadership style significantly increases the percentage of variance accounted for by other leadership styles in explaining extra effort, satisfaction, effectiveness and trust. It was also tested if transactional leadership style would not significantly add to the percentage of variance accounted for by Transformational Leadership. This would imply that any positive effects associated with Transactional Leadership are a by-product of Transformational Leadership, (Judge and Piccolo, 2004), and in the presence of Transformational Leadership , Transactional Leadership has nothing new to add.

The study was cross-sectional and was conducted in the city of Lahore, Pakistan. The questionnaires were distributed in 200 bank branches in Lahore. The self-perceived and follower-reported leadership data were collected and scored using the MLQ Leader Form 5x-short survey instrument. The scores for all dependant and independent variables were derived by finding the mean of several statements related to that variable. Nne components of the leadership styles and three organizational outcomes were all calculated directly as outlined by MLQ 5X. The fourth dependant variable, trust was calculated using the instrument developed by Tzafir and

Dolan(2004). It consists of sixteen statements. Three of these statements were reverse-scored. After adjusting for reverse-scoring, an average of the scores on these statements, was used as the score for trust for each respondent.

Support for Augmentation Effect of Transformational Leadership on Transactional Leadership style was also found when the mean values of dependant variables(Extra Effort, Effectiveness, Satisfaction, Trust) of higher than median and lower than median Transformational groups were compared. Those leaders who received high scores on Transformational Leadership style also received higher scores on their ability to influence followers to exert Extra Effort, being more Effective, leading to greater Satisfaction, and inspiring greater Trust.

6.2 Discussion of the Findings

In analyzing the results related to Research Question 1, we only found partial support for significant positive relationship with components of Transformational Leadership and organizational outcomes was found. For *self-reported scores*, only Idealized Influence (Attribute) was found to be significantly related to Extra Effort. Idealized Influence (Attribute) and Inspirational Motivation were found to be significantly related to Effectiveness while Idealized Influence (Attribute) and Inspirational Motivation and Intellectual Stimulation had significant positive relationship with Satisfaction.

The results for relationship between *follower-reported* perception of Transformational leadership style and perceived impact on organizational outcomes again partially supported our hypothesis of significant positive relationship. Idealized Influence (Attribute), Inspirational Motivation, Intellectual Stimulation and Individualized Consideration were all found to be significantly related to Extra Effort. Only Idealized Influence (Attribute) and Individualized Consideration had significant relationship with Extra Effort. Three of the five components of Transformational Leadership, Idealized Influence (Attribute), Inspirational Motivation, Intellectual Stimulation, were found to be significantly positively related to Satisfaction.

There was a weak positive relationship between trust and two components of Transformational leadership- Idealized Influence (Attribute) and Inspirational Motivation. Idealized Influence (Attribute) seems to be the most significant and consistent predictor of positive impact on organizational outcomes. Idealized Influence (Attribute) refers to leadership behavior in which leaders behave so that followers seek to emulate them with their own actions.

Two components of Transactional Leadership were expected to be significantly positively related to organizational outcomes. For both self-reported and leader reported data , Contingent Reward was found positively related to all four outcomes. Management-by-exception (Active) was significantly related to Effectiveness and Satisfaction for self-reported scores, and was found related only to Effectiveness for follower-reported scores.

This study finds support for the efficacy of Contingent Reward system. Leadership behaviour which clearly communicates goals and then provides positive reinforcement for job well done has been found to have resounding positive impact on Extra Effort, Effectiveness, and Satisfaction, for both leader and follower reported scores.

Trust also was found to be significantly positively related to Contingent Reward.

Self-reported scores on Management-by-exception (passive) were found to be negatively related to Effectiveness and Satisfaction, whereas Laissez-Faire style was negatively related to Extra Effort. Follower-reported scores on Management-by-exception (passive) had positive relationship with Extra Effort and Satisfaction whereas Laissez-faire had a significant negative relationship with Satisfaction. Management-by-exception (passive) was found to be negatively related to Trust.

The findings supported the Augmentation Hypotheses. For subset of respondents having higher than median Transformational scores, when Transformational

components were added to the base of transactional components, for all four dependant variables, the explanatory power of the equation increased significantly. Moreover when the change in R^2 of higher than median group was compared to the change in R^2 for lower than median group, it was found that the magnitude of the increase was greater for Extra Effort, Effectiveness and Satisfaction in higher than median scoring group on Transformational style.

When Transactional Leadership scores were added to Transformational Leadership scores, there was either an insignificant change in R^2 , or a significant increase in R^2 of a much smaller magnitude. The results taken together indicated that in presence of transactional leadership components Transformational Leadership components add value but the opposite is not true. In other words, Transformational Leadership style augments other leadership styles, but in the presence of high Transformational Leadership style there is no significant value addition by other leadership styles, with exception in case of trust.

The results of the study supported the Augmentation Effect of Transformational Leadership over other leadership styles. The results showed that transformational leadership “augments” transactional leadership , especially for the subset with higher than median scores on transformational leadership. However, Transactional Leadership was also found to have an Augmentation Effect. This is a new finding and very important. It allows us to conclude that both Transformational leadership style and Transactional leadership style contribute to a leaders efficacy and can complement each other. It also means that Transactional leadership style is an independent leadership style and not a subset of Transformational leadership. Laissez Faire leadership style was consistently found to have a negative relationship with organizational outcomes.

6.3 Limitations of the Study

The study is subject to many limitations. First, the sample primarily consisted of individuals who volunteered to spend their time and effort to fill the questionnaire. This might introduce a bias in the sample as the respondents might not be typical of the population.

Secondly, this study relied on participants' self-reported data. Even though followers were assured of complete confidentiality, there is a probability that respondents answer the questions in what they consider socially desirable manner rather than recording their true perceptions.

Since data for both dependant and independent variables was collected from the same source, there is a probability of common method bias.

Another limitation of the study is that the data was collected at a single point in time, results may be influenced by participant variables such as busy schedule at the time the instrument completion etc.

Finally, since all respondents were located in the city of Lahore, the results might not be applicable to banking employees located in other parts of the country, because cultural, ethnicity, and other factors, may be significant when compared to the residents of other cities.

6.4 Future Research directions

Leadership styles could be studied as a function of demographic factors like gender, age and marital status. Other variables like length of service in an organization could also be investigated.

In the current study data were collected from leaders and followers. A future study could collect data from peers and superiors of leaders under investigation. This would provide a 360 degree on the perceptions about a person's leadership style.

Since the reliability of satisfaction as a construct was very low, a new construct with a higher convergent validity, in the local context, should be developed.

The role of Trust in an organizational setting can be explored further. While conducting Literature Review it was realized that Leadership theories have been evolving over time. Whereas the earlier emphasis was on Leaders themselves, it is being increasingly realized that followers are as much a part of the equation as leaders

and the Trust between leaders and followers forms the cornerstone of effective leadership. The role of trust as a mediating factor between perceptions about leadership styles and “hard” measures of organizational performance, like Return on Assets or Return on Equity , would also be an interesting study.

Most of the theories of leadership style are driven by Western sensibilities as they have been developed as a direct response to the business needs in those countries. It is important to contextualize these models and theories in Pakistan’s environment. Future studies could suggest modifications and extensions to the current model.

7 Appendices

7.1 Appendix A: MLQ Scoring Key

Leadership Styles	Components	Question	No of questions
Transformational	Idealized attributes	10,18,21,25	4
	Idealized Behaviours	6,14,23,34	4
	Inspired motivation	9,13,26,36	4
	Intellectual stimulation	2, 8,30,32	4
	Individualized consideration	15,19,29,31	4
Transactional	Contingent Reward	1,11,16,35	4
	Management-by-exception(active)	4,22,24,27	4
	Management-by-exception(passive)	3,12,17,20	4
Non-transactional	Laissez-Faire	5,7,28,33	3
Outcomes			
Outcome 1	Extra effort	39,42,44,	4
Outcome 2	Effectiveness	37,40,43,45	3
Outcome 3	Satisfaction	38,41	2

7.2 Appendix B: Sample Questions from MLQ

Leadership Styles	Components	Sample Question from Self-rated questionnaire
Transformational	Idealized attributes	I go beyond self-interest for the good of the group
	Idealized Behaviours	I talk about my most important values and beliefs
	Inspired motivation	I talk optimistically about the future
	Intellectual stimulation	I reexamine critical assumptions to question whether they are important
	Individualized consideration	I spend time teaching and coaching
Transactional	Contingent Reward	I provide others with assistance in exchange of their efforts.
	Management-by-exception(active)	I fail to intervene until the problem becomes serious.
	Management-by-exception(passive)	I demonstrate that problems must become chronic before I intervene.
Non-transactional	Laissez-Faire	I delay responding to urgent questions
Outcomes		
Outcome 1	Extra effort	I increase others willingness to try harder.
Outcome 2	Effectiveness	I am effective in meeting organizational requirements.
Outcome 3	Satisfaction	I work with others in a satisfactory way.

7.3 Appendix C: Tzafirir And Dolan's Trust

1. Employees' needs and desires are very important to managers.
2. I can count on my managers to help me if I have difficulties with my job.
3. Managers would not knowingly do anything to hurt the organisation.
4. My managers are open and up front with me.
5. I think that the people in the organisation succeed by stepping on other people. (R)
6. Managers will keep the promises they make.
7. Managers really look out for what is important to the employees.
8. Managers have a lot of knowledge about the work that needs to be done.
9. Managers are known to be successful at the things they attempt to accomplish.
10. If I make a mistake my managers are willing to 'forgive and forget.'
11. Managers' actions and behaviours are not consistent. (R)
12. Managers take actions that are consistent with their words.
13. It is best not to share information with my managers. (R)
14. There is a lot of warmth in the relationships between the managers and workers in this organisation.
15. Managers would make personal sacrifices for our group.
16. Managers express their true feelings about important issues.

Note. R indicates the item is reverse scored. Each item of the trust scales is ranked on a five point scale (responses range from 1 = 'strongly disagree' to 5 = 'strongly agree')

8 References

- Afsheen Fatima, Rabia Imran & Sajjid Hussain Awan (2011). Emotional Intelligence and Transformational Leadership: Finding gender differences. *World Applied Sciences Journal*. Vol. 14, No. 11, pp.1734-1743
- Alimo-Metcalfe, B. & Alban Metcalfe, J. (2001). Leadership: Time for a New Direction? *Leadership*, 1(1), 51-71.
- Antonakis, J. Avolio, B.J., & Sivasubramaniam, N. (2003.). Context & leadership: an examination of the ninefactor full-range leadership theory using the Multifactor Leadership Questionnaire. *The Leadership Quarterly*, 14(3), 261-295.
- Avolio, Bruce J. "The Great Leadership Migration to a Full Range Leadership Development System." In *Kellogg Leadership Studies Project, Transformational Leadership Working Papers*, The James MacGregor Burns Academy of Leadership, 1997.
- Avolio, B.J. (1999). *Full leadership development: Building the vital forces in organizations*: Sage Publications, Incorporated.
- Avolio, B.J., & Bass, B.M. (1991). The full range of leadership development: Basic and advanced manuals. Binghamton, NY: Bass, Avolio, & Associates
- Avolio, B.J., & Bass, B.M. (1993). *Improving organizational effectiveness through transformational leadership*: Sage Publications, Incorporated.
- Avolio, B.J., Bass, B.M., & Zhu, F.W.W. (2004). *Multifactor leadership questionnaire: manual and sampler set*: Mind Garden, Incorporated.
- Barbuto Jr, J.E. (2005). Motivation and transactional, charismatic, and transformational leadership: A test of antecedents. *Journal of Leadership & Organizational Studies*, 11(4), 26-40.
- Barling, J., Weber, T., Kelloway, E.K. (1996). Effects of transformational leadership training on attitudinal and financial outcomes: A field experiment. *Journal of Applied Psychology*, 81(6), 827-832.
- Bass, B.M. (1985). Leadership and performance beyond expectations.
- Bass, B.M. (1990). From transactional to transformational leadership: Learning to share the vision. *Organizational dynamics*, 18(3), 19-31.

- Bass, B.M. (1999). Two decades of research and development in transformational leadership. *European Journal of Work and Organizational Psychology*, 8(1), 9-32.
- Bass, B.M., & Avolio, B.J. (1990). *Transformational leadership development: Manual for the multifactor leadership questionnaire*: Consulting Psychologists Press Palo Alto, CA.
- Bass, B.M., & Avolio, B.J. (1993). Transformational leadership: A response to critiques.
- Bass, B.M., & Avolio, B.J. (1994). Shatter the glass ceiling: Women may make better managers. *Human resource management*, 33(4), 549-560.
- Bass, B.M., & Avolio, B.J. (1997). *Full range leadership development: Manual for the Multifactor Leadership Questionnaire*: Mind Garden.
- Bennis, W., & Nanus, B. (1985). The strategies for taking charge. *Leaders*, New York: Harper. Row.
- Bass, B. M., & Riggio, R. E. (2006). *Transformational Leadership* (2nd ed.). New Jersey, London: Lawrence Erlbaum Associates.
- Bodla, M.A., and Nawaz, M.M., (2010). Transformational Leadership Style and its relationship with satisfaction, *Interdisciplinary Journal of Contemporary Research in Business*, 2(1), 370-381
- Bono, J.E. & Judge, T.A. (2003). Self-concordance at work: Toward understanding the motivational effects of transformational leaders. *Academy of Management Journal*, 46(5), 554–71.
- Bycio, P., Hackett, R.D., & Allen, J.S. (1995). Further assessments of Bass's (1985) conceptualization of transactional and transformational leadership. *Journal of applied psychology*, 80(4), 468.
- Carlyle, Thomas. On Heroes, Hero-Worship and the Heroic in History, Fredrick A. Stokes & Brother, New York, 1888.
- Casimir, G., Waldman, D.A., Bartram, T., & Yang, S. (2006). Trust and the relationship between leadership and follower performance: Opening the black box in Australia and China. *Journal of Leadership & Organizational Studies*, 12(3), 68-84.

- Chekwa, E. (2001). Searching for African American transformational leaders. Academy of Business and Administrative Sciences 4th International Conference, Quebec City, Canada, July 12-14. *Manuscript available from author.*
- Chen, H., Beck, S., and Amos, L., 2005. "Leadership styles and nursing faculty job satisfaction in Taiwan", *Journal of Nursing Scholarship*, Vol. 4, No. 37, pp. 374-380.
- Coad, A.F., & Berry, A.J. (1998). Transformational leadership and learning orientation. *Leadership & Organization Development Journal*, 19(3), 164-172.
- Colquitt, J.A., Scott, B.A., & LePine, J.A. (2007). Trust, trustworthiness, and trust propensity: a meta-analytic test of their unique relationships with risk taking and job performance. *Journal of applied psychology*, 92(4), 909.
- Comer, L.B., Jolson, M.A., Dubinsky, A.J., & Yammarino, F.J. (1995). When the sales manager is a woman: An exploration into the relationship between salespeople's gender and their responses to leadership styles. *The Journal of Personal Selling and Sales Management*, 17-32.
- Conger, J.A., & Kanungo, R.N. (1988). The empowerment process: Integrating theory and practice. *Academy of management Review*, 471-482.
- Crawford, CB, Gould, L.V., & Scott, R.F. (2003). Transformational leader as champion and techie: Implications for leadership educators. *Journal of Leadership Education*, 2(1), 1-12.
- Creed, W.E.D., Miles, R., Kramer, RM, & Tyler, TR. (1996). Trust in organizations. *Trust in organizations: Frontiers of theory and research*, 16-38.
- DeGroot, T., Kiker, D.S., & Cross, T.C. (2000). A Meta-Analysis to Review Organizational Outcomes Related to Charismatic Leadership. *Canadian Journal of Administrative Sciences/Revue Canadienne des Sciences de l'Administration*, 17(4), 356-372.
- Den Hartog, D.N., House, R.J., Hanges, P.J., Ruiz-Quintanilla, S.A., & Dorfman, P.W. (1999). Culture specific and cross-culturally generalizable implicit leadership theories: Are attributes of charismatic/transformational leadership universally endorsed? *The Leadership Quarterly*, 10(2), 219-256.
- Dirks, K.T., & Ferrin, D.L. (2002). Trust in leadership: meta-analytic findings and implications for research and practice. *Journal of applied psychology*, 87(4), 611.

- Dubinsky, A.J., Yammarino, F.J., Jolson, M.A., & Spangler, W.D. (1995). Transformational leadership: An initial investigation in sales management. *The Journal of Personal Selling and Sales Management*, 17-31.
- Dumdum, U. R., Lowe, K. B., & Avolio, B. J. (2002). A meta-analysis of transformational and transactional leadership correlates of effectiveness and satisfaction: An update and extension. In B. J. Avolio & F. J. Yammarino (Eds.). *Transformational and charismatic leadership: The road ahead* (pp. 36-66). Oxford: Elsevier Science.
- Eagly, A.H., Johannesen-Schmidt, M.C., & Van Engen, M.L. (2003). Transformational, transactional, and laissez-faire leadership styles: a meta-analysis comparing women and men. *Psychological bulletin*, 129(4), 569.
- Einarsen, S., Aasland, M.S., & Skogstad, A. (2007). Destructive leadership behaviour: A definition and conceptual model. *The Leadership Quarterly*, 18(3), 207-216.
- Hakan Erkutlu, (2008) "The impact of transformational leadership on organizational and leadership effectiveness:The Turkish case", *Journal of Management Development*, Vol. 27 Iss: 7, pp.708 – 726
- Feinberg, B.J., Ostroff, C., & Burke, W.W. (2005). The role of within-group agreement in understanding transformational leadership. *Journal of Occupational and Organizational Psychology*, 78(3), 471-488.
- Ferres, N., Connell, J., & Travaglione, A. (2004). Co-worker trust as a social catalyst for constructive employee attitudes. *Journal of Managerial Psychology*, 19(6), 608-622.
- Fiedler, F.E. (1964). A contingency model of leadership effectiveness. *Advances in experimental social psychology*, 1(1), 149-190.
- Fiedler, F. (1967). A theory of leadership effectiveness. New York: McGraw-Hill
- Flores, F., & Solomon, R.C. (1998). Creating trust. *Business Ethics Quarterly*, 205-232.
- Geyery, A.L.J., & Steyrer, J.M. (1998). Transformational leadership and objective performance in banks. *Applied Psychology*, 47(3), 397-420.
- Golesorkhi, B. (2006). *Perceptions of co-workers' trustworthiness/ A cross-cultural study of Scandinavian and Southeast Asian managers*. THE GEORGE WASHINGTON UNIVERSITY

- Graen, G., & Schiemann, W. (1978). Leader–member agreement: A vertical dyad linkage approach. *Journal of Applied Psychology*, 63(2), 206.
- Hay, I. (2006). Transformational leadership: Characteristics and criticisms. *School of Geography, Flinders University*.
- Herbert, S. (1896). *The study of sociology*.
- Hersey, P. & Blanchard, K.H. (1969). *Life cycle theory of leadership*. Training and Development, 23, 26-34.
- Homrig, M.A. (2001). Transformational leadership. Retrieved October, 7, 2009.
- House, R. (1971). *A path goal theory of leadership effectiveness*. Administrative Science Quarterly, 16(3), 321-338
- House, R.J., & Podsakoff, P.M. (1994). Leadership effectiveness: Past perspectives and future directions for research. *Organizational behavior: The state of the science*, 45-82.
- House, R.J. (1977). A 1976 theory of charismatic leadership effectiveness. *Leadership: The cutting edge*. Feffer and Simons, Carbondale.
- Howell, J.M., & Avolio, B.J. (1993). Transformational leadership, transactional leadership, locus of control, and support for innovation: Key predictors of consolidated-business-unit performance. *Journal of applied psychology*, 78(6), 891.
- John K Butler, Jr, & Cantrell, R.S. (1984). A behavioral decision theory approach to modeling dyadic trust in superiors and subordinates. *Psychological Reports*, 55(1), 19-28.
- Judge, T.A., & Piccolo, R.F. (2004). Transformational and transactional leadership: a meta-analytic test of their relative validity. *Journal of applied psychology*, 89(5), 755.
- Jung, D.I., & Avolio, B.J. (2000). Opening the black box: An experimental investigation of the mediating effects of trust and value congruence on transformational and transactional leadership. *Journal of organizational Behavior*, 21(8), 949-964.
- Kegan, D.L., & Rubenstein, A.H. (1973). Trust, effectiveness, and organizational development: A field study in R & D. *The journal of applied behavioral science*, 9(4), 498-513.

- Khan, M. M., Ramzan, M., Ahmed, I., & Nawaz, M. M. Transformational, Transactional, and Laissez-Faire Styles of teaching faculty as predictors of satisfaction, and extra effort among the students: evidence from higher education institutions. *Interdisciplinary Journal of Research in Business, 1*.
- Kirkpatrick S. A, Locke E. A (1996), "Direct and Indirect Effects of Three core Charismatic Leadership Components on Performance and Attitudes," *Journal of Applied Psychology*, Vol. 81, No. 1, pp. 36–51.
- Korsgaard, M.A., Schweiger, D.M., & Sapienza, H.J. (1995). Building commitment, attachment, and trust in strategic decision-making teams: The role of procedural justice. *Academy of Management Journal*, 60-84.
- Kouzes, J.M., & Posner, B.Z. (2002). *The leadership challenge* (Vol. 3): Jossey-Bass.
- Leithwood, K., & Jantzi, D. (2000). The effects of transformational leadership on organizational conditions and student engagement with school. *Journal of Educational Administration*, 38(2), 112-129.
- Lewicki, R.J., & Bunker, B.B. (1995). *Trust in relationships: A model of development and decline*: Jossey-Bass.
- Lord, R.G., De Vader, C.L., & Alliger, G.M. (1986). A meta-analysis of the relation between personality traits and leadership perceptions: An application of validity generalization procedures. *Journal of Applied Psychology*, 71(3), 402.
- Lowe, K.B., Kroeck, K.G., & Sivasubramaniam, N. (1996). Effectiveness correlates of transformational and transactional leadership: A meta-analytic review of the MLQ literature. *The Leadership Quarterly*, 7(3), 385-425.
- Mann, R.D. (1959). A review of the relationships between personality and performance in small groups. *Psychological Bulletin*, 56(4), 241.
- Martin, R., & Epitropaki, O. (2001). Role of organizational identification on implicit leadership theories (ILTs), transformational leadership and work attitudes. *Group Processes & Intergroup Relations*, 4(3), 247-262.
- Mayer, R.C., Davis, J.H., & Schoorman, F.D. (1995). An integrative model of organizational trust. *Academy of management review*, 709-734.
- McAllister, D.J. (1995). Affect-and cognition-based trust as foundations for interpersonal cooperation in organizations. *Academy of management journal*, 24-59.

- McKnight, D.H., Cummings, L.L., & Chervany, N.L. (1998). Initial trust formation in new organizational relationships. *Academy of Management review*, 473-490.
- Maslow, A. (1954). *Motivation and personality*. New York: Harper.
- Pillai, R., Schriesheim, C.A., & Williams, E.S. (1999). Fairness perceptions and trust as mediators for transformational and transactional leadership: A two-sample study. *Journal of Management*, 25(6), 897-933.
- Podsakoff, P.M., MacKenzie, S.B., Moorman, R.H., & Fetter, R. (1990). Transformational leader behaviors and their effects on followers' trust in leader, satisfaction, and organizational citizenship behaviors. *The Leadership Quarterly*, 1(2), 107-142.
- Posner, B.Z., & Schmidt, W.H. (1987). Ethics in American companies: A managerial perspective. *Journal of Business Ethics*, 6(5), 383-391.
- Posner, BZ, & Schmidt, WH. (1992). Values and the American manager. *California Management Review*, 34(3), 80-94.
- Rice, J. (1993). *Transactional and transformational leadership: An analysis of male and female leadership styles in Delaware public schools*. Doctoral dissertation). Widener University, Pennsylvania. Retrieved from <http://muse.widener.edu/~egr0001/Dissertations/RiceW.html>.
- Robinson, S.L. (1996). Trust and breach of the psychological contract. *Administrative science quarterly*, 574-599.
- Rousseau, D.M., Sitkin, S.B., Burt, R.S., & Camerer, C. (1998). Not so different after all: A cross-discipline view of trust. *Academy of management review*, 23(3), 393-404.
- Sashkin, M. (1988). The visionary leader.
- Singer, M.S., & Singer, A.E. (1990). Situational constraints on transformational versus transactional leadership behavior, subordinates' leadership preference, and satisfaction. *The Journal of Social Psychology*, 130(3), 385-396.
- Sosik, J. J., & Jung, D. I. (2010). *Full Range Leadership Development: Pathways for People, Profit, and Planet*. New York: Routledge Taylor & Francis Group.
- Spreitzer, G.M., Perttula, K.H., & Xin, K. (2005). Traditionality matters: An examination of the effectiveness of transformational leadership in the United States and Taiwan. *Journal of Organizational Behavior*, 26(3), 205-227.

- Stogdill, R.M. (1948). Personal factors associated with leadership: A survey of the literature. *The Journal of Psychology*, 25(1), 35-71.
- Thite, M. (1999). Identifying key characteristics of technical project leadership. *Leadership & Organization Development Journal*, 20(5), 253-261.
- Waldman, D.A., Bass, B.M., & Yammarino, F.J. (1990). Adding to contingent-reward behavior the augmenting effect of charismatic leadership. *Group & Organization Management*, 15(4), 381-394.
- Yukl, G. (1989). Managerial leadership: A review of theory and research. *Journal of management*, 15(2), 251-289.
- Yukl, G. (1999). An evaluation of conceptual weaknesses in transformational and charismatic leadership theories. *The Leadership Quarterly*, 10(2), 285-305.
- 6, G. A. (2002) *Leadership in Organizations*, Sixth Edition, Upper Saddle River, NJ, PrenticeHall.