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TITLE: *Effective Hotel Leadership: the MLQ and its Predictive Effects on LMX, Extra Effort, Effectiveness, Satisfaction, Commitment, Motivation and Turnover Intentions*

AUTHOR

ADVISOR:

Reidar J. Mykletun

Student number:

212533

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Name:

Yulia Kolesnikova

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*”I suppose leadership at one time meant muscles;
but today it means getting along with people”*,

Mahatma Gandhi

Acknowledgements

I am now at the end of a two-year journey of being a master student, with all the opportunities waiting ahead. During these two years I have learned what it takes to be a good leader, and my thesis is about how leadership makes people want to come to work every day and give more than they think they can give.

The thesis would not be complete without all the help that I have received throughout this difficult year; I am not able to set a price on the amount of the aid that I was given.

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Running head: EFFECTIVE HOTEL LEADERSHIP

**Effective Hotel Leadership: the MLQ and its Predictive Effects on LMX, Extra Effort,
Effectiveness, Satisfaction, Commitment, Motivation and Turnover Intentions**

Yulia Kolesnikova

University of Stavanger

Norwegian School of Hotel Management

Abstract

This study focused on staff perceptions of effective hotel leadership. Data were collected by questionnaires from 306 hotel employees from a Norwegian hotel chain (purposive sample). The staff evaluated their closest supervisor's leadership style on the Multifactor Leadership Questionnaire (MLQ 5X-Short; Avolio & Bass, 2004). The 36 items measure nine leadership dimensions. Furthermore, the Leader-Member Exchange Scale (LMX-7; Graen & Uhl-Bien, 1995) was included to measure the relationship between subordinates and their leader. Perceived leadership effectiveness was measured by three subscales: "Staff's willingness to make an extra effort" (3 items); "Perceived leadership effectiveness" (4 items) and "Satisfaction with leadership" (2 items) from the MLQ. Moreover, "Satisfaction with work and life" (2 items), "Motivation" (2 items); and "Commitment" (3 items) were included from the QPSNordic (Pakkin et al, 2008). All but one sum scores showed Alpha coefficients above .70. The highest mean values were found for the leadership dimensions argued by Avolio and Bass (2004) to be the *most effective*, namely "Inspirational Motivation" (M=3.8; sd= .9); "Idealized influence - behaviour" (M=3.6; sd= .9); "Individualized Consideration" (M=3.6; sd= .9); "Idealized influence – attributed charisma" (M=3.6; sd= .9); "Intellectual Stimulation" (M=3.4; sd= .8). Lower mean values were found for the leadership dimensions argued to be *least effective*; namely: "Management-by-Exception - Active" (M=3.2; sd= .8); "Management-by-Exception - Passive" (M=2.4; sd= .8); and "Laissez-Faire" (M=2.0; sd= .9). Consequently, based on the perceptions of the staff, this chain has a substantial proportion of effective leaders. The correlations between *the effective leadership dimensions* and "Leadership effectiveness", "Staff's willingness to make an extra effort", "Satisfaction", "Satisfaction with work and life", "Motivation", and "Commitment" were positive. Likewise, the correlations between *the ineffective leadership dimensions* and the same variables were negative or insignificant. A factor analysis gave three

interpretable factors, named Transformational leadership, Management-by-exception and Laissez-faire. In multiple regression, the Transformational leadership had strong and direct effects on the dependent variables and also on LMX, while the Management-by-exception and Laissez-faire had insignificant or negative effects. To conclude, the majority of managers and supervisors in the chain are perceived by their staff to display *effective* leadership dimensions, but not all. The relationship between the dependent variables and the leadership styles supported the position of Avolio and Bass (2004) regarding perceived leadership effectiveness.

Keywords: MLQ, LMX, hotel, leadership, supervisor, employee, effectiveness, satisfaction, extra effort, Norway

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Introduction

Research Objective and Research Model

The present study makes quite a daring attempt to examine a number of relationships between a leader and a subordinate that may lead to certain outcomes, and describe how these relationships and outcomes may be turned for the advantage for both parts.

The purpose of the study is to describe the relationships between the nine components of the Full Range of Leadership measured by The Multifactor Leadership Questionnaire (Avolio & Bass, 2004), Leader-Member Exchange (Graen & Uhl-Bien, 1995), and selected leadership outcomes, such as extra effort, effectiveness, satisfaction¹, commitment and motivation. The relationships are presented in the model below (Figure 1).

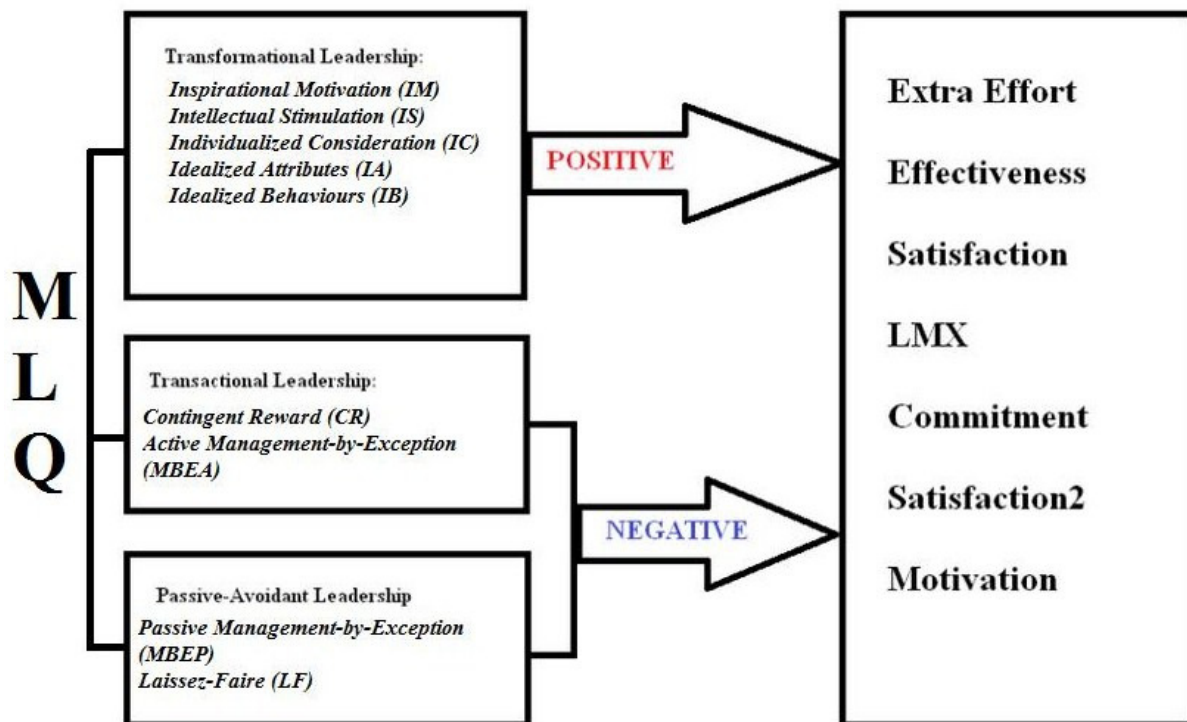


Figure 1. Research Model

¹ The present research uses two variables for satisfaction, selected from different questionnaires. Description of variables is given in the method chapter.

Research on Leadership

The 21st century has experienced an immense growth in the interest for studying leadership (Hunter et al., 2007). Leadership is one of the most attractive research subjects. In order to classify the vast majority of literature three types of variables have been emphasised: (1) characteristics of leaders such as traits, skills and expertise, behaviour, ethics, influence tactics, attributions about followers etc., (2) characteristics of followers, such as traits, confidence and optimism, skills and expertise, attributions about the leader, trust in the leader, task commitment, effort, job satisfaction etc., and (3) characteristics of the situation, such as type and size of organization unit, task structure, complexity, and interdependence, external dependencies etc. (Yukl, 2006).

This study focuses on examples from the first and the second group: the skills, behaviours and influence tactics of the leader, and also on followers' trust in the leader, task commitment, effort, job satisfaction. It studies leadership from subordinates' perceptions of their supervisor's behaviour, and how this behaviour affects subordinate actions or perceptions, resulting in some kind of desired outcome. This is done even though, as a matter of fact, subordinates are not able to observe their supervisor's every activity, since supervisors quite often have meetings with other leaders, clients etc., when they are not witnessed by subordinates. Hence there will inevitably be flaws and short-comings in this approach to leadership studies, and the findings may not be totally reliable (Hunter et al., 2007). Also, this study falls within the tradition of dyadic leadership research (Yukl, 2006), studying relationships between the leader and the follower.

Lee and Wei (2008) have two viewpoints on leadership: one is leader-focused, concentrating on leaders' behaviours and traits which are linked to individual, group or organizational outcomes, another one is relationship-focused (Lee & Wei, 2008). In the present research we combined the two viewpoints by using two established assessment tools

in one survey: the MLQ 5X Short by Avolio and Bass (2004) measuring subordinate perceptions of effective leadership, and LMX-7 by Graen and Uhl-Bien (1995) measuring leader-subordinate relationships. Combination of different approaches and tools is likely to give more reliable and less biased results (Hunter et al., 2007).

Importance and Uniqueness of the Study

Numerous studies have been conducted using the MLQ and LMX and measuring different outcomes, moderators, behaviours etc., but until recently, few researchers attempted to combine these two conceptualizations and instruments in one study and observe the existence of relationships and correlations between them. One such study has been found, however: In China, Lee and Wei (2008) tried to understand the relationships between leadership styles, leader-member relationship, and their combined impact on subordinates' extra effort, effectiveness, satisfaction and organizational commitment. The results show that transformational leadership has positive effect on all the above-mentioned outcomes; contingent reward has positive effect on effectiveness; management-by-exception has negative effect on effectiveness and satisfaction. LMX partially mediates the relationship between transformational leadership, contingent reward, management-by-exception, laissez-faire and followers' satisfaction, extra effort, effectiveness, and organizational commitment (Lee & Wei, 2008).

Limitations and Structure of the Thesis

The present study begins with introducing the research problem and research model, going into detail about main issues of leadership studies. The main part consists of four chapters. Since leadership studies have contributed with a vast number of empirical findings

and publications, it is not possible to review them all in this context. Hence this study has limited the theoretical framework to the most relevant parts of research on MLQ and LMX, and their relationship to satisfaction, effectiveness, extra effort, motivation and commitment. Such studies will be discussed in chapter 2 of the thesis. Chapter 3 presents the research methodology and describes how the data were obtained and analysed. Findings of the study are presented in chapter 4, followed by discussions and conclusions in chapter 5, including discussion of implications for further research and what value the results have for the context where the data was collected. Towards the end the references are found, as are appendix with the questionnaire used.

Literature Review

Definitions of Leadership

Leadership has been defined in many different ways by different authors. There is no common agreement on the definition of the term as everyone explains it from various angles: in terms of behaviours, traits, role relationships, influence, or communication patterns, as observed by Stogdill in 1974 (as cited in Yukl, 2006). What is more or less universal about the most of the definitions is the fact that leadership implies influence of one person over a group or an organization in order to encourage activities. The difference lies in who demonstrates influence, the intention of it, the way the influence is exerted and its outcome (Yukl, 2006).

For instance, Hemphill and Coons (1957) define leadership as “the behaviour of an individual...directing the activities of a group toward a shared goal”, meanwhile Richards and Engle (1986) mean that “leadership is about articulating visions, embodying values, and creating the environment within which things can be accomplished” (as cited in Yukl, 2006).

House et al. (1999) speak about “the ability of an individual to influence, motivate, and enable others to contribute towards the effectiveness and success of the organization” (as cited in Yukl, 2006).

Bass (1990) suggested that quite many views on the definition of leadership focus on group processes, i.e. the leader is at the centre of group change and activity and embodies the will of this group (as cited in Northouse, 2007).

Other definitions view leadership from a personality perspective, with leadership as a combination of special traits of the individuals that make others accomplish tasks (Northouse, 2007).

Quite often leadership is confused with power, authority, management, administration, control, or supervision (Yukl, 2006). Indeed, managing and leading do overlap, but authors disagree on the degree of overlapping. Bennis and Nanus (1985) and Zaleznik (1977) mean that leadership and management are not only different in quality, but also contradictory, i.e. cannot occur in the same person (as cited in Yukl, 2006). Managers and leaders have different values and personalities. Managers are interested in how things are done and want people to perform better; they value stability, efficiency and order. Meanwhile for leaders it is important to know what things mean to people, being concerned about flexibility, innovation and adaptation (Yukl, 2006). Kotter (1990) takes into consideration intended outcomes and core processes as differentiators between leadership and management. He means that the main functions of the management are to set goals and plans, organize structures, give job tasks and follow the results, thus producing order within the organization; meanwhile leadership is meant to produce change by creating a vision and strategies, communicating the vision to the followers and motivating them to follow this vision. Another point of view says that managers are more reactive and less emotionally involved, meanwhile leaders are proactive and more

emotionally involved (Northouse, 2007). The overlap between the two concepts lies in how they both involve influencing a group of individuals in achieving goals.

Leadership may occur in two forms: *direct* and *indirect*. Direct leadership influences immediate subordinates. Equally, a middle manager may influence lower-level employees or even customers. Indirect leadership is transmitted from a chief executive through middle and lower management, to regular employees. Another form of indirect leadership is influence over training and development programs, benefits and rewards etc. In most cases indirect leadership is effective when supported by direct leadership provided at all managerial levels. For example, top management can explain to lower employees why a vision is important and show examples through their behaviour (Yukl, 2006).

It is difficult to give a single, universal definition of the term leadership (Yukl, 2006), since different researches have different purposes (Campbell, 1977, as cited in Yukl, 2006). Purposes for a research may be to identify leaders, to discover what they do, or to determine whether they are essential (Yukl, 2006).

Yukl (2006) defines leadership taking into consideration the success of the efforts done by members of an organization in order to achieve significant results: “Leadership is the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives” (p.8). This definition includes both direct and indirect influences, and it does not imply that outcomes of the processes necessarily need to be successful. Yukl (2006) focuses more on the process rather than on the person, and uses the terms *leader*, *manager* and *boss* as substitutes in the sense of the people performing the leadership role.

Northouse (2007) means that the concept of leadership includes four components:

1. *Process* presupposes that a leader affects and is affected by followers which makes leadership interactive.

2. *Influence* is an essential part of leadership concerned with how the leaders affect followers.
3. *Groups* are the leadership's context.
4. *Goals* direct the group toward accomplishing a task.

Therefore, based on these components, leadership can be defined as “a process whereby an individual influences a group of individuals to achieve a common goal” (Northouse, 2006, p.3).

Bass and Stogdill have attempted to classify all the definitions according to a number of features common to some of these definitions (Bass, 1990). In early times, leadership was viewed as a *focus of group processes*. Chapin (1924) thought of leadership as a “point of polarization for group cooperation” (as cited in Bass, 1990). Redl (1942) assumed that the leader is a central person who integrates the group (as cited in Bass, 1990). *Leadership as personality and its effects* described a leader as a “person with the greatest number of desirable traits of personality and character”, or a person who can induce others to complete a certain task with the help of a number of traits (Bass, 1990). Leadership as the art of inducing compliance was viewed as “personal social control”, “the ability to impress the will of the leader on those led and induce obedience, respect, loyalty and cooperation”, “the art of inducing others to do what one wants them to do” (Bass, 1990).

Approaches to Research of Leadership

Leadership process has three levels: the *leader*, the *follower*, and the *dyadic relationship* between the leader and the follower (as shown in Figure 2) and studies of leadership should address each domain separately. Thus, trait and behavioural approaches focus on the leader, empowerment approaches focus on the follower, LMX focuses on the relationship, situational

approaches combine their focus on the leader, the follower, and the relationship between them (Graen & Uhl-Bien, 1995).

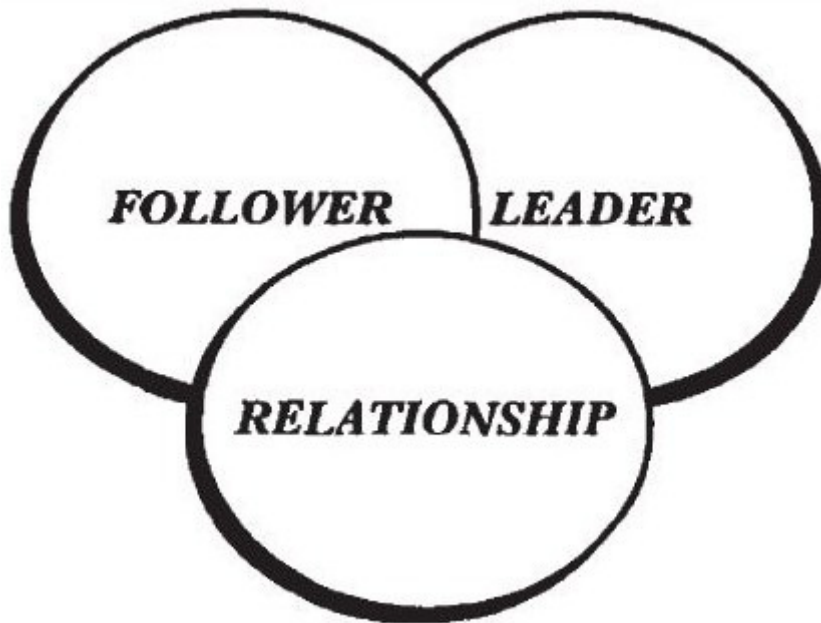


Figure 2- The Domains of Leadership (Graen & Uhl-Bien, 1995)

Trait approach implies that some people are born with leader qualities having certain traits that others don't possess. Among such traits one can mention endless energy, intuition, foresight, power of persuasion; although during early research no traits were found that could guarantee leadership success (Yukl, 2006).

When trait approach did not bring any significant results to the studies of leadership, the researches started to pay attention to what leaders actually do on the job. It gave birth to *behaviour approach* in 1950s. This research studies the pattern of the leaders' activities, responsibilities, functions, as well as how they spend their time and cope with demands, constraints and conflicts. The behaviour approach focuses also on identifying effective leadership behaviour, examining the correlation between leadership behaviour and different indicators of leadership effectiveness (Yukl, 2006). Leadership as an act of behaviour was defined as "the behaviour of an individual while he is involved in directing group activities" (Bass, 1990). The leader is engaged in leadership behaviour acts while coordinating the work

of his followers. Organizing the work relations, criticizing or praising the followers, taking care of their welfare and feelings are the examples of such behaviour acts (Bass, 1990).

Power-influence approach studies influence processes between leaders and followers, seeking to explain effectiveness of a leader from the point of view of the type and amount of power and how it is exercised. Power in this context is viewed not only as influence on subordinates, but also as influence on superiors, peers, and even stakeholders who are outside of the organization (Yukl, 2006).

Situational approach takes into consideration the context that influences the leadership process: the characteristics of the subordinates, the nature of the work, the type of an organization and of the external environment. One subcategory of the research is how leadership processes influence managerial perceptions, attitudes, activities and behaviour patterns by using a comparative study of two or more situations. The other subcategory tries to find contextual aspects that moderate the relationship of leader attributes to leadership effectiveness. It is assumed that different attributes will be effective in different situations, and the same attribute will not necessarily be effective in all situations (Yukl, 2006).

Integrative approach uses two or more leadership variables in one research, e.g. the self-concept theory of charismatic leadership by House (1977) which tries to explain why the subordinates of some leaders want to give extra effort and even make sacrifices in order to complete the group objective (as cited in Yukl, 2006).

Conceptualization of Leadership

According to Yukl (2006), leadership is conceptualized at four different levels which can be presented as a hierarchy:

1. Organization
2. Group

3. Dyadic

4. Individual

Each of the processes will be described further.

Research within *intra-individual processes* focuses on the behaviour of an individual leader from the point of view of motivation, decision making and cognition, and how individual traits and skills motivate a person to become a leader. Other theories suggest identifying one's own objectives and priorities, managing personal behaviour and learning to be more efficient in completing one's own goals. A limitation of this approach is that, being intra-individual, it does not take into consideration the most essential function of leadership – influencing others (Yukl, 2006).

The dyadic process examines the relationship between two parts – a leader and a follower (Yukl, 2006). The topic of the current thesis is mainly based on dyadic processes, the nature of which will be described in one of the next chapters.

Leadership is viewed as a reciprocal influence process evolving over time between a leader and a follower. The most effective dyadic relationship is formed when the leader shows trust and cooperation towards the follower, and gets motivation and commitment in return. The result is a cooperative alliance with mutual trust and shared objectives (Yukl, 2006).

Leadership as a *group process* has its focus on the nature of the leadership role in a group and how a leader may encourage group effectiveness. The key aspects of research in this area are how well the work is organized within a task group, how committed the members of the group are to executing their work roles, how confident they are about the potential success of the accomplished task, and the level of trust and cooperation between the members in completing the common assignment objectives (Yukl, 2006).

Another question of the research on group processes is how to make meetings for decision-making and problem-solving more effective (Yukl, 2006).

Organizational processes give a wider understanding of leadership effectiveness than dyadic and group processes. The best ways to organize and perform work with the help of available technologies, resources and personnel in order to increase efficiency in producing products and services are a subject of the study. Responsibilities of the leader here are to create an effective organizational structure, define authority relationships, and coordinate operations across the organizational units (Yukl, 2006).

The Full Range of Leadership

Organizations nowadays gradually move from being structured hierarchically with transactional styles of leading, towards organizations where authority frames are no longer clear. Such organizations with new, culturally diverse environments need transformational leadership which is best suited for these organizations (Avolio & Bass, 2004).

The full range of leadership paradigm was developed in order to explain and broaden the previously existing model of leadership styles ranging from the charismatic and inspirational leaders to passive and avoidant leaders (Avolio & Bass, 2004).

The new paradigm of leadership consisting of transformational leadership, transactional leadership, and passive/avoidant- leadership is based on earlier paradigms of autocratic versus democratic leadership, directive versus participative leadership, and task- versus relationship oriented leadership (Avolio & Bass, 2004).

Quite often, and in different situations, one and the same leader can demonstrate both transactional and transformational behaviours (Avolio & Bass, 2004), but each leader's profile has more of one and less of the other (Bass, 1999).

Transformational leadership.

The phenomenon of transformational leadership was born in the 1970s, when Bernard M. Bass together with his colleagues introduced the concept. They were inspired by James MacGregor Burns' seminal "Leadership", and by Robert Houses' 1976 theory of charismatic leadership (Avolio & Bass, 2004). They developed both the model and the means of measure for transformational leadership, developing the concept into the *full range of leadership*, which, apart from transformational, includes also passive (or laissez-faire), and transactional leadership (based on social exchange) (Bass & Riggio, 2006).

Downton (1973) was the first one to differentiate transformational leadership from transactional, although it was Burns' seminal work on political leaders in 1978 that gave a start to more than 30 years' research on differences between leadership behaviours (as cited in Avolio & Bass, 2004). Transformational leadership raises the follower's level of maturity together with concerns for achievement, self-actualization, and well-being of the others (Bass, 1999). Burns described a transforming leader as one who not only moved followers up on Maslow's hierarchy of needs, but also moved them to go beyond their own self-interests, supposedly including their own self-realization (Bass, 1999).

Transformational leadership is built upon stimulating and inspiring followers for achieving extraordinary outcomes, developing their own leadership capacity, helping followers grow and develop by empowering them and aligning the objectives and goals at all levels of the organization. Transformational leadership moves followers to exceed their performance beyond expectations, and lead to satisfaction and commitment to a group and organisation (Bass & Riggio, 2006). Seeing the leaders doing sacrifices for reaching the mission, and getting the support from the leader in achieving the mission motivates employees to work harder. As a result, their motivation and self-efficacy are enhanced, and their readiness to accept challenges is much higher (Avolio & Bass, 2004).

A transformational leader recognizes the needs of the employees and gives them a chance to be developed into leaders (Avolio & Bass, 2004). Transformational leaders arouse follower motives for achievement, power, affiliation etc., and such motive arousal results in increased self-monitoring and self-evaluation, which in turn leads to increased commitment. Thus, followers are transformed from being concerned for their self-interests to being concerned for their group or organization (Bass, 1999).

Bass (1985) described transformational leaders as those who make their employees aware of how important it is to reach the valued results and the strategies for achieving them, encourage the employees to give up their own interests for the sake of the team or the organization, and help the employees to develop in achievement, affiliation and autonomy (Avolio & Bass, 2004).

Transformational leaders possess the strong forces of leadership, which are those that motivate the employees to exceed their potential for their own sake and for the sake of a larger unit. These forces with the help of leader's vision are able to create transformative shifts in outlook, orientation, and perspective, and are most apparent in times of despair or crisis. A new leadership paradigm should be enforced in order to turn the focus from the quantity onto quality and speed, by changing the viewpoint of the employees about what they consider meaningful in their work. Some leaders tend to blame their employees for mistakes in acceptable performance, while other leaders may suggest assistance and help learn valuable lessons from these errors. Transformational leadership releases reserve energy, making the employees capable of mastering their own work situations (Avolio & Bass, 2004).

Transformational leadership consists of four components:

1. **Idealized Influence.** Leaders perform as role models, are respected, admired, trusted, and imitated by their followers. Idealized influence is manifested in the leader's behaviour and in attributions given to him or her by the followers (Bass & Riggio, 2006). Sample items

from the MLQ for Idealized Attributes (IA) are: 10, 18, 21, and 25 (Appendix B). Sample items for Idealized Behaviors (IB) are: 6, 14, 23, and 34 (Appendix B). However, charismatic leaders who are considered idols are far from transformational, as they don't empower their associates because of the threat to their own leadership. Truly transformational leaders encourage development and achievement of the associates' full potential (Avolio & Bass, 2004). Charisma used to be associated with dictatorship, the same leaders who are charismatic can also be inspirational, but with different effects, attributions and behaviours involved. Abusive charismatic leaders do not show the same amount of individualized consideration as do socially concerned charismatic (Bass, 1999).

2. Inspirational Motivation (IM). Leaders motivate and inspire their followers by giving meaning and challenge to their work. In return, followers want to demonstrate their commitment to goals and the shared vision where team spirit is aroused (Bass & Riggio, 2006). Sample items from the MLQ for Inspirational Motivation are: 9, 13, 26, and 36 (Appendix B)

3. Intellectual Stimulation (IM). Stimulation of followers by questioning assumptions, approaching old problems in a new way and reframing problems. Creativity is encouraged here and ideas that differ from others' point of view are not criticized (Bass & Riggio, 2006). Sample items from the MLQ for Intellectual Stimulation are: 2, 8, 30, and 32 (Appendix B). As a result, followers develop the capability to solve problems without the leader's presence (Avolio & Bass, 2004).

4. Individualized Consideration (IC). The leader who acts like mentor and coach has individual approach to each follower and accepts every individual difference in employees. Personalized communication, task delegating, monitoring, awareness of individual concern is typical of a leader who practices individualized consideration (Bass & Riggio, 2006). Sample items from the MLQ for IC are: 15, 19, 29, and 31 (Appendix B). Giving tasks on an

individual basis and elevating the associates' current needs helps develop their full potential, and links individual's needs to the company's mission (Avolio & Bass, 2004).

The heightened motivation is connected to these factors of transformational leadership. Transformational leaders also induce more commitment in their subordinates, greater effectiveness and satisfaction. Nevertheless, effective leaders execute the full range of leadership styles (Avolio & Bass, 2004).

A person can be committed to the leader, the team, the organization, beliefs and values (Bass & Riggio, 2004). According to Allen and Meyer (1990), commitment has three forms: *affective*, when employees are emotionally attached to and involved in the organization, *continuance*, when employees consider perceived costs of leaving the organization, and *normative*, when employees feel obliged to stay in the organization. Transformational leadership has most influence on affective commitment. Charisma in combination with individualized consideration helps foster changes and makes leader's and follower's self-concepts more closely related to each other.

Connection between transformational leadership and subordinate's satisfaction is quite solid. Inspirational committed leaders who are concerned about their followers' well-being have more satisfied followers (Bass & Riggio, 2006).

Lack of time and appraisal, doubts about employees' effectiveness, little skill or confidence are a result of poor transactional leadership methods (Avolio & Bass, 2004). Transformational leadership enhances transactional leadership in predicting effects on employees' satisfaction and other outcomes. According to Bass' (1985) leadership model, transactional leadership is fundamental for effective leadership, but a greater amount of Extra Effort, Effectiveness, and Satisfaction, comes from employees by augmenting transactional with transformational leadership (as cited in Avolio & Bass, 2004). The full potential is reached though both.

Figure 3 shows that through their Idealized Influence, Inspirational Motivation, Individualized Consideration, and Intellectual Stimulation, transformational leaders execute higher degrees of Extra Effort, Effectiveness, and Satisfaction in others, which results in employees being able to take responsibility and gain rewards through self reinforcement (Avolio & Bass, 2004).

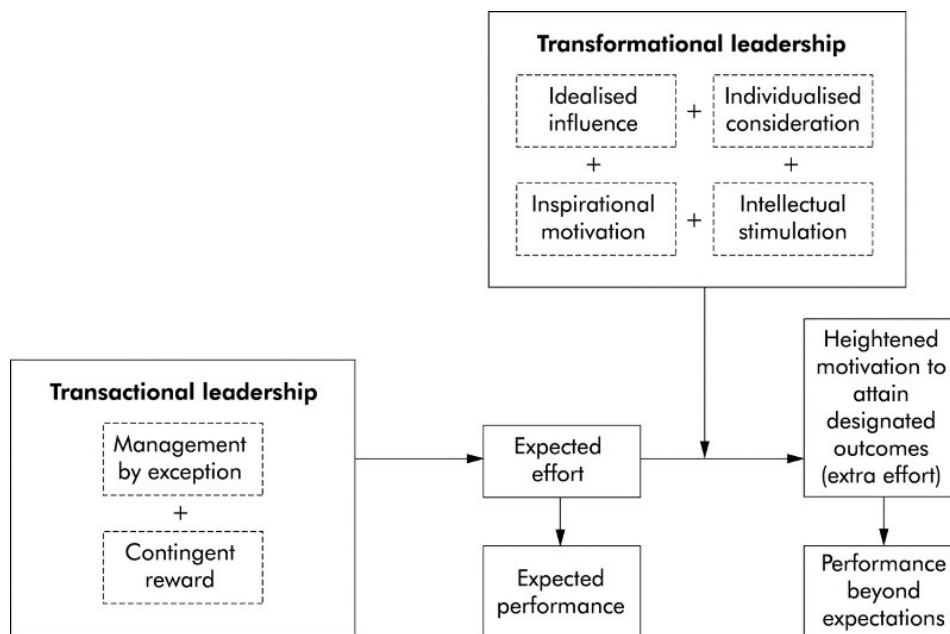


Figure 3. The Augmentation Model of Transactional and Transformational Leadership (Avolio & Bass, 2004)

Culture and gender may have an impact on leader qualities. Collectivist cultures are more likely to have transformational leaders, since most subordinates in such cultures already have respect for their supervisors due to centrality of work in life and high degree of group orientation. When it comes to gender, women have a higher tendency for being transformational leaders than men. It is believed that transformational leaders are better prepared to adapt to cultural diversity among their subordinates (Bass, 1999).

Transactional leadership.

According to Zaleznik (1977), managers set goals for their associates based on what they may expect from them (as cited in Avolio & Bass, 2004). Bass (1985) described transactional leaders in a broader sense: they see what their associates wish to get from their work, and make sure that they get it; in case the performance is good enough, they give rewards for good performance, and respond to their associates' needs when they do what is required of them (Avolio & Bass, 2004).

Transactional leadership builds upon giving rewards or compensations for successful fulfilling of the work tasks within a set up contract or agreement between the leader and the employees (Avolio & Bass, 2004).

The exchange relationship between the leader and the follower aims to meet their own self-interests (Bass, 1999). The focus of transactional leadership is on setting standards and waiting for errors to take place before action is taken (Avolio & Bass, 2004).

According to Bass and Riggio (2006), transactional leadership stands for leadership through social exchange and consists of two components:

1. **Contingent reward (CR)** implies that the leader promises a reward to the followers in exchange for achievement of good results. It can be both transformational (when a reward is psychological, for example a praise) and transactional (when reward is material, like a bonus) (Bass & Riggio, 2006). Sample items from the MLQ for CR are: 1, 11, 16, and 35 (Appendix B).

Management-by-exception has two variants: active (MBEA) and passive (MBEP), although MBEP is related to passive-avoidant style. In active MBE, the leader tries to take measures to avoid mistakes and deviances from standards by monitoring and taking corrective action (Bass & Riggio, 2006). Sample items from the MLQ for MBEA are: 4, 22, 24, and 27 (Appendix B).

By clarifying their requirements for the employees, transactional leaders create the needed confidence to employ the necessary effort. Anyway, the process of transaction is an essential part of the full range of effective leadership. Effective leaders are able to turn other's self-interests for the good of their group or organization (Avolio & Bass, 2004).

Avolio and Bass (2004) mean that "the transactional leader works within the existing organizational culture, the transformational leader changes it" (p. 29). When individual needs are met, transactional leadership starts its shift towards transformational. Employees' perceptions of their own efficacy or potential for development are augmented through the transactional leadership process. Transactional leadership alone is incomplete since transaction based changes represent small, however sometimes significant, improvements in employees' performance and effort. Transformation occurs when subordinates understand that they are interested in their work and they want to work as a contribution to their own self-development (Avolio & Bass, 2004).

Transformational leadership does not replace, but enhances transactional leadership when it comes to reaching the goals. Transactional leadership is effective at lower levels of performance or non-significant change, especially when a leader employs passive management-by-exception, interfering only when the standard requirements are unmet. Focus on failures is necessary, especially when mistakes are resulted in high costs. Nevertheless, if the leader only focuses on mistakes, the development of the employees will decline (Avolio & Bass, 2004).

Some leaders even try to avoid transactional relationship with the subordinates by turning to contingent reinforcement and practicing management-by-exception. Different leaders have different relations with their employees. Some leaders establish close relationships with certain associates, while other leaders communicate with all employees on important issues. Some transactional leaders are capable of fulfilling their employees'

expectations, and therefore gain reputation for managing to give pay, promotions and recognition. Other transactional leaders fail to deliver the needed rewards and lack the necessary reputation, and are therefore considered ineffective (Avolio & Bass, 2004).

Adequate performance may be evoked by feeling of obligation for providing non-contingent rewards. Immediate feedback concerning the learning potential and performance of an individual is very important (Avolio & Bass, 2004).

Contingent punishment makes transactional leadership much less successful though it can have a positive impact on performance, or sometimes even on satisfaction and motivation. In other situations contingent punishment can be motivational and improve performance. According to Bass (1990), employees might comply in order to avoid punishment (as cited in Avolio & Bass, 2004).

Contingent punishment should be applied when poor performance is delivered, if a leader makes clear what behavior is acceptable or unacceptable and sticks to the given standard, then employees will see contingent punishment as effective and fair. Non-contingent punishment is negatively related to performance, especially when employees feel that any amount of the effort they put into their job is not enough to decrease the frequency of punishment (Avolio & Bass, 2004).

Passive-avoidant leadership

Passive-avoidant leadership has two forms:

1. **Passive management-by-exception (MBEP)** is practised when a leader waits for mistakes to occur before taking corrective action, which may be effective when supervising a large number of subordinates reporting directly to the leaders (Bass & Riggio, 2006).

Sample items from the MLQ for MBEP are: 3, 12, 17, and 20 (Appendix B).

2. **Laissez-Faire (LF)** is the last form of leadership in the Full Range of Leadership model and implies absence of leadership or avoidance of it (Bass & Riggio, 2006). This is the

most ineffective form of leadership where no decisions are made, necessary actions are not taken and responsibilities are disregarded. Sample items from the MLQ for LF are: 5, 7, 28, and 33 (Appendix B).

Two Approaches to Leadership Research in the Present Study

This chapter describes in detail the approaches that were used for measuring leader-subordinate relationships and leadership effectiveness.

LMX (Leader-Member Exchange) theory.

The aim of this chapter is to give an insight into Leader-Member Exchange approach, including also stages of its development and its advantages and disadvantages.

According to Yukl (2006), Leader-member exchange (LMX) theory, former the vertical dyad linkage theory, focuses on an exchange relationship between a leader and each individual employee, their influence upon each other and how they negotiate the subordinate's role in the organization. Relationship that develops over time can vary between high-exchange and low-exchange.

“Effective leadership processes occur when leaders and followers are able to develop mature leadership relationships (partnerships) and thus gain access to the many benefits these relationships bring” (Graen and Uhl-Bien, 1995, p.225).

Research within the relationship domain should focus on specifying characteristics of dyadic relationships, such as trust, respect, mutual obligation etc., evaluating mutual influence between the members of dyads, as well as on studying how the dyadic relationships are correlated with outcome variables of interest, and how effective relationships can be evolved, preserved and combined into arrays of leadership structures (Graen & Uhl-Bien, 1995).

Yukl (1989) tried to deal with LMX as transactional leadership because of LMX's reliance on reward exchange, until Graen and Uhl-Bien (1995) examined and reframed leader-member exchange into a transactional and a transformational leadership process. In the first stage, LMX is transactional, but as trust, loyalty, and respect develop and the last stage is reached, it becomes transformational (Bass, 1999). Ambiguity was caused by the confusion about the meaning of transactions, or exchanges, because transactional leadership is based on material transactions, such as rewards, while transformational leadership is based on social or psychological exchanges, such as approval, trust, support etc. Social exchange is the base for Leader-Member Exchange process (Graen & Uhl-Bien, 1995). When relationships are based on material exchange, the process can rather be called "supervision" rather than leadership, meanwhile in more advanced dyads managers use all the contingencies (Graen & Uhl-Bien, 1995).

Only trusted and loyal employees have an opportunity to develop a high-exchange relationship with their leader. Such relationship is expressed by empowering a subordinate to do interesting job assignments and participate in leader's decisions, sharing of information, giving rewards, promotion and personal assistance in development. In return a subordinate should show involvement and commitment to the leader's tasks (Yukl, 2006).

A low-exchange relationship is based on standard role requirements to the subordinate and presupposes a low degree of mutual influence (Yukl, 2006).

High-exchange relationships are characterized by more support, consultation and mentoring and less dominating from the leader's part. The subordinate is more supportive, communicative and less demanding towards the leader (Yukl, 2006). Earlier research showed that favourable relationships were correlated with higher satisfaction, stronger citizenship behaviour, organizational commitment, better performance and more role clarity as perceived

by the subordinate (Yukl, 2006). LMX has a positive correlation with both employee satisfaction and commitment (Green et al., 1996).

The leader must provide attention to the subordinates and be responsive to their needs and feelings. If the cycle of mutual dependence is not broken, then a high-exchange relationship is likely to be established, where values and attitudes of the subordinate and the leader become similar (Yukl, 2006).

Graen and Uhl-Bien (1991) suggest three stages of building a relationship (as cited in Yukl, 2006). Some relations never develop further and stay on the first, testing stage, which corresponds to transactional leadership. At this stage the two parties evaluate each other's resources, attitudes and motives, and establish mutual role expectations. At the second stage trust, loyalty and respect appear. Very few relationships reach the third stage, where mutual commitment is grown from exchange based on self-interest. This stage corresponds to transformational leadership.

Maslun and Uhl-Bien (2001) discovered that higher-quality LMX relationships for both managers and subordinates were reported when the other dyad member put effort into the development of the relationship. Moreover, that effort turned out to be the critical factor related to higher quality LMX formation. When high effort from one part was met by low effort from the other part it resulted in low-quality LMX relationships. Subordinates who formed high-quality relationships and had stayed with their supervisors the longest showed the greatest intentions of putting forth effort into the established relationship in the future as well. Employees with lower quality LMX relationships had lower intentions of putting forth effort into the relationship, regardless of tenure.

Schyns and Day (2010) introduced a concept of LMX excellence, which includes high-quality LMX, high leader-member agreement and high group consensus. Cultural dimensions, power distance and individualism-collectivism can influence establishing agreement and

consensus in LMX. In cultures where power distance is high, interactions between leaders and subordinates will be rare; hence the opportunities to develop agreement will be few, although, followers might be more curious about establishing a positive relationship with their supervisor. Role clarity is vital for LMX excellence, as well as climate and culture.

Critique of LMX.

Among the strengths of LMX theory one can name is its ability to describe work units, discover in-groups and out-groups and determine who contributes less and who contributes more to the organization. Secondly, it is the only theory that describes dyadic relationships and directs the attention towards the importance of communication in the leadership process (Northouse, 2007).

The theory has also received a lot of criticism. Although the LMX theory has been revised several times through its history, it still has some ambiguities. First of all, it concerns the nature of the exchange relationship. It is also unclear whether the scales measure quality of the relationship as distinct from the satisfaction with the leader, trust and identification with the leader (Yukl, 2006). LMX emphasizes the division into in-groups and out-groups, which gives the appearance of discrimination against the out-group (Northouse, 2007), although the theory was not designed to create inequalities. However, LMX does not give strategies for gaining access to the in-group if one wishes to do so. Moreover, LMX does not address the subordinates' perception of fairness of promotions and pay increases, communication issues or decision-making rules, therefore further research is needed on how the above-mentioned factors influence the development and maintenance of LMX relationships (Northouse, 2007). The instructions for how one can create high-quality LMX relationships with all the subordinates are not given either (Northouse, 2007).

Moreover, there is still little information about two aspects: how the role-making process occurs and how exchange relationships develop over time. A more detailed

longitudinal research is necessary to find out whether relationships evolve gradually starting from first impressions, or they form quickly and stay enduring, or develop through a series of changes in attitudes and behaviour (Yukl, 2006). Longitudinal research, including methods other than questionnaires (e.g., observations, interviews, diaries etc.) may reveal how exchange relationships develop over time (Yukl, 2006).

Some managers tend to be biased about the behaviour and performance of their subordinates by being less critical towards the employees with whom they have established a high-exchange relationship. Effective performance by high-exchange subordinates is more praised by the manager, while mistakes by low-exchange subordinates appear to be more criticized. Thus, low-exchange employees are less supported and are blamed for their failures (Yukl, 2006).

Research on the exchange relationships may help managers to become aware of the alternatives for solving different performance problems, and also to become more careful and fair in evaluating the performance of the employees (Yukl, 2006).

Little research is done on situational conditions affecting the exchange process. Meanwhile such situational variables as demographics of the team members, job characteristics, size and function of the work unit, and type of an organization deserve attention, as they may influence the exchange process and the type of dyadic relationships. Although, a study conducted by Green, Anderson, and Shivers in 1996, examined how demographic and organizational variables affect LMX relationships. The results have shown that these characteristics have an independent relation to the exchange quality (Green et al., 1996).

Under demographic features the authors understand age, gender, nationality, education, and tenure. According to Duchon et al. (1993), large differences in class and sex between leaders and subordinates resulted in lower quality of leader-member exchange. Dissimilarities

in educational level between leaders and followers may also result in lower quality relationships, due to different views, beliefs and values, which leads to different ideas about job expectations and requirements, which in turn leads to cognitive and emotional distance between the members of dyads (Green et al., 1996).

To sum it all up, demographic differences may be the reason of misunderstandings between dyad members, which result in less communication and more social distance (Green et al., 1996).

The size of a work unit may influence employee satisfaction in a negative way. The larger the unit size is, the more autocratic the leaders may become, and the less interactions between the leader and subordinates will take place; as a result, good performance will often be overlooked (Green et al., 1996).

In many cases demographic differences may be related to a lower performance and a higher turnover, while homogeneous groups are more integrated socially and are more satisfied with their jobs (Green et al., 1996).

Furunes and Mykletun (2010) found that being exposed to age discrimination was positively correlated with lack of support from supervisor and colleagues, and higher levels of stress.

Stages in LMX development.

Evolution of LMX theory from vertical dyad linkage to leadership making went through four stages: 1) discovery of differentiated dyads; 2) investigation of features of LMX relationships and their implications; 3) description of dyadic partnership building; and 4) aggregation of differentiated dyadic relationships to group and network levels (Graen & Uhl-Bien, 1995).

At the initial stage it was discovered that managerial processes in organizations occurred on a dyadic basis, where leaders evolved differentiated relationships with their direct reports,

it came as a result of the necessity to have a staff of trusted assistants (Graen & Uhl-Bien, 1995).

At the second stage, focus shifted onto the relationship and its outcomes, and the findings documented significant positive relationships between LMX and many outcome variables. LMX theory now was centred on development of LMX relationships, which are affected by leader's and member's features and behaviours through a role-making process. High-quality relationships have positive outcomes for both dyad members and organization as a whole (Graen & Uhl-Bien, 1995).

The next stage is characterized by a shift towards studying leadership as partnership among leaders and followers, and the leadership making process at this stage has three phases as shown in Figure 4 (Graen & Uhl-Bien, 1995).

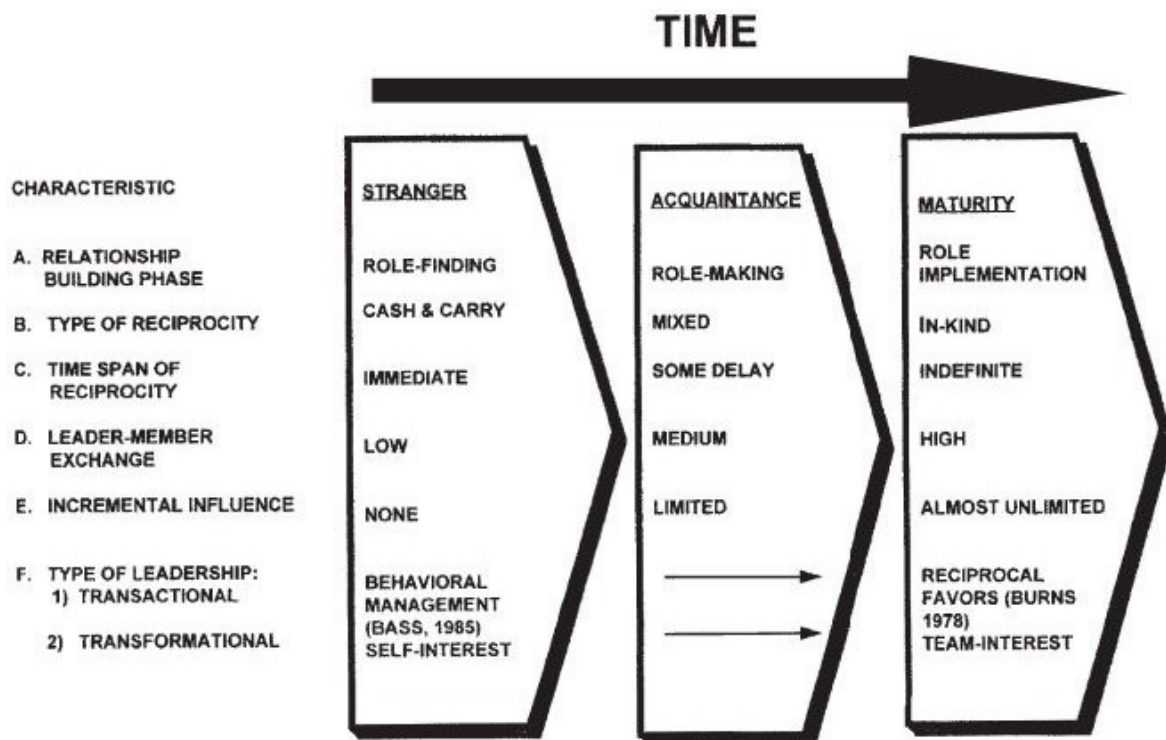


Figure 4. Life Cycle of Leadership Making (Graen & Uhl-Bien, 1995)

The process starts with a stranger phase, when members of the dyad interact on a formal basis performing economic exchange, at the acquaintance stage members start sharing some information and resources (both personal and work related), and at the last, mature partnership

stage, exchanges become highly developed involving mutual respect, trust, and obligation (Graen & Uhl-Bien, 1995).

In some dyads relationships stay at the first phase, with limited interactions based only on formal requirements, but if these relationships reach the last stage, the payoffs may be enormous due to higher social contributions, unlimited potential for incremental influence, and mutual partnership assistance. Followers at this stage are more likely to take personal initiative, exert extra effort, take decisions, and participate in activities beyond their scope (Graen & Uhl-Bien, 1995).

The last, fourth stage of LMX development is based on the expansion of dyadic partnership to group and network levels, where differentiated dyadic relationships join together and form larger systems (Graen & Uhl-Bien, 1995).

According to the model (see Figure 4), partnership relationships “transform” from self-interest to a larger interest. Hence, stranger and acquaintance phases are closer to transactional leadership, and dyads that managed to “transform” into partnerships are related to transformational leadership (Graen & Uhl-Bien, 1995).

LMX and job satisfaction, commitment, effectiveness, and turnover intentions.

Stringer (2006) studied whether high-quality LMX is positively related to job satisfaction which can result in positive outcomes and help organizations remain competitive. Subordinates having high-quality LMX relationships with their supervisors tend to be more satisfied with their jobs, be more effective and help their organization to prosper. Low-quality relationships between the members of the dyads do not encourage actualization of the subordinates' intrinsic needs. This does not necessarily lead to job satisfaction or job dissatisfaction, but according to Herzberg et al. (1959), may result in a “neutral state” (as cited in Stringer, 2006). Nevertheless, Stringer (2006) means that job satisfaction may be

achieved even in low-quality LMX relationships, since subordinates may still enjoy the working environment, favourable relations with co-workers, salary and benefits, etc.

Most of the research on LMX is cross-sectional and goes in one direction – LMX predicting job satisfaction, but not the other way round. Volmer and colleagues (2001) were the first ones to study the reciprocal relationship between job satisfaction and LMX. They suggested that not only good LMX increased job satisfaction, but that job satisfaction could also increase LMX (Volmer et al., 2001).

Job satisfaction has two components – affective, such as mood or emotion, and cognitive, such as belief or judgement; both components have an effect on LMX (Volmer et al., 2001).

Literature review made by Volmer and her colleagues discovered that according to Byrne's 1977 *reinforcement attraction paradigm*, we tend to like people who like us, therefore we show more positive behaviour towards them (Volmer et al., 2001). Research on happiness (Diener et al., 2008; Lyubomirsky et al., 2005), which also includes job satisfaction, revealed that happy people are healthier, more creative and involved in their jobs, receive more benefits and are more likely to stay at their jobs (as cited in Volmer et al., 2001). Positive attitude helps to establish resources, which in turn help to build positive and rewarding social interactions. Positively charged people tend to be more effective in job and conflict situations. Positive attitude enhances the possibility for experiencing positive communication (Volmer et al., 2001).

The advantage of this study is that it uses longitudinal research and a cross-lagged panel design, which previous studies did not do. Furthermore, it adds to the notion that followers can play a crucial role in the leadership process. Members in high-quality LMXs feel superior in comparison to out-group members due to numerous privileges (empowerment, salary progress, promotions etc.), which leads to increased job satisfaction (Volmer et al., 2001).

The results of the study showed that job satisfaction is able to predict LMX across time, and the cross-lagged effects from LMX to job satisfaction and the opposite way were equally strong (Volmer et al., 2001).

Research by Murphy and Ensher (1999) measured the input of leader and follower characteristics to high-quality LMX during the initial stages of the working relationship. The results show that highly effective subordinates are more appreciated by their supervisors, are perceived as more similar to their supervisors, experience more positive LMX quality, and are evaluated as better performers than the employees with lower self-efficacy. An important contribution of this study is that high-quality LMX is linked to enhanced self-efficacy degrees of subordinates who in the beginning were low in their job-related self-efficacy at the time they entered the program. The effect of leader characteristics influenced the supervisor's own ratings of subordinate performance and LMX, i.e. highly optimistic and effective supervisors rated their subordinates higher on LMX and performance, than did the supervisors low in these characteristics (Murphy & Ensher, 1999).

Political skill is a necessary ability for a successful influence at a workplace and can be defined as the skill of effective understanding and influencing others to behave in ways that augment one's organizational or/and personal objectives. At a workplace political skill functions as a moderator of relationships between LMX and the outcomes of turnover intentions and job satisfaction. Employees with high political skills but in low-quality LMX relationships would consider leaving the organization (Harris et al., 2009), and it would be quite easy due to the existence of numerous networks which give new job opportunities (Mykletun et al., 2012). Moreover, highly politically skilled employees in low-quality LMX relationships will be less satisfied because of the lack of benefits received from supervisors. On the contrary, employees low on political skill but high in LMX appeared to be more satisfied with their jobs, as discovered by Harris et al. (2009).

Gerstner and Day (1997) conducted a meta-analysis and found significant correlations between LMX and job performance, satisfaction with supervisors and workplace, commitment, and turnover intentions, while relationship between LMX and the actual turnover was not significant. LMX is unique since its level of analysis is a dyadic relationship, and it has the most solid psychometric properties of all tools (Gerstner & Day, 1997). The authors also suggest that LMX has a stronger relation to subjective performance ratings and member affective outcomes than to objective measures (turnover, productivity etc.), and assume that LMX affects turnover through commitment and satisfaction. LMX has negative correlation with turnover intention, and positive correlations with performance, satisfaction and commitment. Gerstner and Day (1997) recommend measuring LMX from both leader and member perspectives, and examining leader-member agreement as a relevant independent or dependent variable using longitudinal designs. When studying leader-member relationships, one should take into consideration situational moderators, e.g. task characteristics, resources, time constraints, organizational climate, physical setting and culture. LMX measured from a member perspective appears to be more reliable than when measured from a leader's perspective; leaders seem to have a more complex construction of exchange quality (Gerstner & Day, 1997).

The MLQ (Multifactor Leadership Questionnaire).

The Multifactor Leadership Questionnaire (MLQ) was developed by Avolio and Bass (2004) and published and commercialized by Mind Garden, which is an independent publisher of psychological instruments and assessments (Mind Garden, 2012). The instrument is developed to measure a broad range of leadership styles from passive leaders, to leaders giving contingent rewards to their employees, to leaders who transform and empower their employees and give them a chance to be leaders themselves (MG, 2012). The purpose of the

MLQ is not to label a leader as Transformational or Transactional, but rather to identify a leader as “more transformational than the norm” or “less transactional than the norm” (Avolio & Bass, 2004).

The MLQ tool has existed for about 25 years and is widely used within public and private organizations, such as banks, manufacturing facilities, educational organizations, insurance companies, information technology firms, hospitals, health clinics, military units, and government agencies, from CEOs of major corporations to non-supervisory project leaders (MG, 2012).

One of the advantages of the MLQ is that it is much broader than other leadership surveys. The MLQ is used to assess effectiveness of leadership at all levels of management, including clients and customers as sources of ratings, and the MLQ factors can be applied across cultures. Another principal advantage is its emphasis on personal and intellectual development, and directions the leader may pursue to be more effective. Finally, the full range model connects each leadership type to the expected performance result (Avolio and Bass, 2004).

Except from attempting to comprise a wider scope of leadership behaviours, the MLQ also differentiates effective leaders from ineffective ones by focusing on individual behaviours observed by associates and assessing behaviours of a leader that motivate associates to achieve expected degrees of performance (Avolio & Bass, 2004).

Scores from the MLQ instrument can be helpful in identifying candidates for training programs, promoting to leadership and supervisory positions for which they are best suited and for which they will not require much training. These are positions where they have a chance to show their leadership behaviour, for example, project or group leaders. It is best for them to be rated by the peers who know them well enough (MG, 2012).

The aim of the MLQ is to create a leadership development plan based on the results of the MLQ report. Leaders should work on one area of their leadership skills for at least three months or optimally six, with the support from their supervisors, peers and followers to help them change their leadership style (Bass & Riggio, 2006).

The instrument provides accurate and appropriate feedback that tells something about the manager's ability to lead the organization, its development teams and individuals on various levels. The feedback gives useful information on the type of leader that exists at the present time and how well it works in relation to promoting efficiency, satisfaction and the highest possible performance at work (Avolio & Bass, 2004).

The MLQ consist of two forms: The Self Rating Form, or the Leader Form, for the supervisors to rate themselves and the Rater Form for the associates to rate their supervisors. The Leader Form asks the leader to rate the frequency for his or her own leader behavior. The Rater Form is more appropriate to use because reliability is higher and the correlations between the rating form and the items are better (Avolio & Bass, 2004).

Although the authors of the MLQ tried to make all the components of the full range of leadership model distinct from each other, there still exist consistent correlations among them (Bass & Riggio, 2006). For example, charisma (idealized influence) has high correlation with inspirational motivation, though followers are likely to imitate charismatic leaders rather than inspirational leaders. Even so, charismatic persons have a tendency to be inspirational. All the components of the leadership range correlate with contingent reward. Passive management-by-exception may correlate with laissez-faire, although there is a slight difference between these two behaviors: a leader who practices passive management-by-exception (MBEP) corrects followers, which a laissez-faire (LF) leader does not do. (Bass & Riggio, 2006) It is argued that the MLQ measures attributes and effects rather than behaviors, although most of the items deal with behaviors, and only a few of them measure attributions or effects (Bass,

1999). Contingent reward is more highly correlated with outcomes than is management-by-exception, and laissez-faire leadership is negatively correlated with outcomes (Bass, 1999).

Avolio and Bass (2004) studied the relationship of the MLQ leadership factors with such outcomes as effectiveness, satisfaction, motivation, stress and individual and organizational productivity. The MLQ is a quite reliable tool in terms of internal consistency and stability, as was shown in the study among nurses conducted in Finland by Kanste et al. (2007). The full nine-factor model of the MLQ was not substantial, but a reduced set of items turns out to show evidence for the three- and six-factor structures. Consequently, a three-factor solution was produced, with factors corresponding to rewarding transformational leadership, passive laissez-faire leadership, and active management-by-exception. Contingent reward appeared to have a strong relation to transformational leadership facets. Passive MBE and LF were not independent leadership subscales, but constituted a single construct because of a high correlation with each other (Kanste et al., 2007).

Leadership in the Sphere of Hospitality

In the lodging industry, which has a very strong culture, management presupposes strict adherence to the rules, and at times decision-making process can become extremely slow, especially in situations not covered by the regulations. Such system can survive in environments where competition is weak, and performance and service quality may be considerably improved by applying strong leadership that will lead to better use of human resources. An efficient way to improve human resources is transformational leadership (Tracey & Hinkin, 1994).

Transactional leadership is based upon bureaucracy and authority, when leaders are more concentrated on fulfilling of tasks and compliance, giving rewards or punishments to employees to control their performance (Tracey & Hinkin, 1994).

Transformational leadership, on the contrary, takes into consideration followers' concerns, and leaders help their followers develop (Tracey & Hinkin, 1994). Transformational leaders make certain that followers know in what direction they are going and support them to reach high degrees of performance (Tracey & Hinkin, 1996).

A shift towards transformational leadership usually takes place during organizational crisis or change, and the leader's task is to convince the subordinates that the old system is no longer effective, and the organization needs to find new ways by revising the mission. (Tracey & Hinkin, 1994).

In hospitality industry, with its heavy workload and shifting conditions, transformational leadership may bring success for an organization (Tracey & Hinkin, 1994).

The purpose of the research conducted by Tracey and Hinkin (1994) was to study the influence of both transformational and transactional leadership on individuals and on organizational outcomes. The results showed that transactional leadership may be effective under certain predictable conditions, but in order to survive in the turbulent external environment, transformational leadership is needed.

Today's hospitality industry is characterized by severe competition, over-building, unstable world economy and diversity in the work force (Tracey & Hinkin, 1994).

Bass and Avolio (2004) meant that the two styles of leadership are not mutually exclusive, and the same leader may use different styles at different times and in different situations.

Earlier research by Clark et al. (2009) and Hermalin (1998) on leadership in the sphere of hospitality concentrated on examining the leadership styles that have an impact on front line hotel employees; the results showed that shared values inspired by transformational leaders contributed to employee motivation and satisfaction (as cited in Brownell, 2010).

In the industry of hospitality, a new concept of servant leadership is emerging, and it has many common features with transformational leadership. The leader is motivated by a need to serve and empower subordinates; the result is an egalitarian leader-follower relationship (Brownell, 2010).

Differences between servant and transformational leaders lie on five dimensions: ethics, focus, motive and mission, development, and the means of influence. The leader's values is what distinguishes servant leaders from transformational leaders the most: transformational leaders are focused on the organization's needs and goals and create empowered cultures, while servant leaders focus on developing their followers and are motivated to serve and empower them (Brownell, 2010).

According to Bennett (2007), "servant leaders practice leadership as hospitality" (as cited in Brownell, 2010). Employees, inspired by their leaders, give unselfish and sincere care to guests, which results in high customer satisfaction. The trust given to the employees by their leaders inspires them to take more initiative and results in better productivity (Brownell, 2010).

Clark et al. (2009) examined how a manager's commitment to service quality and leadership style influence the frontline employees' way of doing their job. When hotel employees are satisfied with and committed to their job they provide the highest degree of service quality, especially when managers demonstrate commitment themselves. Particular working conditions in hotel industry demand creative approaches to guarantee that employees are motivated to provide excellent service.

Clark et al. (2009) investigate three styles of leadership, namely: directive (little or no employee control), participative (shared control), and empowering (extensive employee control). It is believed that these leadership styles have different effects on employees' job behaviour.

Directive leadership results in lack of employee participation and empowerment due to its autocratic, task-oriented and manipulative nature. When employees do not participate in the decision-making process they will not adopt management's vision and values (Clark et al., 2009).

According to Yukl (1989), participative leadership includes consulting with subordinates, taking into consideration their thoughts and opinions. Frontline hotel employees are more familiar with customer needs than managers due to direct contact with guests; therefore participation of the employees in the decision-making process is for the benefit to the management (Clark et al., 2009).

Conger and Kanungo (1988) define empowering leadership as a process where subordinates are given the authority and independence to make decisions regarding customer needs without consulting a supervisor. Empowering leadership is the most transformational. The autonomy in the decision making is necessary for effective service (Clark et al., 2009).

Job satisfaction often results in better service quality provided by the employees to the customers, which is very important in hospitality industry. Directive leadership, in contrast, diminishes job satisfaction. Empowered employees tend to be more satisfied with their jobs because they have more control about what they are doing (Clark et al., 2009).

Research Methodology

This chapter is devoted to the description of the method and design of the research and collection of the data. Quantitative research method was used to collect data since a large amount of respondents was needed, and also because the research problem involved using two established questionnaires to determine the relationship between the variables measured by these questionnaires.

Quantitative research is preferred when a researcher needs data in form of numbers, and the number of respondents is very high. The present study is *cross-sectional* (Neuman, 2007) since it was conducted once and examined a single point in time, involving the respondents employed at the chain at the time when the research was carried out. Nonetheless, in this case *longitudinal research* would be needed in order to keep track on the improvements, if any, in the leadership behaviour among hotel managers as well as in relationships between supervisors and subordinates. Longitudinal research suits for comparative analysis over sequential periods of time (Miller, 1991).

Design

Research design is the structure of the research (Trochim, 2006). The purpose of the present study was to describe the relationship between 1) leader-member exchange as measured by LMX (Graen & Uhl-Bien, 1995); 2) Multifactor Leadership Questionnaire (Avolio & Bass, 2004); and 3) selected leadership outcomes; hence the research design used was descriptive.

Descriptive research provides a detailed picture of a situation or a relationship, gives new data that contradicts the old data and documents a causal process (Neuman, 2007). Moreover, this study is exploratory in a sense that it is the first research that examines the relationships between the MLQ, LMX, and effectiveness, extra effort, satisfaction, commitment and motivation in Norwegian working life, as well as in a Norwegian hotel context. This constitutes also the contribution of the study.

Survey is one of the quantitative data collection techniques where respondents are asked to answer questions in a form of a questionnaire, like it was done in a present study. Situation or condition cannot be manipulated; answers are summarized in percentages, graphs, etc. Surveys are used in descriptive research. Surveys usually cover samples of selected

respondents and results are then generalized to a population from which the sample was selected (Neuman, 2007).

Research Instruments

The questionnaire design was based on two established scales – LMX-7 (Graen and Uhl-Bien, 1995) with seven items, and MLQ 5X Short (Avolio & Bass, 2004) with forty-five items, from which only rater forms were employed. Original scales were preserved, and for the Norwegian versions of the questions official translation of the questionnaires were used with the permission from the authors.

Leader-follower relationship was measured by the seven-point LMX-7 scale developed by Graen and Uhl-Bien (1995), consisting of seven items characterizing the trust, understanding and effectiveness of the relationships between supervisor and subordinate. Respondents rate their relationship with their leader on five-graded Likert-type rating scales. The mean sum score obtained after completing the questionnaire shows the quality of the leader-member relationships (Northouse, 2007). The Norwegian version of LMX was developed by Furunes, Mykletun, Einarsen & Glasø (2012), and previously applied on Norwegian samples.

Moreover, leadership and its outcomes were measured by the Multifactor Leadership Questionnaire. In order to rate the behavior there has been used a 5-point ratings scale: 1 = *Not at all*, 2 = *Once in a while*, 3 = *Sometimes*, 4 = *Fairly often*, 5 = *Frequently, if not always* (Avolio & Bass, 2004).

The latest version (Avolio & Bass, 2004) of the questionnaire (5X-Short) consists of 45 items. There are 36 standardized items that sum up the nine leadership dimensions comprising the full range of leadership: Idealized influence (Attributed Charisma, IA), Idealized influence (Behaviors, IB), Inspirational Motivation (IM), Intellectual Stimulation (IS), Individualized Consideration (IC), Contingent Reward (CR), Management-by-Exception (Active, MBEA),

Management-by-Exception (Passive, MBEP), and Laissez-Faire (LF). Each of the nine components of leadership is measured by four highly inter-correlated items which at the same time have as low correlation as possible with items of the other eight components (Avolio & Bass, 2004). In addition, there are three more dimensions: Extra Effort with 3 items, Effectiveness with 4 items, and Satisfaction with 2 items. These twelve factors provide information about the type of leadership style that fits the organization best.

In order to evaluate the findings from the completed survey, a scoring key was developed along with the MLQ instrument (Avolio & Bass, 2004). The scoring key has been used to associate data from each survey towards the different dimensions. This enhances the circumstances for the possibility to provide results from a correct measurement.

The full version of the questionnaire is placed in Appendix A. The scale is developed by Avolio and Bass, and published by Mind Garden which possesses the copyright. The Norwegian version was translated by professors at the University of Stavanger R. Mykletun and L.K. Stromei with the permission from Mind Garden. This is the only official version of the MLQ in Norwegian language. All the materials taken from the MLQ Manual have been used with the permission given to Mykletun and Stromei and are protected by copyright.

Three scales were selected for use in this study from the Nordic Questionnaire for Monitoring the Age Diverse Workforce (QPSNordic-ADW; Pahkin et al., 2008). A two-item satisfaction scale (named Satisfaction 2 in this study) was employed as a more general measure of satisfaction with work and life in general. A Motivation scale that contained two items on motivation for work, and a Commitment to work scale that contained three items were also included. For all three scales, responses are given on five-graded rating scales ranging from “not at all” to “high” or “very much”. One item about job perspectives for the future was added in the end, asking about the perceptions of the subordinates about the perspectives for their development in the current position.

At the end, questions covering general demographic information (gender, age, length of employment) and questions about turnover intentions were added.

Population and Sample

Population is a large group of cases from which a sample is picked out and which is stated in theoretical terms. Sample is a smaller set of cases, results from which are generalized to the population it was drawn from (Neuman, 2007). The population for this study included employees from hotels situated in Norway and belonging to Rica Hotels' chain. According to the official website, Rica Hotels is a hotel chain in Norway and Sweden. Name Rica is composed of the first two letters of the names of the founders Jan Eilef Rivelrud and Prince Carl Bernadotte. The company was founded in 1975 under the name Rica hotel- and restaurant chain Inc. In the beginning the company ran two restaurants named Bajazzo in Oslo and Bodø. Afterwards the company bought two hotels, one in Kirkenes and one in Hammerfest. The company expanded and in 1980s-1990s established a chain by acquisition of several independent hotels. The largest purchase was the former North Cape Hotels chain, which consisted of several hotels in Finnmark and the North Cape Hall.

In total Rica Hotels chain runs 46 hotels in Norway and Sweden, and the company owns a large number of these, in whole or in part. In addition, Rica Hotels have partnership with 26 independent hotels in form of sales, marketing and purchasing. Nowadays Rica Hotels consist of conference-, business-, and leisure hotels with its own loyalty program that allows guests to earn points which give opportunities for overnight and experiences (www.rica.no). With almost 3000 employees and NOK2 250 million in sales revenue the profit amounts up to NOK190 million (<http://www.travelnews.no/no/Hotell/Bunnsolid-fra-Rica/>)

The chain's HR manager was contacted and asked about cooperation in this data collection. Through dialogues with hotel managers the HR manager established a group of

hotels that constituted a sample of 705 regular employees appointed for more than 50% time. These subordinates were asked to rate their leaders and fill in on self-perceptions by completing a questionnaire. Answers were received from 306 respondents, which correspond to approximately 44% response rate. The sample is described in the results chapter below. The sampling method is not *random*, but more of a *purposive* type. Purposive sampling is used when a researcher needs to select cases having a specific purpose in mind (Neuman, 2007).

Data Collection

The most convenient form of collecting the data nowadays is electronic survey tools. For our research we used QuestBack, which makes it very easy to compose a questionnaire in several languages, and after it is completed transfer the results into SPSS statistics analyzer software. This survey tool was used to collect and analyze data for the present study. The link to the survey was sent by e-mail to some of the recipients, while other respondents requested a paper form.

Data collection started as soon as the permission was given by the hotel chain, which happened in the beginning of April. The time frame set for the participation was about three weeks, and then due to the lack of response it was prolonged for one more week, although quite many of respondents did not follow the deadline and some of the answers were received 3 weeks past the due date.

Moreover, some of the hotels did not want to apply the online survey method as they did not have sufficient access to computers for their staff, and they knew that some of their staff did not use computers or did not have access to computers at home. Hence, about half of the respondents received traditional hard-copy questionnaires that were filled in and returned to the university by the respondent her / himself in the envelopes with pre-paid postages. The data from these questionnaires were added manually to the established SPSS-file.

Data Analysis

Frequency analysis.

Data analysis in the present study begins with descriptive statistics for demographic data, length of employment, job perspectives for the future and turnover intentions. The purpose of descriptive statistics is to describe the main features of the data, the sample and the measures (Trochim, 2006). *Frequency analysis* is conducted when a researcher needs descriptive statistics for categorical variables, in order to find out how many people answered each question; meanwhile for categorical variables *descriptives* are used, with summary statistics – mean, median and standard deviation (Pallant, 2010). Frequency distribution describes single variables in tables or graphs (Trochim, 2006), and for summarizing data in the present study bar charts were used.

Sum scores based on the scoring key.

For this analysis new variables were created by computing several variables measuring one concept. To compute the LMX average sum score, all seven items of the LMX scale were added together and divided by the number of items, seven. The MLQ leadership dimensions consist of 4 items each, so the new sum scores were computed for the four relevant items and the sum divided by four to reach an average sum score for each dimension. This way all new variables for leadership styles (Idealized Attributes, Idealized Behaviours, Intellectual Stimulation, Inspirational Motivation, Individualized Consideration, Contingent Reward, Management-by-exception Active and Passive, and Laissez-Faire), leadership outcomes (Extra Effort, Effectiveness, and Satisfaction), Motivation, Satisfaction (SAT2), and Commitment were created. These are the variables which are going to be analyzed further. For convenience, all the new variables were given names by abbreviation or shortening of the words, which will be used further in the text and tables:

- IA – Idealized Attributes
- IB – Idealized Behaviours
- IS – Intellectual Stimulation
- IM – Inspirational Motivation
- IC – Individualized Consideration
- CR – Contingent Reward
- MBEA – Management-by-exception Active
- MBEP – Management-by-exception Passive
- LF – Laissez-Faire
- EE – Extra Effort
- EFF – Effectiveness
- SAT and SAT2 – Satisfaction
- MOT – Motivation
- COM – Commitment
- LMX – Leader-Member Exchange

For computing the MLQ variables, the scoring keys from Avolio & Bass (2004) were used. The sum score table included values of Cronbach's α , mean, min, max, STD, and sample size. There are, according to Trochim (2006) three ways to estimate central tendency of a distribution:

1. *Mean* is the same as average, and is calculated by adding the values together and dividing by the number of values.
2. *Median* is estimated in order to find the exact middle of the set of values
3. *Mode* is the most frequently appearing value in a set of numbers

Dispersion shows how values are spread around the central tendency, where *minimum* and *maximum* show the lowest and the highest value, respectively, and *standard deviation*

shows the degree of variation from the mean. When the data is close to the mean the standard deviation is low, and when the data is more spread, the standard deviation is high (Trochim, 2006).

Correlations.

A table of correlations created in SPSS shows relationships between the variables, whether and how strongly pairs of variables are related. In the present data analysis Pearson correlation was used, for exploring the strength of the relationship between two continuous variables, which gives an indication of both the direction (positive or negative) and the strength of the relationship. A positive correlation means that as one variable increases, so does the other. A negative correlation means that as one variable increases, the other decreases. Correlation coefficient r ranges from -1 to 1. When $r = 0$ or is very close to 0, it means that the correlation is absent or it is very weak (Pallant, 2010). In the present analysis bivariate correlation was employed, showing simple relationships between just two variables.

Correlations between the transformational leadership variables were the highest, which was limiting the possibilities for full regression models to be used. High correlations create multicollinearity problems in multiple regression analysis. Variables which are too highly correlated, basically convey the same information, hence neither of these variables may contribute to the model. To get around this problem, a factor analysis of the MLQ was employed, aiming at reducing the scale items to variables that were correlated to a minor degree and thus manageable for further analyses.

Factor analysis.

Factor analysis helps reduce a large set of variables or scale items down to a smaller and more manageable number of factors by summarising the underlying patterns of correlation and looking for groups of closely related items.

The eigenvalue (Kaiser's criterion) is one of the techniques that helps to decide on the number of factors to retain and shows the amount of the total variance explained by a factor. By this rule, factor with eigenvalue of 1.0 or higher are usually retained for further investigation (Pallant, 2010). In addition, a scree test, which plots each of the eigenvalues of the factors, was used. By investigating the plot it is possible to find a point at which the curve changes its shape to horizontal. Factors which are placed before this point should be retained, since they give the most contribution to the explanation of the variance (Pallant, 2010). In the present study, it was decided to use only the three first factors for further analyses.

Sum scores based on factor analysis.

Based on the results of the factor analysis, three new sum score variables were computed according to the three factors and named: Transformational, Passive-avoidant, and Management-by-exception. Values for Cronbach's alpha, mean, min and max, STD and sample size were presented, and afterwards a new correlation matrix was created including the new variables.

Multiple regressions.

Multiple regression is a type of correlation used when testing the predictive ability of a set of independent variables on one *continuous* dependent measure. Multiple regression gives information about how the variables making up the model contribute to the predictive ability of the model. In the present research hierarchical regression was used, when the independent variables are entered into the equation according to the theoretical grounds. Variables are entered in blocks, and each independent variable is assessed in terms of its contribution to the prediction of the dependent variable after the previous variables have been controlled for (Pallant, 2010). Only variables that were significantly correlated to the dependent variables were employed in the models. In the analyses, demographic variables, turnover intentions and length of career in the hotel was entered first as control variables, and the MLQ variables entered second to demonstrate their unique additional contributions to the

explanation of the variance in the dependent variable. Fourteen regression analyses were conducted in SPSS, and the results were placed in simplified tables containing predictor variables, models, beta values and adjusted R^2 values marked by asterix in case they are significant. Beta values show how strong is the effect of the predictor variable on the criterion variable, and the higher this value is, the greater is the influence. The largest beta coefficient for a variable shows that this variable makes the strongest contribution to explaining the dependent variable. The adjusted R^2 value gives the most useful measure of the model's success, and when multiplied by 100 it shows how many percent of the variance in the criterion variable the model has accounted for. It shows a better estimate of the true population value (Pallant, 2010).

Validity and Reliability

LMX measures mutual trust, respect, affection, support, and loyalty. LMX-7 is the most widely used measure containing seven item scale. Some aspects of the scale are still unclear and need further research: advantages of the multidimensional scale over a unidimensional one and perceptions of both the leader and the follower on LMX are still under question. Low correlation between leader-rated LMX and subordinate-rated LMX may indicate low scale validity or differences in perception (Yukl, 2006). Furthermore, the scale have been criticised for lack content validity, which means that there is a possibility that it does not measure what it was intended to measure (Northouse, 2007), as it were developed on an evolutionary basis rather than with a basis on logic or theory, without changes being justified. Items have been added to and removed from LMX measures without giving evidence of the effects of these changes on scale validity. None of the scales that have been utilised to measure LMX are based on either a psychometric study or explicit construct validation. Extant LMX measures have not been content valid because "LMX scales have typically not been developed using an a priori theoretical definition of its content subdomains" (Schriesheim et al, 1999, p.100).

Validations of the LMX-7 scale on Norwegian population have been undertaken on several samples (Furunes et al, 2012). They reported factor analyses for three samples, and all seven items loaded on factor 1, $r=0.75-0.83$, explaining 64 – 68% of the scale variance. The Cronbach's Alpha for LMX-7 was .91, .91, and .92 for the three samples, respectively. Reliability as measured by Cronbach's alpha, shows internal consistency of a scale and whether the items are measuring the same construct (Pallant, 2010). Sum score for the LMX developed in the present study shows $\alpha=.90$. Although the content validity of the LMX has been questioned, the empirical evidence is strong for its reliability as measured by internal consistency. Sufficient criteria validity has also been demonstrated (Furunes et al., 2012).

The earliest version of the MLQ was criticized for its high correlations among the transformational scales, and between the transformational leadership scales and contingent reward. Hence, the new revised version, MLQ 5X was developed. It was done by first completing a series of factor analyses with the MLQ 5R, which provided a base for selecting items that showed the best convergent and discriminant validities. Afterwards, partial least squares analysis was used on preliminary results with an earlier version of MLQ 5X, and Technical Report from a 1995 MLQ 5X, to select items to be included in MLQ 5X. Finally, new items were developed from recent theory distinguishing charismatic from transformational leadership.

Reliability of the MLQ items as shown in the sum scores appeared to be high, ranging from .66 on MBEP up to .85 on IM (see Table 1 in Part 2 of the results chapter). Factor-based sum scores also showed very high Cronbach alpha on TRF ($\alpha=.94$), and somewhat lower on MBE and PA, with .80 and .65, respectively.

Pahkin et al (2008) reported an Alpha Coefficient of .86 for the Commitment sum score, .68 for the Satisfaction with work and life sum score, and .61 for the Motivation sum score, on a sample of teachers from Norway, Sweden and Finland. Sufficient criteria validity was also

demonstrated for these sum score on the same sample (Pahkin et al, 2008). Hence it may be concluded that the scales in this study have sufficient validity and reliability for the purpose of the present research.

Results

Part 1. Descriptive Data

Participants of the survey were mostly females (part 12 of the questionnaire), as shown in Figure 5.

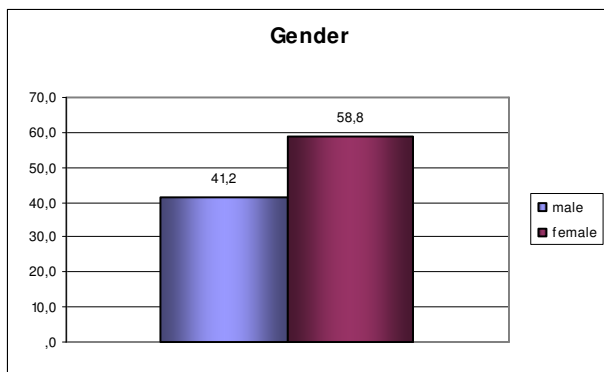


Figure 5. Gender Distribution of the Respondents (n=306)

Age of the participants (part 11 of the questionnaire) differed significantly, and the majority of the employees were over 30 years old.

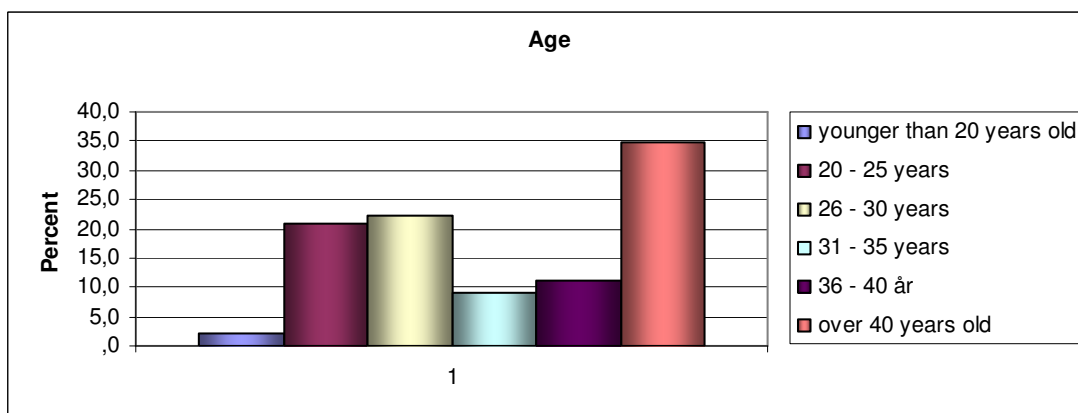


Figure 6. Age Distribution of the Respondents (n=306)

Interestingly, most of the employees had been employed either less than a year (25,2%), or more than ten years (27,4%). Length of employment is part 13 of the questionnaire.



Figure 7. Distribution of the Tenure (n=306)

The majority of the employees did not plan to quit their job (part 7 of the questionnaire). This scale was re-coded for use in the correlation analyses, so that “Yes” was given value 1; “I don’t know” was assigned value 2, and “No” remained as value 3.

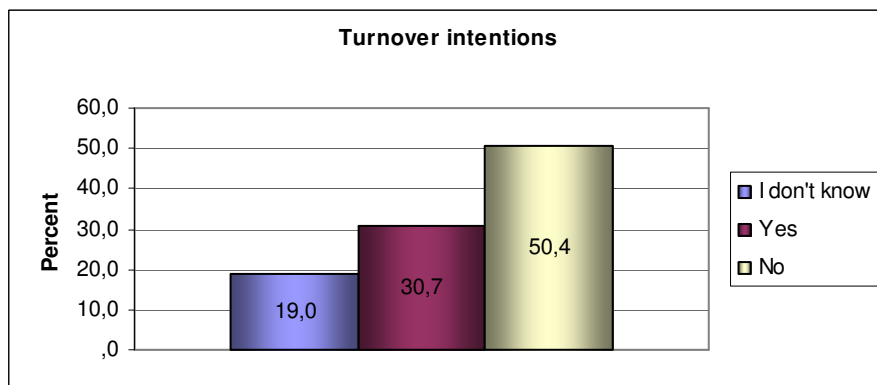


Figure 8. Distribution of the Respondents' Turnover Intentions (n=137)

Most of the respondents who were planning to leave the hotel (part 8 of the questionnaire), wanted to do so in more than a year, and quite a few of the subordinates wanted to quit within a month.

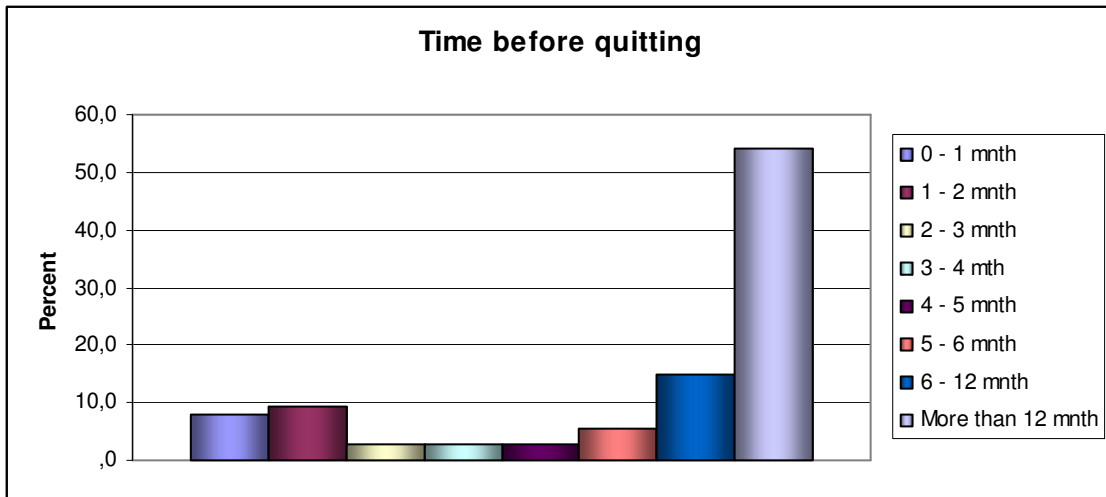


Figure 9. Distribution of the Respondents' Time of Quitting (n=74)

When it comes to job perspectives for the future (part 9 of the questionnaire), most of the answers were evenly distributed between those who had a fair amount or quite a bit of a positive view of how their work was going to be developed in the future.

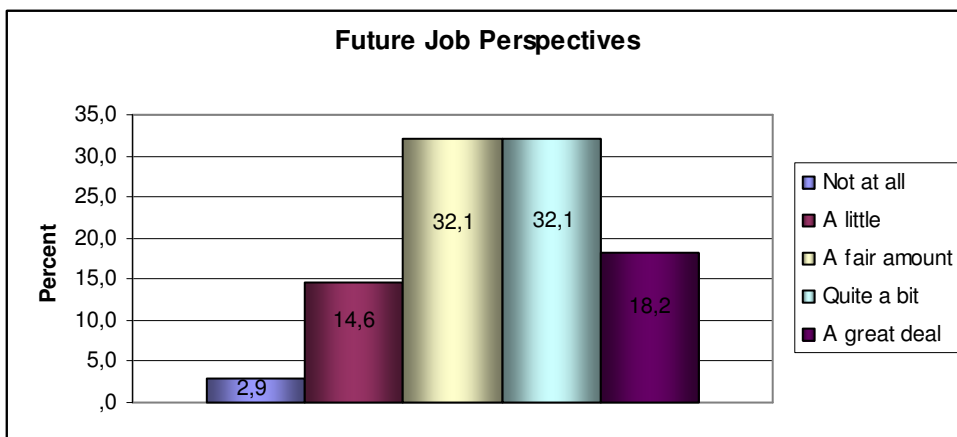


Figure 10. Distribution of the Respondents' Job Perspectives for the Future (n=137)

Part 2. Development of the Theory-Based Sum Scores

For this part of the analysis new variables were created by computing sum scores measuring different leadership dimensions according to the scoring keys provided by Bass and Avolio (2004). After new sum score variables were computed, a new frequency analysis

was done followed by Cronbach alpha reliability analyses, and the data from both analyses is presented in the sum score table below.

Table 1

Sum Scores

| Sumscores | Items from | Cronba | Mean | Min | Max | Std.Dev | n |
|--|----------------|---------------|------|-----|-----|---------|-----|
| | MLQ scores | ch's α | | | | | |
| LMX (7 items) | | 0.883 | 3.8 | 1 | 5 | 0.73 | 137 |
| Contingent Reward / CR | 1, 11, 16, 35 | 0.744 | 3.6 | 1 | 5 | 0.8 | 288 |
| Intellectual Stimulation / IS | 2, 8, 30, 32 | 0.817 | 3.5 | 1 | 5 | 0.84 | 276 |
| Individual Consideration / IC | 15, 19, 29, 31 | 0.778 | 3.6 | 1 | 5 | 0.87 | 292 |
| Idealized Influence Behaviours / IB | 6, 14, 23, 34 | 0.76 | 3.6 | 1 | 5 | 0.8 | 279 |
| Inspirational Motivation / IM | 9,13,26,36 | 0.849 | 3.8 | 1 | 5 | 0.86 | 291 |
| Idealized Influence Attributes / IA | 10, 18, 21, 25 | 0.82 | 3.6 | 1 | 5 | 0.86 | 280 |
| Management-by-exception Active / MBEA | 4, 22, 24, 27 | 0.721 | 3.2 | 1 | 5 | 0.8 | 281 |
| Management-by-exception Passive / MBEP | 3, 12, 17, 20 | 0.655 | 3.4 | 1 | 5 | 0.84 | 282 |
| Laissez-Faire / LF | 5, 7, 28, 33 | 0.798 | 2 | 1 | 5 | 0.92 | 295 |
| Extra Effort / EE | 39, 42, 44 | 0.862 | 3.6 | 1 | 5 | 0.94 | 295 |
| Effectiveness / EFF | 37, 20, 43, 45 | 0.855 | 3.8 | 1 | 5 | 0.86 | 213 |
| Satisfaction / SAT | 38, 41 | 0.834 | 3.8 | 1 | 5 | 0.96 | 298 |
| Commitment / COM | | 0.895 | 4 | 1 | 5 | 0.98 | 134 |
| Satisfaction 2 / SAT2 | | 0.894 | 4 | 1 | 5 | 0.87 | 136 |
| Motivation / MOT | | 0.718 | 4.1 | 1 | 5 | 0.88 | 137 |

Reliability as measured by Cronbach's alpha, showed internal consistency above .70, except MBEP with $\alpha=0.66$, which means that the internal consistency is very high and in this respect we can rely on the results.

The mean ranged from 2 to 4, and most of the items had a mean higher than 3, which is the midpoint of the scale. Hence we may conclude that on average the staff evaluated their

leaders in a fairly positive way. However, as the entire range of the scale was used, some leaders were also perceived in a more negative way by their staff. Moreover, the staff found some leaders to be using the passive-avoidant leadership style. The mean was the lowest at LF, which is a good tendency and means that leaders used laissez-faire style very rarely.

Part 3. Relationships Between the Theory-Based Sum Scores and Dependent Variables

In order to see how all the items are related to each other, a correlation matrix was created. Correlations are presented in Table 2.

Correlations between LMX and leadership styles as defined by the MLQ were quite high, and ranged from .21 to .80. Negative correlations between LMX and passive-avoidant styles of leadership might be expected according to the descriptions by Avolio and Bass (2004). Correlations between LMX and the dependent variables were also high, with the lowest correlation at $r=.41$ (MOT), and the highest at $r=.76$ (SAT).

The most of the intercorrelations among the MLQ items and the dependent variables were significant, with the highest correlations between IC and SAT ($r=.80$), and between IA and SAT ($r=.79$), and the lowest correlations between LF and MOT ($r=-.19$), and MBEP and EFF ($r=-.19$). Negative correlations were found between passive-avoidant styles of leadership and the dependent variables.

Transformational leadership variables and contingent reward showed low and negative correlations with passive-avoidant leadership styles.

Table 2

Correlations

Correlations

| | Age | Gender | Length | LMX | CR | IS | IC | IB | IM | IA | MBEA | MBEP | LF | EE | EFF | SAT | COM | SAT2 |
|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|--------|---------|---------|--------|--------|--------|--------|--------|
| Gender | -.205* | | | | | | | | | | | | | | | | | |
| Length | .692** | .020 | | | | | | | | | | | | | | | | |
| LMX | -.012 | -.041 | -.146 | | | | | | | | | | | | | | | |
| CR | -.001 | -.070 | -.139 | .804** | | | | | | | | | | | | | | |
| IS | -.111 | -.003 | -.156 | .696** | .750** | | | | | | | | | | | | | |
| IC | -.129 | -.043 | -.194** | .744** | .792** | .765** | | | | | | | | | | | | |
| IB | -.025 | -.085 | -.115 | .539** | .735** | .691** | .662** | | | | | | | | | | | |
| IM | -.070 | -.013 | -.150 | .685** | .802** | .715** | .754** | .793** | | | | | | | | | | |
| IA | -.053 | -.097 | -.218* | .733** | .780** | .736** | .800** | .715** | .807** | | | | | | | | | |
| MBEA | -.066 | -.075 | -.041 | .376** | .361** | .385** | .278** | .388** | .287** | .366** | | | | | | | | |
| MBEP | -.021 | -.187* | .037 | -.209* | -.168** | -.116 | -.192** | -.138* | -.195** | -.263** | .189** | | | | | | | |
| LF | .055 | -.079 | .172 | -.332** | -.288** | -.230** | -.363** | -.224** | -.313** | -.408** | .009 | .648** | | | | | | |
| EE | -.079 | -.041 | -.251** | .724** | .755** | .732** | .784** | .619** | .784** | .773** | .253** | -.262** | -.352** | | | | | |
| EFF | -.087 | -.085 | -.291* | .718** | .744** | .686** | .749** | .638** | .723** | .757** | .251** | -.187** | -.288** | .797** | | | | |
| SAT | -.047 | -.059 | -.180* | .763** | .718** | .692** | .796** | .575** | .689** | .789** | .229** | -.272** | -.409** | .813** | .821** | | | |
| COM | .126 | .050 | .060 | .537** | .561** | .569** | .602** | .420** | .576** | .615** | .269** | -.156 | -.243** | .597** | .650** | .621** | | |
| SAT2 | .089 | -.031 | .049 | .500** | .527** | .472** | .580** | .433** | .466** | .531** | .255** | -.090 | -.226** | .569** | .719** | .566** | .724** | |
| MOT | .184* | .047 | .088 | .408** | .427** | .437** | .455** | .374** | .434** | .508** | .237** | -.128 | -.193* | .510** | .493** | .462** | .594** | .653** |

*p < .05; **p < .01

Part 4: Revealing Underlying Leadership Styles Through Factor Analyses and the Relationship Between Factor-Based Sum-Scores and the Dependent Variables

The initial attempt to conduct factor analysis on the MLQ items gave a six-factor model. As shown in the Table 3, these are the first six factors which have eigenvalue of 1.0 or more.

Table ..3

Total Variance Explained

| Factor | Initial Eigenvalues | | | Rotation Sums of Squared Loadings | | |
|--------|---------------------|---------------|--------------|-----------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 12.566 | 34.905 | 34.905 | 10.579 | 29.385 | 29.385 |
| 2 | 3.694 | 10.261 | 45.166 | 3.666 | 10.184 | 39.569 |
| 3 | 1.874 | 5.206 | 50.372 | 2.293 | 6.369 | 45.938 |
| 4 | 1.326 | 3.684 | 54.055 | .794 | 2.206 | 48.144 |
| 5 | 1.083 | 3.008 | 57.064 | .670 | 1.860 | 50.004 |
| 6 | 1.000 | 2.778 | 59.842 | .559 | 1.552 | 51.557 |

Extraction Method: Maximum Likelihood.

However, at further investigation, the scree plot (see Figure 11) revealed that only three of the six factors proved to be the most important in amount of explained variance. The remaining factors were therefore excluded from further analyses.

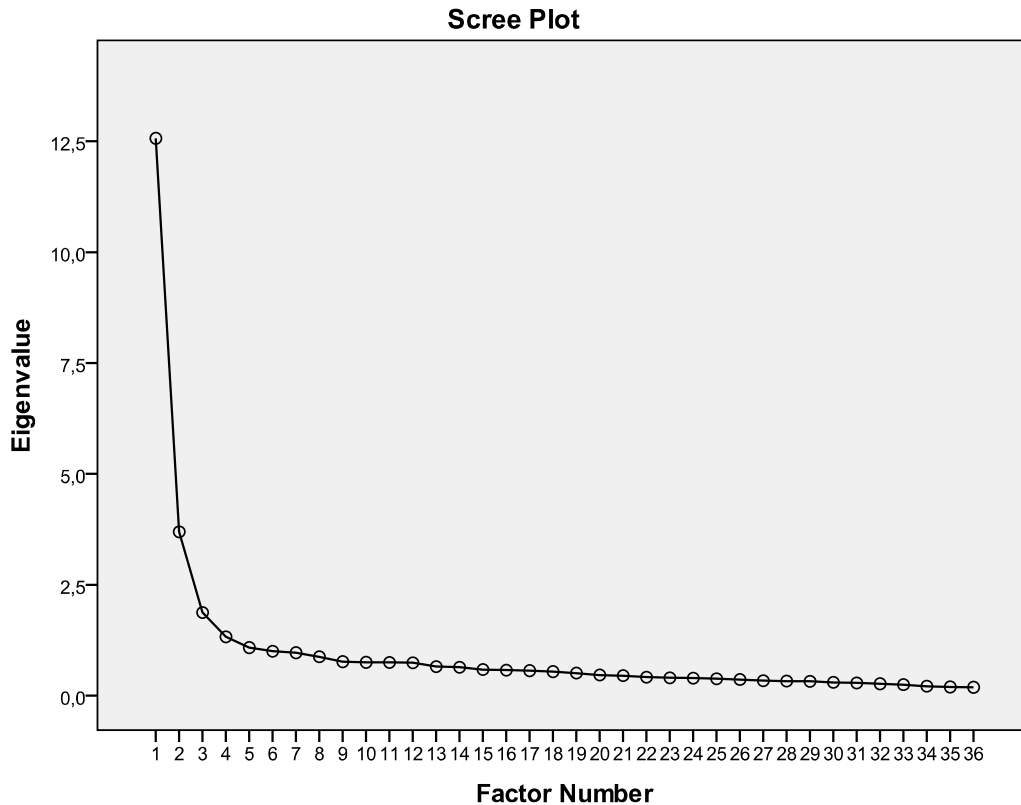


Figure 11. Scree plot.

Further, the factors were rotated by using an orthogonal technique (Varimax), which minimizes the number of variables that have high loadings on each factor. Each variable is loading strongly on one component, and each component is represented by a number of strongly loading variables (Pallant, 2010).

And again, Varimax showed three factors which were the strongest. The first factor was highly loaded on transformational leadership factors with addition of contingent reward (TRF + CR) with values ranging from .37 to .81. Consequently, this factor was named Transformational and abbreviated TRF. The second factor had a high loading on passive-avoidant leadership factors (MBEP + LF) with values from .31 to .78. Consequently, this factor was named Passive-Avoidant and abbreviated PA. Finally, the third factor was highly loaded on MBEA (.55 to .70), and was named Management-be-exception (Abbreviated MBE). The final results are presented in Table 4, where loadings below .30 are not displayed.

Table 4.

Rotated factor solutions for MLQ variables. Maximum Likelihood solution, Varimax rotation.

Number of factors limited to 3. (n=306).

| MLQ-items | TRF + | LF + | MBEA |
|--|-------|-------|------|
| | CR | MBEP | |
| IC 31. Helps me to develop my strengths | .807 | | |
| IM 26. Articulates a compelling vision of the future | .754 | | |
| IM 36. Expresses satisfaction when I meet expectations | .752 | | |
| IS 32. Suggests new ways of looking at how to complete assignments | .734 | | |
| IB 34. Emphasizes the importance of having a collective sense of mission | .723 | | |
| IM 9. Talks optimistically about the future | .715 | | |
| CR 35. Expresses satisfaction when I meet expectations | .712 | | |
| IA 21. Acts in ways that builds my respect | .711 | -.320 | |
| IS 8. Seeks differing perspectives when solving problems | .692 | | |
| IA 10. Instils pride in me for being associated with him/her | .681 | | |
| IS 30. Gets me to look at problems from many different angles | .673 | | |
| IC 19. Treats me as an individual rather than just as a member of a group | .664 | | |
| CR 16. Makes clear what one can expect to receive when performance goals are achieved | .661 | | |
| CR 1. Provides me with assistance in exchange for my efforts | .641 | | |
| IM 13. Talks enthusiastically about what needs to be accomplished | .632 | | |
| IA 18. Goes beyond self-interest for the good of the group | .628 | | |
| IC 15. Spends time teaching and coaching | .611 | | |
| IA 25. Displays a sense of power and confidence | .589 | | .317 |
| IC 29. Considers me as having different needs, abilities, and aspirations from others | .577 | | |
| IB 14. Specifies the importance of having a strong sense of purpose | .551 | | |
| CR 11. Discusses in specific terms who is responsible for achieving performance targets | .550 | | |
| IS 2. Re-examines critical assumptions to question whether they are appropriate | .543 | | |
| IB 23. Considers the moral and ethical consequences of decisions | .540 | | .331 |
| LF 5. Avoids getting involved when important issues arise | | .780 | |
| LF 28. Avoids making decisions | | .653 | |
| LF 33. Delays responding to urgent questions | | .632 | |
| LF 7. Is absent when needed | | .631 | |
| MBEP 12. Waits for things to go wrong before taking action | | .627 | |
| MBEP 20. Demonstrates that problems must become chronic before taking action | | .606 | |
| MBEP 3. Fails to interfere until problems become serious | | .591 | |
| MEA 24. Keeps track of all mistakes | | | .699 |
| MBEA 4. Focuses attention on irregularities, mistakes, exceptions, and deviations from standards | | | .594 |
| MBEA 22. Concentrates his/her full attention on dealing with mistakes, complaints, and failures | | | .569 |
| MBEA 27. Directs my attention toward failures to meet standards | | | .549 |
| MBEP 17. Shows that he/she is a firm believer in "If it ain't broke, don't fix it." | | .309 | .346 |
| IB 6. Talks about his/her most important values and beliefs | .374 | | |

After the factor analysis new variables were computed according to the three factors:

Transformational, Passive-avoidant, and Management-by-exception, and new sum scores created (see Table 5).

Table 5

Sum Scores after Factor Analysis

| Sumscores | Cronbach's α | Mean | Min | Max | Std.Dev | n |
|-------------------------|---------------------|------|-----|-----|---------|-----|
| Transformational | 0.94 | 3.6 | 1 | 5 | 0.74 | 188 |
| Management-by-exception | 0.80 | 3.2 | 1 | 5 | 0.8 | 281 |
| Passive-avoidant | 0.65 | 2.3 | 1 | 5 | 0.8 | 279 |

Cronbach's alpha for transformational leadership variable is extremely high and very close to 1.0. Reliability for other two variables is also very high, with $\alpha=.80$ for management-by exception, and $\alpha=.65$ for passive-avoidant leadership. Mean value for transformational leadership is above the average, which is a positive tendency, while for passive-avoidant it is below the average, which is also a good tendency, indicating that leaders were rated as more transformational and less passive.

A new correlation matrix (see Table 6) was created showing the relationships between the three factors and the dependent variables. From the table we can see that LMX and MLQ are somewhat similar in their relationships with the outcomes. The strongest positive correlations are shown between Transformational leadership and independent variables. Transformational leadership correlates the highest with LMX ($r=.82$) and EFF ($r=.82$), and the lowest with MOT ($r=.46$). Negative correlation is shown between Transformational leadership and passive-avoidant leadership ($r=-.28$), though it's quite low. Future job perspectives were correlated positively and quite strong with transformational leadership ($r=.58$).

Passive-avoidant factor showed only negative correlations both with the dependent variables, and with turnover intentions and future job perspectives, with the strongest effect on satisfaction ($r=-.37$), and the weakest effect on motivation ($r=-.19$).

The Management-by-exception factor was positively correlated with all the dependent variables, with the strongest effect on LMX ($r=.38$), and the weakest effect on motivation ($r=.24$).

LMX had very strong positive relationship with other dependent variables, with r ranging from .41 (MOT) up to .72 (EE).

Interesting relationships were shown between turnover intentions and commitment, satisfaction-2 and motivation. The correlations were all positive and quite high, with $r=.47$ (COM), $r=.54$ (SAT2), and $r=.50$ (MOT).

Job perspectives for the future were positively correlated with transformational leadership ($r=.58$), and with extra effort ($r=.53$), and negatively correlated with passive-avoidant leadership ($r=-.19$).

Table 6
Correlations with the Three Factors

| | Correlations | | | | | | | | | | | | | | |
|-------------------------------|--------------|------------------|--------|--------|--------|--------|--------|--------|--------|--------|----------------------|--------|--------|---------------------|--------------|
| | Transf | Passive-Avoidant | MBE | EE | EFF | SAT | COM | SAT2 | MOT | LMX | Length of Employment | Gender | Age | Turnover Intentions | When to quit |
| Passive-Avoidant | -.279** | | | | | | | | | | | | | | |
| Management- by - exception | .407** | .100 | | | | | | | | | | | | | |
| Extra Effort | .814** | -.335** | .253** | | | | | | | | | | | | |
| Effectiveness | .817** | -.255** | .251** | .797** | | | | | | | | | | | |
| Satisfaction | .792** | -.369** | .229** | .813** | .821** | | | | | | | | | | |
| Commitment | .596** | -.225* | .269** | .597** | .650** | .621** | | | | | | | | | |
| Satisfaction2 | .611** | -.188* | .255** | .569** | .719** | .566** | .724** | | | | | | | | |
| Motivation | .459** | -.186* | .237** | .510** | .493** | .462** | .594** | .653** | | | | | | | |
| LMX | .817** | -.303** | .376** | .724** | .718** | .763** | .537** | .500** | .408** | | | | | | |
| Length of employment | -.334 | .119 | -.041 | -.251* | -.291 | -.180* | .060 | .049 | .088 | -.146 | | | | | |
| Gender | -.042 | -.142 | -.075 | -.041 | -.085 | -.059 | .050 | -.031 | .047 | -.041 | .020 | | | | |
| Age | -.120 | .019 | -.066 | -.079 | -.087 | -.047 | .126 | .089 | .184* | -.012 | .692** | -.205* | | | |
| Turnover Intentions | .250* | -.235** | .158 | .356** | .376** | .375** | .465** | .540** | .499** | .331** | .242** | .023 | .362** | | |
| When to quit | -.012 | -.279* | .010 | .091 | .105 | .114 | .213 | .334** | .264* | .066 | .325** | -.027 | .348** | .518** | |
| Future job perspectives | .579** | -.191* | .143 | .527** | .610** | .512** | .517** | .600** | .606** | .493** | -.117 | -.103 | -.038 | .370** | .117 |

This part of the chapter presents results from 7 multiple regression analyses.

Abbreviations: MBE = Management-by-exception, PA = Passive-Avoidant; TRF = Transformational.

Table 7

Predicting LMX from career factors (Turnover Intentions and Future job perspectives - Model 1), and MLQ factors (Management-by-exception, Passive-Avoidant and Transformational leadership - Model 2). Hierarchical multiple regression (method=enter), (n=137).

| Predictor Variables | Model 1 | Model 2 |
|----------------------------|----------------|----------------|
| Turnover Intentions | .05 | .04 |
| Future job perspectives | .53*** | .15 |
| TRF | | .64*** |
| PA | | -.10 |
| MBE | | .11 |
| Adjusted R ² | .23*** | .62*** |

*P < .05; **p < .01; ***p < .001.

One of the career factors, the future job perspectives, had a moderate significant effect on LMX, while turnover intentions had no effect. A substantial proportion, 23% of the LMX variance, was accounted for by the career factors. In the second model, only the TRF had a strong significant effect on LMX. The observed effects from future job perspectives were now reduced to an insignificant level. Model 2 explained additionally 39% of the LMX variance. In total, 62% of the LMX variance was accounted for by the independent variables. We may conclude that TRF was a strong predictor of LMX and, in the end, the only significant predictor in the final analysis. Positive future job perspectives related to a high LMX-value, but the effects are absorbed by the TRF: staffs who perceive their leader as high on TRF will also have a trustful and close relationship (LMX) with their leader.

Table 8

Predicting Willingness to extra effort at work (EE) from career factors (Turnover Intentions, Future job perspectives, and Length of employment - Model 1), and MLQ factors (Management-by-exception, Passive-Avoidant and Transformational leadership - Model 2). Hierarchical multiple regression (method=enter), (n=137).

| Predictor Variables | Model 1 | Model 2 |
|----------------------------|----------------|----------------|
| Turnover Intentions | .14 | .02 |
| Future job perspectives | .46*** | .14 |
| Length of employment | -.32** | -.09 |
| TRF | | .76*** |
| PA | | -.05 |
| MBE | | -.05 |
| Adjusted R ² | .39*** | .71*** |

*P < .05; **p < .01; ***p < .001.

For EE future job perspectives had a moderate significant effect in Model 1, while length of employment had a low and negative significant effect on EE. Model 1 accounted for 39% of the EE variance. Model 2 explained additionally 32% of the EE variance. TRF had a strong significant effect on EE. The observed direct effects from future job perspectives and length of employment were now reduced to an insignificant level. Consequently, TRF was a strong predictor of EE, and the only significant predictor in the final analysis. A total of 71% of the EE variance was explained by these independent variables. Positive future job perspectives and no intentions to remain with the organisation contributed statistically to willingness of extra efforts at work. However, these effects were absorbed by the strong effects of the TRF-score, so in the end, high TRF values would contribute statistically to high willingness of extra efforts at work. The effects were strong, as almost three fourth of the variance in the willingness to do an extra effort variable was explained by the two models.

Table 9

Predicting Effectiveness in leadership (EFF) from career factors (Turnover Intentions, Future job perspectives, and Length of employment - Model 1), and MLQ factors (Management-by-exception, Passive-Avoidant and Transformational leadership - Model 2). Hierarchical multiple regression (method=enter), (n=137).

| Predictor Variables | Model 1 | Model 2 |
|----------------------------|----------------|----------------|
| Turnover Intentions | .22 | .09 |
| Future job perspectives | .46*** | .15 |
| Length of employment | -.36** | -.13 |
| TRF | | .66*** |
| PA | | -.10 |
| MBE | | .01 |
| Adjusted R ² | .49*** | .75*** |

*P < .05; **p < .01; ***p < .001.

Future job perspectives had a moderate significant effect on EFF in Model 1. Length of employment showed a low negative significant effect on EFF. Model 1 accounted for 49% of the EFF variance. After adding the second model, future job perspectives and length of employment lost their effect. Additionally 26 % of EFF variance was accounted for by Model 2, and a total of 75% of the EFF variance was accounted for by the independent variables. TRF was a strong predictor of EFF, and the only significant predictor in Model 2 as well as in the final analysis. Thus, the staffs that hold positive future perspectives of their work will tend to conceive of their leader as effective, and so will those with a recent entrance to the workplace. However, also here a high score on the TRF will absorb the effects of first two variables, and a leader who receives a high TRF-score from his staff will also be perceived as effective in his leadership. The effects were strong, as three fourth of the variance in the perceived leadership effectiveness variable was explained by the two models.

Table 10

Predicting Satisfaction with leadership (SAT) from career factors (Turnover Intentions, Future job perspectives, and Length of employment - Model 1), and MLQ factors (Management-by-exception, Passive-Avoidant and Transformational leadership - Model 2). Hierarchical multiple regression (method=enter), (n=137).

| Predictor Variables | Model 1 | Model 2 |
|----------------------------|----------------|----------------|
| Turnover Intentions | .15 | .00 |
| Future job perspectives | .42*** | .08 |
| Length of employment | -.30** | -.02 |
| TRF | | .86*** |
| PA | | -.10 |
| MBE | | -.10 |
| Adjusted R ² | .32*** | .73*** |

*P < .05; **p < .01; ***p < .001.

In Model 1 Future job perspectives had moderate significant effect on SAT, while Length of employment had a low significant negative effect. 32% of the SAT variance was explained by this first step. In Model 2, TRF had a strong significant effect on SAT, and the observed effects from future job perspectives and length of employment were reduced to an insignificant level. In total the two models accounted for 73% of the variance in SAT, and Model 2 accounted for an increase of 41% of the SAT variance. This implies that staffs holding positive perception of their job future and who have a short tenure in the hotel are likely to be satisfied with their leader. But when the MLQ scales are introduced, these effects will be absorbed and a high score on the TRF scale will statistically lead to a high staff satisfaction with the leadership. The effects were strong, as three fourth of the variance in the satisfaction with leadership variable was explained by the two models.

Table 11

Predicting Commitment (COM) from career factors (Turnover Intentions and Future job perspectives - Model 1), and MLQ factors (Management-by-exception, Passive-Avoidant and Transformational leadership - Model 2). Hierarchical multiple regression (method=enter), (n=137).

| Predictor Variables | Model 1 | Model 2 |
|-------------------------|---------|---------|
| Turnover Intentions | .17 | .18 |
| Future job perspectives | .55*** | .35** |
| TRF | | .40** |
| PA | | .02 |
| MBE | | .14 |
| Adjusted R ² | .40*** | .44(*) |

*P < .05; **p < .01; ***p < .001.

Future job perspectives had a moderate significant effect on COM in the first model, which accounted for 40% of the COM variance. This effect was somewhat reduced in Model 2 when TRF variable was added. This latter variable had a moderate significant effect on COM, but the increase in explained variance from this second step was only marginally significant (p = .06). The final analysis accounted for 44% of the variance in COM, and the significant predictors were future job perspectives and TRF. Thus, also here positive future job perspectives related to high commitment. Again, high TRF would impact on the Future job perspectives and reduce their contribution; however, in this analysis the effect from future job perspectives was not eliminated. Hence it may be stated that high commitment was statistically impacted by positive future job perspectives and a high TRF-score. The effects were substantial, as almost one half of the variance in the commitment variable was explained by the two models.

Table 12

Predicting Satisfaction with work and life (SAT2) from career factors (Turnover Intentions and Future job perspectives - Model 1), and MLQ factors (Management-by-exception, Passive-Avoidant and Transformational leadership - Model 2). Hierarchical multiple regression (method=enter), (n=137).

| Predictor Variables | Model 1 | Model 2 |
|----------------------------|----------------|----------------|
| Turnover Intentions | .22* | .23* |
| Future job perspectives | .60*** | .45*** |
| TRF | | .27* |
| PA | | .01 |
| MBE | | -.03 |
| Adjusted R ² | .52*** | .54 |

*P < .05; **p < .01; ***p < .001.

Turnover intentions had a significant low effect on SAT2 in Model 1, while future job perspectives had a strong significant effect. Model 1 accounted for 52% of the SAT2 variance. In Model 2, the TRF had a significant low direct effect, the effect of turnover intentions remained almost stable, while the effect of the Future job perspectives were reduced but still significant. The increase in explained variance from Model 1 to Model 2 was not significant. In total, the analysis accounted for 54% of the SAT2 variance. The final significant contributors to the explained variance were TRF, turnover intentions and future job perspectives. High satisfaction with work and life, according to this analysis, was impacted by intention to remain with the organisation and positive future job perspectives both at the outset and in the final analysis. A high TRF score also contributed statistically to high satisfaction. The effects were substantial, as one half of the variance in the satisfaction with work and life variable was explained by the two models.

Table 13

Predicting Motivation (MOT) from career factors (Turnover Intentions and Future job perspectives - Model 1), and MLQ factors (Management-by-exception, Passive-Avoidant and Transformational leadership - Model 2). Hierarchical multiple regression (method=enter), (n=137).

| Predictor Variables | Model 1 | Model 2 |
|----------------------------|----------------|----------------|
| Turnover Intentions | .22 | .26* |
| Future job perspectives | .44*** | .33* |
| TRF | | .19 |
| PA | | .12 |
| MBE | | -.06 |
| Adjusted R ² | .32*** | .31 |

*P < .05; **p < .01; ***p < .001.

In Model 1, only the future job perspectives had a moderate significant effect on MOT. This step accounted for 32% of the MOT variance. In Model 2, the MLQ-variables had no significant effects, however, the effects of future job perspectives were reduced but still significant, and the turnover intentions increased its impact to a low significant effect. There was no increase in explained variance from Model 1 to Model 2. In the final analysis the significant predictors of MOT were turnover intentions and future job perspectives, and the total analysis explained only 31% of the MOT variance. According to this analysis, high motivation is an effect, statistically, of intention to stay and positive future job perspectives. However, the effects are moderate, as only one third of the variance in the motivation variable was explained by the two models.

Discussion

In the present research we concentrated on leader behaviours and traits which are linked to individual, group or organizational outcomes, on relationships between leaders and employees, and followers' trust in the leader, task commitment, effort, job satisfaction, motivation, and effectiveness. In the present research we combined these viewpoints by using two established assessment tools in one survey: the MLQ 5X Short by Avolio and Bass (2004) measuring subordinate perceptions of effective leadership, and LMX-7 by Graen and Uhl-Bien (1995) measuring leader-subordinate relationships. Combination of different approaches and tools is likely to give more reliable and less biased results (Hunter, 2007).

A similar research was conducted in China in 2008 by Lee and Wei, where they tried to understand the relationship between leadership styles, leader-member relationship, and their combined impact on subordinates' extra effort, effectiveness, satisfaction and organizational commitment with the help of the same two instruments. Their research question was: "How does leadership impact on followers' effectiveness, satisfaction, extra effort and organizational commitment, using LMX as the mediating function?" Since LMX relationships are based on exchanges, employees who are better supported by leaders and integrated into organizations are more satisfied with, involved with, and committed to their jobs. The results showed that transformational leadership had positive effect on all the above-mentioned outcomes; contingent reward had positive effect on effectiveness; management-by-exception had negative effect on effectiveness and satisfaction. LMX partially mediated the relationship between transformational leadership, contingent reward, management-by-exception, laissez-faire and followers' satisfaction, extra effort, effectiveness, and organizational commitment. The findings showed that the more active and constructive the leader was, that is, the more transformational and contingent reward styles he/she executed, the higher LMX level she/he might create with followers. The more passive corrective the

leader was, that is, the more managing-by-exception and laissez-faire styles he/she executed, the lower level of LMX he/she would create with followers, as well as effectiveness, extra effort, satisfaction and organizational commitment would be lower. Leadership had direct influence on subordinates' outcomes, and this relationship was also mediated by LMX. Limitation of this research was that leadership and LMX were measured from followers' perspective only (Lee & Wei, 2008).

Despite vast differences in cultural aspect between Norway and China, our findings resembled the findings made by the Chinese researchers. The differences between the two cultures are very informatively demonstrated by Geert Hofstede in his extensive research on cultural dimensions and presented on his professional web-site (<http://geert-hofstede.com>). Insight in these dimensions gives us understanding of how people from different cultures would behave at the workplace and in contact with peers, subordinates and supervisors. According to Geert Hofstede's official website, Norwegians value independency, hierarchy for convenience only, equal rights, workplace where superiors are accessible, coaching and empowering. Power is decentralized, managers count on the experience of their team members, and employees are consulted. Control is disliked and attitude towards managers is informal and on first name basis. Communication is direct, participative and consensus based, personal opinions are valued and expressed. The employer-employee relationship is based on a contract and leaders focus on management of individuals. Focus is on well-being, status is not shown. An effective manager is a supportive one, and decision making is achieved through involvement. **China**, on the contrary, accepts inequalities amongst people. The subordinate-superior relationship is polarized. Individuals are influenced by formal authority and sanctions. China is a highly collectivist culture where people act in the interests of the group. Employee commitment to the organization is low; meanwhile relationships with colleagues

are cooperative for in-groups. China is a masculine society, success oriented and driven. The Chinese will sacrifice family and leisure priorities to work.

The findings of the present study revealed that subordinates had a tendency to rate their leaders as more transformational and contingent rewarding, meanwhile laissez-faire style, or absence of leadership, was much less frequent. Another positive finding was that most of the ratings showed a tendency towards high-quality relationships between leaders and followers, which was shown by the mean value for LMX sum score (3.8). Only one third of the respondents planned to leave the hotel, and we might suppose that most of the raters were satisfied with their jobs.

Transformational leadership had high correlations with LMX, which means that the more transformational the leader is, the higher the quality of leader-member exchange, which can be explained by the fact that the more considerate and stimulating the leader is, the more eager the followers are to show their trust and respect for their leader, and establish high-quality relationships. Passive-avoidant leadership was negatively correlated with LMX, and the possibility for establishing high-quality relationships was unlikely if supervisors executed absence of leadership. High-quality LMX had positive outcomes for subordinates, who were more likely to put forth extra effort and effectiveness, and were more satisfied, committed and motivated if they were trusted and supported by their leader. This result supported the findings of Graen and Uhl-Bien (1995).

The highest correlation was between LMX and contingent reward. When subordinates are in high-quality relationships with their supervisor, they are likely to be recognized and rewarded for showing their involvement and commitment to the leader's tasks. This also might be due to the fact, that not all the respondents participating in research involving the MLQ are quite clear about the difference between transformational and transactional leadership styles, so contingent reward is often associated with transformational leadership.

Some sources claim that transformational leadership is the extension of transactional leadership, but with more leader intensity and follower arousal, that is why contingent reward may as well fall into the category of transformational leadership (Waldman, Bass & Einstein, 1987). Avolio and Bass (2004) explain high correlation between contingent reward and transformational leadership by the item composition of the contingent reward scale.

Contingent reward as a form of recognition is more associated with transformational leadership, because transformational leaders are individually considerate and they have to recognize their followers, and this type of transactional honouring builds trust and dependability among followers, which is a base for transformational leadership.

Contingent reward had a very high positive effect on extra effort, effectiveness, satisfaction, commitment, and motivation. This can be explained by the fact that satisfied and committed employees who are rewarded for their input will put more effort and effectiveness and will be more motivated.

Laissez-faire style appeared to have negative influence on employees' satisfaction, motivation, commitment, effectiveness, extra effort, and LMX. Absence of leadership does not motivate employees to work harder, and makes them less satisfied with their job.

Demographic data had no relevant connection to the job situation.

Our analysis revealed multicollinearity due to very high correlations between LMX and MLQ variables; hence we conducted factor analysis, which resulted in three factors: transformational (TRF + CR), management-by-exception (MBE), and passive-avoidant (MBEP + LF). Sum scores for these factors showed satisfactory alpha value for passive-avoidant factor (0.65), and high values for managing-by-exception (0.80) and transformational leadership (0.94). The mean for transformational factor was higher than the average, which is a good indication showing that most leaders execute transformational

leadership more often than other styles. However, the mean of 2.3 for passive-avoidant behaviour indicates that some of the subordinates have passive leaders.

Job perspectives for the future showed a tendency for dependence on a leadership style, being highly and positively correlated with transformational leadership and negatively with passive-avoidant, which means that employees were more positive about the development of their career if a leader showed transformational behaviour, and were negative if their leader was passive. The employees, who had positive views on their career development, were also more effective, satisfied, motivated and willing to put more effort as well as had a tendency for high-quality LMX with their supervisor. Management-by-exception did not have any significant effect on career perspectives, but had a weak positive influence on dependent variables, which supports the suggestion of Avolio and Bass (2004) that active MBE can lead to small improvements in employees' performance and effort.

Tenure had a weak relation to extra effort, effectiveness and satisfaction, showing that employees with shorter length of employment were more satisfied with their job and willing to put more effort and effectiveness into their job.

Job perspectives for the future appeared to be a moderate predictor of employee commitment and satisfaction, although transformational leadership slightly reduced their contribution. We may state that future job perspectives along with transformational leadership were related to high commitment and satisfaction, meanwhile motivation was affected by an intention to stay and positive future job perspectives.

People who had positive job perspectives not only had a tendency towards high LMX, but also were more effective and willing to put extra effort. As indicated by the results from multiple regression analyses, transformational leadership together with contingent reward was a strong predictor of LMX, extra effort, effectiveness, satisfaction and commitment, and turned out to be insignificant only in the last model explaining motivation.

Interestingly, research by Kanste et al. (2007) mentioned earlier, discovered the same three factors as were revealed by the present study, corresponding to rewarding transformational leadership (transformational leadership styles and contingent reward), passive laissez-faire leadership (MBEP and LF), and active management-by-exception. However, Avolio and Bass (2004) revealed a strong and consistent support for the full range 9-factor model (Table 14), which produced the best fit in all the cases, showing high factor loadings on all the nine factors. However, our factor analysis did not reproduce the full nine-factor model.

Table 14

Item Loadings with the 9-Factor Model. Rater Level (Avolio & Bass, 2004)

| 1 | | 2 | | 3 | | 4 | | 5 | |
|---------------|-----------|---------------|-------------|---------------|-------------|-------------|------------------|-------------|------------------|
| Factor | | Factor | | Factor | | | | | |
| Item | IA | Item | IB | Item | IM | Item | Factor IS | Item | Factor IC |
| IA10 | 0.75 | IB6 | 0.42 | IM9 | 0.69 | IS2 | 0.52 | IC15 | 0.70 |
| IA18 | 0.71 | IB14 | 0.75 | IM13 | 0.77 | IS8 | 0.58 | IC19 | 0.63 |
| IA21 | 0.83 | IB23 | 0.58 | IM26 | 0.75 | IS30 | 0.78 | IC29 | 0.68 |
| IA25 | 0.44 | IB34 | 0.73 | IM36 | 0.75 | IS32 | 0.74 | IC31 | 0.82 |
| 6 | | 7 | | 8 | | 9 | | | |
| Factor | | Factor | | Factor | | | | | |
| Item | CR | Item | MBEA | Item | MBEP | Item | Factor LF | | |
| CR1 | 0.58 | MBEA4 | 0.65 | MBEP3 | 0.62 | LF5 | 0.70 | | |
| CR11 | 0.58 | MBEA22 | 0.56 | MBEP12 | 0.82 | LF7 | 0.54 | | |
| CR16 | 0.66 | MBEA24 | 0.72 | MBEP17 | 0.32 | LF28 | 0.68 | | |
| CR35 | 0.71 | MBEA27 | 0.66 | MBEP20 | 0.73 | LF33 | 0.66 | | |

Kanste et al. (2007) suggest that differences in the results between factor analyses might be explained by sample sizes. However, Avolio and Bass (2004) revealed a full nine-factor model because they used a different way of conducting factor analysis, namely, confirmatory factor analysis. At first they hypothesised about what factors they thought would comprise the model, and then checked whether the items that fit into each factor would have high loadings.

Our findings support the earlier findings by Avolio and Bass (2004), that employee effectiveness, extra effort and satisfaction are negatively affected by passive-avoidant leadership and positively affected by transformational leadership. As we can see in Table 15, correlations between passive-avoidant styles and leadership outcomes are negative, with the highest $r=-.58$ between LF and EFF, and the lowest $r=-.41$ between MBEP and SAT; meanwhile transformational leadership styles together with contingent reward are strongly correlated to the leadership outcomes, with the highest $r=.77$ between IA and SAT, and the lowest $r=.56$ between IB and SAT. Numbers in parentheses show reliability scores, $N=12,118$. One of the findings in Avolio and Bass' (2004) study, namely negative effect of active management-by-exception on leadership outcomes, was not supported by our results.

Table 15

Intercorrelations Between MLQ items (Avolio & Bass, 2004)

| | II(A) | II(B) | IM | IS | IC | CR | MBEA | MBEP | LF | EE | EFF | SAT |
|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|
| II(A) | (.77) | | | | | | | | | | | |
| II(B) | .67** | (.70) | | | | | | | | | | |
| IM | .70** | .70** | (.83) | | | | | | | | | |
| IS | .68** | .62** | .61** | (.75) | | | | | | | | |
| IC | .75** | .61** | .62** | .71** | (.80) | | | | | | | |
| CR | .71** | .64** | .66** | .65** | .73** | (.73) | | | | | | |
| MBEA | .10** | .02 | -.09** | -.02 | -.13** | -.02 | (.74) | | | | | |
| MBEP | -.37** | -.28** | -.30** | -.34** | -.34** | -.34** | .09** | (.70) | | | | |
| LF | -.50** | -.35** | -.38** | -.42** | -.45** | -.47** | -.08 | .62** | (.74) | | | |
| EE | .74** | .59** | .64** | .65** | .72** | .67** | -.07 | -.35** | -.45** | (.84) | | |
| EFF | .76** | .59** | .65** | .65** | .72** | .70** | -.07 | -.45** | -.58** | .74** | (.84) | |
| SAT | .77** | .56** | .62** | .65** | .74 | .68** | -.15** | -.41** | -.54** | .74** | .82** | (.84) |

Conclusion

The aim of the present study was to examine relationships between leaders and their followers from subordinates' perspective, and how these relationships and leader's behaviour affected subordinates' satisfaction, commitment, motivation, extra effort and effectiveness.

We combined two established approaches in this study: the Multifactor Leadership Questionnaire 5X Short which measures full range of leadership styles and their effect on leadership outcomes (Avolio & Bass, 2004), and Leader-Member Exchange (LMX-7), which measures relationships between leaders and subordinates (Graen & Uhl-Bien, 1995).

The findings of this study showed that this measuring method functions well, and can most likely be used as a tool in leader development programs.

The impact of leadership styles as perceived by the employees is strongly related to employee satisfaction, effectiveness, extra effort, motivation, commitment and leader-member relationship, showing that transformational leadership and contingent reward are the most important factors in establishing high leader-member exchange and employee well-being. Turnover intentions and perspectives for the future career development appeared to have a moderate impact on effectiveness and the quality of leader-member exchange.

The limitation of this research is that we do not have control over how seriously the respondents took the task, so there might be possibilities for minor measurement errors.

The suggestion for future research on this subject is to employ longitudinal study to see if there were any developments, with possibilities to create a training program for the leaders to work on their weaknesses and improve their leadership behaviour.

Most of the researchers focus primarily on positive outcomes of leader actions, although it is worthwhile to take into consideration leader's errors, since these may also result in important outcomes (Hunter et al., 2007).

The fact that we did not use random sampling limits the possibilities for generalisation of the results for the population.

One of the most important considerations that seems to be missing from some leadership studies is examination of the context which can potentially create biasing effects. Studying the contextual variables may help avoid or reduce errors and bias in data and give a better understanding of potential moderators (Hunter et al., 2007). An implication for further research on the subject of the present study may be to include contextual items in the survey.

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Appendix A

1) * Leader-Member Exchange

| | Not a bit | A little | A fair amount | Quite a bit | A great deal |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Do you know where you stand with your leader... do you usually know how satisfied your leader is with what you do? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| How well does your leader understand your job problems and needs? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| How well does your leader recognize your potential? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Regardless of how much formal authority your leader has built into his or her position, what are the chances that your leader would use his or her power to help you solve problems in your work? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Again, regardless of the amount of formal authority your leader has, what are the chances that he or she would "bail you out" at his or her expense? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

2) * Kindly express your opinion about the following

| | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| I have enough confidence in my leader that I would defend and justify his or her decision if he or she were not present to do so. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

3) * How would you characterize your working relationship with your leader?

- Extremely ineffective
- Average
- Better than average
- Extremely effective
- Worse than average

4) Judge how frequently each statement fits the leader you are describing.

| | Not at all | Once in a while | Sometimes | Fairly often | Frequently, if not always |
|--|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| 1. Provides me with assistance in exchange for my efforts | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Re-examines critical assumptions to question whether they are appropriate | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Fails to interfere until problems become | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | Not at all | Once in a while | Sometimes | Fairly often | Frequently, if not always |
|---|-------------------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| serious | | | | | |
| 4. Focuses attention on irregularities, mistakes, exceptions, and deviations from standards | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Avoids getting involved when important issues arise | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Talks about his/her most important values and beliefs | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Is absent when needed | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Seeks differing perspectives when solving problems | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Talks optimistically about the future | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Instills pride in me for being associated with him/her | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Discusses in specific terms who is responsible for achieving performance targets | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Waits for things to go wrong before taking action | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. Talks enthusiastically about what needs to be accomplished | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. Specifies the importance of having a strong sense of purpose | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. Spends time teaching and coaching | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. Makes clear what one can expect to receive when performance goals are achieved | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. Shows that he/she is a firm believer in "If it ain't broke, don't fix it." | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. Goes beyond self-interest for the good of the group | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 19. Treats me as an individual rather than just as a member of a group | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Not at all | Once in a while | Sometimes | Fairly often | Frequently, if not always |
| 21. Acts in ways that builds my respect | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 22. Concentrates his/her full attention on dealing with mistakes, complaints, and failures | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 23. Considers the moral and ethical consequences of decisions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 24. Keeps track of all mistakes | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 26. Articulates a compelling vision of the future | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 27. Directs my attention toward failures to meet standards | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 28. Avoids making decisions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 29. Considers me as having different needs, abilities, and aspirations from others | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 30. Gets me to look at problems from many different angles | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 31. Helps me to develop my strengths | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 32. Suggests new ways of looking at how to complete assignments | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 33. Delays responding to urgent questions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 34. Emphasizes the importance of having a collective sense of mission | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 35. Expresses satisfaction when I meet expectations | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 36. Expresses confidence that goals will be achieved | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 37. Is effective in meeting my job-related needs | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 38. Uses methods of leadership that are satisfying | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 39. Gets me to do more than I expected to do | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 40. Is effective in representing me to higher authority | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 41. Works with me in a satisfactory way | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 42. Heightens my desire to succeed | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 43. Is effective in meeting organizational requirements | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 44. Increases my willingness to try harder | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 45. Leads a group that is effective | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

9) Commitment

| | Strongly disagree | Partly disagree | Neutral | Partly agree | Strongly agree |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| I tell my friends that this is a good hotel to work in | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| My values correspond to this hotel's values | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| This hotel inspires me to do my best when I am at work | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

10) Satisfaction

| | Very dissatisfied | Dissatisfied | Neither/nor | Satisfied | Very satisfied |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| How satisfied are you with your current job? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| When you think of how you feel at the moment, you are generally satisfied with life or are you mostly dissatisfied? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

11) Have you ever thought about quitting this job?

- Yes
- No
- I don't know

12) If you are planning to quit, in what time will you do it?

- 0 - 1 months
- 1 - 2 months
- 2 - 3 months
- 3 - 4 months
- 4 - 5 months
- 5 - 6 months
- 6 - 12 months
- more than 12 months

13) Do you have a positive view of how you work is going to develop in the future?

- Not at all
- A little
- A fair amount
- Quite a bit
- A great deal

14) Motivation

| | No, never | No, almost never | I don't know | Yes, sometimes | Yes, often |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Do you feel motivated in your job at the moment? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Do you think your job is challenging?

15) Your age

- younger than 20 years old
- 20 - 25 years old
- 26 - 30 years old
- 31 - 35 years old
- 36 - 40 years old
- over 40 years old

16) Gender

- male
- female

17) How long have you worked in this hotel?

- 0 - 1 years
- 1 - 2 years
- 2 - 3 years
- 3 - 4 years
- 4 - 5 years
- 5 - 6 years
- 6 - 7 years
- 7 - 8 years
- 8 - 9 years
- 9 - 10 years
- More than 10 years

Appendix B

| Characteristic | Scale Name | Scale Abbrev | Items |
|------------------|---|--------------|-------------|
| Transformational | Idealized Attributes or Idealized Influence (Attributes) | IA or II(A) | 10,18,21,25 |
| Transformational | Idealized Behaviors or Idealized Influence (Behaviors) | IB or II(B) | 6, 14,23,34 |
| Transformational | Inspirational Motivation | IM | 9,13,26,36 |
| Transformational | Intellectual Stimulation | IS | 2,8,30,32 |
| Transformational | Individual Consideration | IC | 15,19,29,31 |
| Transactional | Contingent Reward | CR | 1,11,16,35 |
| Transactional | Mgmt by Exception (Active) | MBEA | 4,22,24,27 |
| Passive Avoidant | Mgmt by Exception (Passive) | MBEP | 3,12,17,20 |
| Passive Avoidant | Laissez-Faire | LF | 5,7,28,33 |

| Characteristic | Scale Name | Scale Abbrev | Items |
|-----------------------|---------------|--------------|-------------|
| *Outcomes of Leadrshp | Extra Effort | EE | 39,42,44 |
| Outcomes of Leadrshp | Effectiveness | EFF | 37,40,43,45 |
| Outcomes of Leadrshp | Satisfaction | SAT | 38,41 |

*As the term connotes, the Outcomes of Leadership are not Leadership styles, rather they are outcomes or results of leadership behavior.

The MLQ Scoring Key (Avolio & Bass, 2004)