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## Leadership: the preferred style in the context of Indian professionals using Bass's model of multi leadership construct

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### Keywords

Transactional leadership, transformational leadership, laissez-faire, Multifactor leadership Questionnaire

### Abstract

*The business marketplace is rapidly changing and becoming more competitive due to globalization; consequently, new innovations and higher performance levels from teams in organizations is necessary to continue to be successful. Organizations in both public and private sector are in need of radical change and leadership is a mechanism by which organizations foresee and walk through change. Leadership is the process whereby an individual influences a group of individuals to achieve a common goal (Northouse, 2007). Parry (1996) emphasizes the importance of transformational leadership by comparing management as a transaction while leadership as a transformation. With a volatile economy it is becoming increasingly important for leaders to maximize the performance and motivate their followers. Leadership is a relationship between leaders and followers and building this relationship requires an appreciation of the leaders' style and their capability to influence change in organizations. The study focuses on the pattern of leadership style in Indian professionals spread across various private organizations in India. Multi Leadership Questionnaire developed by Bass and Avolio, 1992 has been used for the empirical study. This paper has revealed the spread of transactional and transformational leadership styles to be prevalent in Indian managers and the satisfaction of subordinates with their leaders' style.*

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### Introduction

Leadership is observed as a critical factor in the initiation and implementation of the transformation in organizations. If the purpose of the leadership is to engender a favorable impact on individuals, teams and organizations then established paradigms of leadership such as directive versus participative, consideration versus initiating structure, autocratic versus participative, consideration versus initiating, autocratic versus democratic should be broadened (Avolio & Bass, 1995; Bass & Avolio, 1990; Conger, 1993; Ekvall & Arvonen, 1991, 1994; Puffer & McCarthy, 1996). With respect to management of transformation processes in organizations there is a strong need for leaders who are change oriented. These leaders place value on the development of a clear vision and inspire followers to pursue and follow a comprehensible vision. Besides participative leadership style, a clear vision will foster innovation or mission management (Anderson & King, 1993). Leaders who enhance followers' confidence and skills to devise innovative responses, to be creative and to take risks can also facilitate the changeover processes in organizations (Howell & Avolio, 1989). Resulting from this, a paradigm shift occurred in the past decade with the emergence of "new leadership" theories such as transformational and transactional leadership. Even though "charisma" and "transformational"

are used interchangeably Bass makes a distinction between them with charisma forming a sub-dimension of transformational leadership (Bass, 1985; Bass & Avoli, 1993). As advocates of transformational leadership, leaders educate performance beyond expectations by instilling pride, communicating personal respect, facilitating creative thinking and providing inspiration. Burns (1978) argues that transactional leadership entails an exchange between leader and follower. Followers receive certain valued outcomes when they act according to their leader's wishes. Quinn (1988) compares transactional and transformational leadership with other differentiations in leadership such as relationship and task oriented.

### **Transactional Leadership**

Taking Burns as his starting point Bass (1985) notes that leadership in general has been conceptualized as transactional or cost-benefit exchange process. Transactional leadership theories are all founded on the idea that leader-follower relations are based on a series of exchange processes. The notion that goes along in organizations is that when the job and the environment of the follower fail to provide the necessary motivation, direction and satisfaction, the leader through his or her behavior will be effective by compensating for the deficiencies. The leader clarifies the performance criteria in other words what is expected from subordinates and what they receive in return (House, Woycke & Fodor, 1988). Several empirical evidences support the transactional theories like path-goal theory (House, 1971; House & Mitchell, 1974; Indvik, 1986) and vertical dyad theory (Graen & Cashman, 1975; Graen & Scandura, 1987). Bass (1985) identified two factors as composing transactional leadership. Transactional leaders can be effective to the extent that they clarify expectations and goals, but they generally neglect to focus on developing the long-term potential of followers, identified as *contingent reward (CR) leadership*. *Management-by-exception (AM)* transactions involve interventions only when followers deviate from expectations, giving negative feedback for failure to meet standards. Leaders try to anticipate mistakes or problems.

### **Transformational Leadership**

The transformational leaders typically inspire followers to do more than originally expected. They set challenging goals and enable followers to achieve higher levels of performance. Transformational leadership theories predict followers' emotional attachment to the leader and emotional and motivational arousal of followers as a consequence of the leader's behavior (House et al). Yammarino and Bass (1990) note that transformational leaders articulate a realistic vision of the future that can be shared, stimulates subordinates intellectually and pays attention to the difference in subordinates. So four distinct factors have been identified by Bass (1985). The first dimension *charismatic leadership (C)* is exhibited by leaders who act as role models, create a sense of identification with a shared vision and instill pride in subordinates by overcoming obstacles. *Inspiration (I)* is identified as inspiring and empowering followers to enthusiastically accept and pursue challenging goals and a mission. *Individual consideration (IC)* consists of behaviours such as communicating personal respect to followers by giving them specialized attention, by treating each one individually and by recognizing each one's unique needs. Finally leaders who consider old problem in new ways, articulate these new ideas and encourage followers to rethink their conventional practice and ideas are said to be intellectually stimulating (IS). Tichy and Devanna (1990) highlight the transforming effect these leaders can have on organizations as well as on individuals. By defining the need for change, creating new visions, mobilizing commitment to these visions, leaders can ultimately transform the organizations.

As Hater & Bass (1988), clarifies that transactional and transformational leadership does not imply that the models are unrelated. Burns (1978) thought of the two types of leadership as being at two ends of the continuum. Bass (1985) however views them as separate dimensions, which indicates that a leader can be both transactional and transformational (Bryman,1992). Bass (1985) further argues that transformational leadership builds on transactional leadership but not otherwise. The models differ on the process by which the leader motivates subordinates and on the type of goals set (Hater & Bass,1988). Both exhibit active leadership skills and actively intervene to avoid obstacles.

### Laissez-faire Leadership

The laissez-faire leader avoids decision making and supervisory responsibility. This type of leader is inactive neither reactive nor proactive. It is an indicator of absence of leadership and avoidance of intervention. Bass (1990a) concludes that there is a negative association between laissez-faire leadership and a variety of subordinate performance, effort and attitudinal indicators. There is no attempt to make agreements with followers, to motivate them, to set standards or to give feedback. However, one could probably define situations in which highly active leadership is either not desirable or desired. Kerr and Jermier (1978) propose several subordinate, task and organization characteristics that could reduce the importance of leadership. In other words it can be postulated that a less active leader could also lead to empowerment of followers which could even make a useful component of transformational leadership.

### Multi-leadership Questionnaire (MLQ)

The survey instrument used was the Multi-leadership Questionnaire, (MLQ), version 5X-Short and revised was used to assess transactional, transformational and laissez-faire (Bass & Avolio, 1992). N the Full Range Leadership Model developed by Bernard Bass and Bruce Avolio(1992). It is a short and comprehensive survey that measures the full range of leadership styles. The MLQ has evolved since 1980 to assess the components of the full range of leadership. The questionnaire instructs respondents to judge how often their manager displays 21 items of behavior. Table I represents the sample items using a five-point scale (from 'frequently'; if not always' to 'not at all').

<b>Transformational Leadership</b>
Factor 1. <i>Idealized Influence</i> indicates whether you hold subordinates' trust, maintain their faith and respect, show dedication to them, appeal to their hopes and dreams, and act as their role model. (3 items)
Example: "I am ready to trust my superior to overcome any obstacle"
Factor 2. <i>Inspirational motivation</i> measures the degree to which you provide a vision, use appropriate symbols and images to help others focus on their work, and try to make others feel their work is significant.
Example: "In my mind my supervisor is a symbol of success and accomplishment"
Factor 3. <i>Intellectual stimulation</i> shows the degree to which you encourage others to be creative in looking at old problems in new ways, create an environment that is tolerant of seemingly extreme positions, and nurture people to question their own values and beliefs and those of the organization.
Example: "My superior helps me to look at old problems from new angles"

Factor 4. <i>Individualized consideration</i> indicates the degree to which you show interest in others' well-being, assign projects individually, and pay attention to those who seem less involved in the group.
Example: "My superior treats me as an individual rather than just a member of a group".
<b>Transactional Leadership</b> Factor 5. <i>Contingent reward</i> shows the degree to which you tell others what to do in order to be rewarded, emphasize what you expect from them, and recognize their accomplishments.
Example: "My superior tells me what I would receive if I do what is required".
Factor 6. <i>Management-by-exception</i> assesses whether you tell others the job requirements, are content with standard performance, and are a believer in "if it ain't broke, don't fix it."
Example: "My superior me the standards to be met to carry out the work".
<b>Non-leadership/Laissez-faire</b> Factor 7. <i>Laissez-faire</i> measures whether you require little of others, are content to let things ride, and let others do their own thing.
Example: "I ask no more of others than what is absolutely essential".

Table 1: The MLQ leadership dimensions and sample items (Bass & Avolio, 1992)

### Methodology

This research design was conceived to be an exploratory research. The purpose of this study was to empirically evaluate the relationship of leadership behaviors' to subordinate perceptions among professionals dispersed across industry. A primary research based, self administered multiple leadership questionnaire (MLQ) , was used for the purpose developed by B.M.Bass and B.J.Avolio (1992) on a five point Likert scale. In all 150 professionals working in managerial positions were contacted for responses, out of which I could analyze data of only 137 respondents. Kaiser Meyer Olkin Measure of Sampling Adequacy was .785, which showed that sample was reliable to be subjected for further analysis. The average age of respondents was 32 years with average experience of 15 years (50%) of working in managerial positions (Fig 2). Female and male percentage in the sample was 31% and 69% approximately (Fig1). The sample had representation from top management (5%), senior (33%), middle (50%) and junior management (55%) (Fig.2) The respondents profile spread across various industries as shown in (Fig.3)

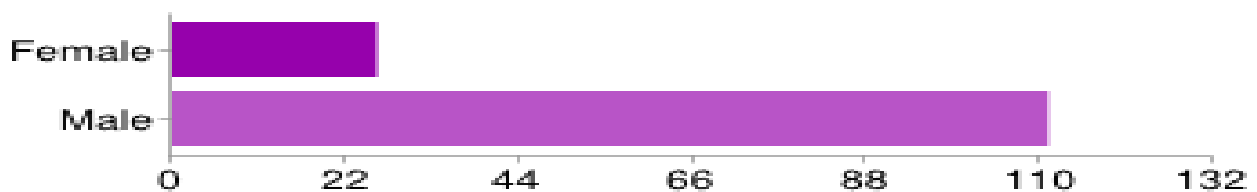


Fig.1 Percentage of male and female respondents

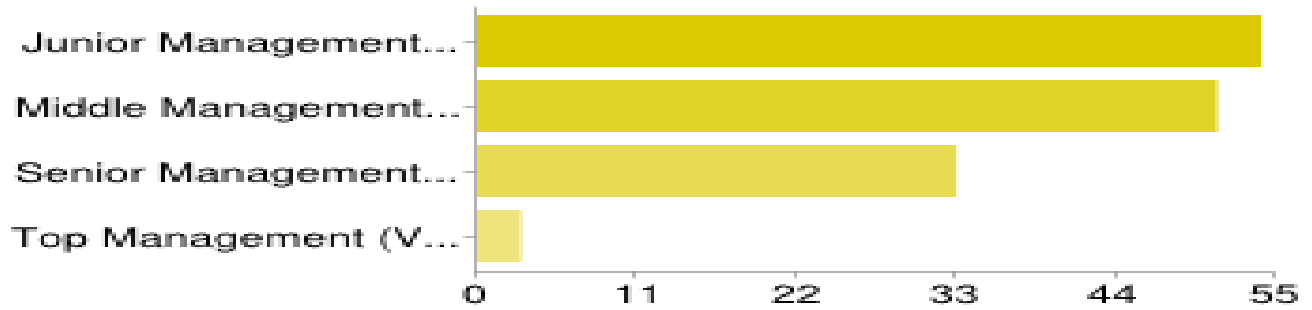


Fig 2: Representation of respondents in management cadre

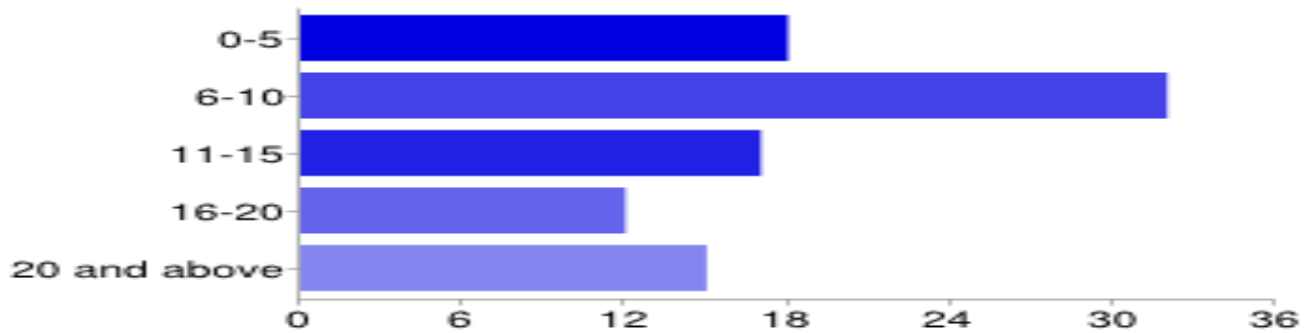
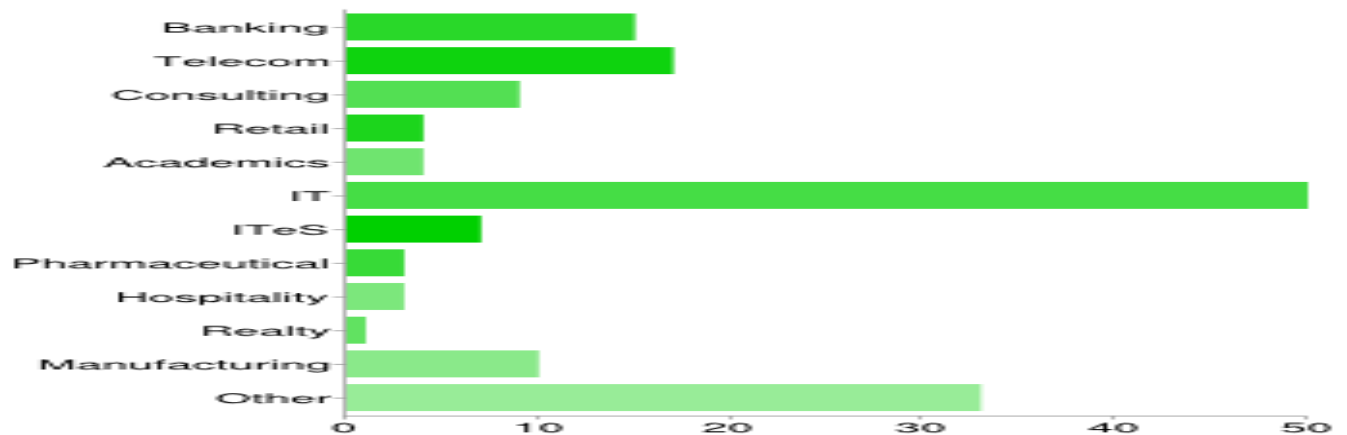


Fig 3: No. of yrs. of experience of respondents



### Discussions and Conclusions

The results of MLQ self-administered survey was analyzed and organized. The questionnaire addressed the area of leadership dimensions with perception on leadership effectiveness and satisfaction with the leadership style of their managers. The significant level was set at .05 and the calculated *p* values for the models were .000. The hypothesis postulated is that there is no significant difference in relationship between the leadership style (transactional, transformational and laissez-faire) of managers and perceived leader effectiveness and satisfaction with their leader. The null hypothesis had to be rejected because the empirical evidence from multivariate technique of multiple regression and analysis based on product-moment correlation coefficients. The coefficient of correlation (*R*) for the dependent variables of effectiveness was 1.000,  $F(9,92)=76405.198$ , demonstrating a strong linear association. The beta partial coefficients *p* values for transformational leadership, contingent reward, management by

exception and laissez-faire are statistically significant. The *B* un-standardized coefficient was also found to be positive.

The combined independent variables measuring the dimension of leadership style with the dependent variable of subordinate satisfaction resulted in a multiple *R* of .965,  $F(9,91)=185.697$  demonstrating a strong linear association. The multiple  $R^2$  is 0.934. The beta partial regression coefficient *p* values for transformational leadership, contingent reward and laissez-faire are statistically significant. The *B* un-standardized coefficient also showed a positive sign. The findings of this study provide empirical support for the applicability of Bass's (1985) transformational and transactional leadership paradigm among Indian executives in the organizational setting. "Full Range of Leadership" (Bass, 1998) postulates that leaders possess the ability to exhibit each style to some degree. This has been proved true in the study.

### Research Limitations and Direction for Future Research

From our findings it can be implied that both men and women are positively inclined to exhibiting transformational and transactional leadership styles. A small number of women in the sample is a limitation of the study. Further the study does not try to establish the benefits of the leadership styles other than trying to collect the perceptions of subordinates on the effectiveness and satisfaction of their managers leadership styles. So more measures like organizational culture, performance and other important indices of organizational performance can be identified to establish correlation. Further studies need to be conducted to understand which leadership style is best suited to a developing economy like India. India is a diverse economy, the culture of public sector enterprises and private enterprises are different from one another further study is required to understand how managers in these two type of enterprises differ from one another. This study reflects how Indian private sector has emerged in the recent times and predisposition of today's managers is more towards transformational leadership. The managers understand that only a transformational leader can make an organization grow. They look forward to the role in that light and would expect their seniors to exhibit transformational leadership behavior. It would be interesting to research further the MLQ score patterns of managers at different levels and at different age groups.

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