

TITLE: Transformational Leadership and Australian Bank Managers

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OBJECTIVE: To compare the set of transformational leader behaviors identified by Bass (1985) with those of Kouzes & Posner (1987); exploring potential overlap, superiority, and extensions.

METHODOLOGY: The study took place within one of Australia's largest financial institutions (ANZ Bank); involving 693 branch managers (78% response rate), 1539 subordinates (54% response rate) and 66 District Managers (100% response rate). Twenty percent of the branch manager's were female. The average age of branch managers was 41 years (ranging from 23 to 58), mean length of time with the bank was 22 years, and average staff size was 11 people. Eighteen percent had completed or partially completed tertiary studies (undergraduate college). The majority of subordinates were female (69%). Their average age was 31 years; they had been with the bank for about 9 years and worked, on average, with their current branch manager 1.7 years. District managers supervised an average of 16 branches, were predominantly male (95%), about 46 years old, having worked for the bank 26 years while in their current positions only 3 years. Just over one-quarter had completed tertiary studies.

The branch manager's transformational leadership and work performance were rated by the manager, his/her subordinates, and his/her superior (District Manager). Branch group cohesion and team performance were rated by the manager and subordinates. Subordinates' work performance was assessed by the manager and the subordinates. Managers rated their own self efficacy, and subordinates rated their motivation, extent of trust in their leader and their leaders' effectiveness.

In addition to the Leadership Practices Inventory (LPI), respondents completed the Multifactor Leadership Questionnaire Form 5X (MLQ; Bass, 1985) and Global Transformational Leadership Questionnaire; the latter eight-item scale was developed by the author. The author developed a Global Work Performance scale, following pilot testing, resulting in a two-item scale assessing the quality of work and standard of work. Alpha coefficients of internal reliability were .79 for managers (self) and .82 for subordinates (self); while for others the alpha ratings were .88 for managers, .88 for subordinates, and .86 for District Managers. Self-efficacy was adapted from Shearer & Adams (1983) using five items (alpha = .80). Subordinate motivation (extra effort), modified from several existing scales, involved four items (alpha = .86). A five-item scale (Ragins, 1989) measured subordinate perceptions of their leader's effectiveness (alpha = .90). Subordinate trust in

the leader used four items from Tjosvold, Andrews & Struthers (1991) with a .90 alpha coefficient. An eight-item scale, developed for this study, measured team cohesion (alpha = .89). Six items formed the team performance scale (alpha =.87).

KEY FINDINGS: Following several multivariate analyses the author concludes that while "at the first-order level, in comparison to a one factor model of transformational leadership, the theoretical models argued by Bass and Kouzes & Posner were found to significantly fit the data better in both the self and other ratings. However, the fit statistics indicated that a priori models provided an inadequate account of the observed data. The findings indicated a 7-factor model for the LPI and a 5-factor model for the MLQ provided a better fit" (. 119). "Self and other ratings of transformational leadership agree on the same factor structure" (p. 123).

Using revised LPI and MLQ measures, the author concluded that "there is no empirical difference between the transformational leader behaviors identified by Bass and Kouzes and Posner" (p. 151); the LPI is more strongly associated with team performance, the MLQ more strongly related to individual motivation, and their relationship to leader effectiveness relatively equivalent.

Combining the LPI and MLQ into a single measure of transformational leadership, showed that "leadership has a significant impact on team performance..that leader self efficacy is a significant predictor of transformational leadership and leader work performance" (p. 176).

Comparisons between self and other ratings, using modified LPI and MLQ scales, showed managers' self ratings to be consistently higher than those provided by their subordinates. Further analyses revealed that the strongest correlations between leadership and work performance is between subordinates, the least agreement between managers and their subordinates, and some agreement between District Managers (superiors) and subordinates. Finally, "there is no substantial evidence to indicate females and males differ in their use of transformational leader behavior" (p. 192).