AIM-MONASH UNIVERSITY LEADERSHIP REPORT 2001

A joint Australian Institute of Management-Monash University Research Project

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Key Findings

Leadership

- No leadership differences exist among Australian executives classified by State or organizational size.

- All transformational leadership approaches are greater than the mean scores of other studies, and indicate that Australian executives have a tendency to rate themselves more liberally and positively than their overseas counterparts.

- Female executives recorded significantly higher mean scores on all transformational factors, and higher scores on effectiveness and satisfaction in their leadership approach compared to male executives.

- Older, more experienced, more senior, and better paid executives were more likely to record higher levels of transformational leadership and leadership outcomes.

Culture

- Performance orientation (having high expectations for performance, enthusiasm for the job, results oriented, being organized) was the prominent organizational culture type for executives in the study.

- Other top culture types were social responsibility (being reflective, having a good reputation), supportiveness (being team oriented, sharing information), and emphasis on rewards (fairness, opportunities for professional growth).

- Male executives were more likely to score higher on all dimensions of organizational culture than were female executives.

- Higher levels of all cultural dimensions were recorded among smaller sized companies (500 or fewer employees).

- All organization culture factors were highly and positively correlated with job outcomes, apart from job stress.

- Supportiveness, emphasis on rewards and social responsibility were most associated with job outcomes, with the highest correlations occurring for trust and culture factors.

Job Outcomes

- Australian executives were moderately to considerably satisfied with their jobs, followed by respect of their leadership by others in the company.

- Trust by others in the company was the lowest ranked job outcome.

- Male executives reported a higher level of trust in the company by others than did female executives.

- The more senior and older the executive, the more likely it was to report higher levels of job outcomes (apart from stress).

- Similar to organizational culture, smaller sized organizations reported higher levels of job outcomes.

Correlations

- All transformational factors including leadership outcomes were highly correlated with all cultural dimensions, with strongest correlations among transformational leadership and performance orientation, emphasis on rewards, and supportiveness. Inspirational motivation (creating a vision for the future) was most related to organizational culture.

- Individualized consideration was least associated with all cultural dimensions, as were MBE(A), MBE(P), and laissez faire.

- Competitiveness, performance orientation and supportiveness were most frequently correlated with leadership outcomes.

- All transformational leadership factors including leadership outcomes were strongly and positively correlated with all job outcome factors, excluding job stress. Similar to the correlations for leadership and culture, inspirational motivation was most related to job outcomes (personal job satisfaction, commitment to company by others, trust in company by others, loyalty to company by others).

- All organizational culture factors were highly and positively correlated with job outcomes, apart from job stress. Supportiveness, emphasis on rewards and social responsibility were most associated with job outcomes, with the highest correlations occurring for trust and OCP factors. The strongest correlations were: emphasis on rewards and trust (.62), supportiveness and trust (.61), supportiveness and commitment (.55), supportiveness and loyalty (.55), and stability and trust (.54).

Methodology

The Study Sample

A total sample of 1,918 useable responses represented a 39% return rate from a final sample of 4962 (38 uncompleted surveys from retired AIM members). Table 1 illustrates the sample compared with the AIM population and categorized by a number of demographic variables (for all tables there is a variable n because of missing data).

Table 1
Stratified Study Sample Categorized by State Membership, Gender, Age, and Company Size Compared with Australian Institute of Management (AIM) Population (1999 data)

	AIM Population		Achieved Sample	
	f	%	f	%
1999 Personal Membership				
State				
NSW	7031	33	**588**	**31**
VIC	5395	25	**513**	**27**
QLD/NT	5034	24	**409**	**22**
WA	2063	9	**157**	**8**
SA	976	4	**91**	**4**
ACT	546	3	**121**	**6**
TAS	415	2	**23**	**1**
No State Mentioned			**16**	**1**
Totals	21461	100	**1918**	**100**
Gender				
Male	16954	79	**1436**	**76**
Female	4507	21	**457**	**24**
Totals	21461	100	**1893**	**100**
Age				
<49	12662	59	**1176**	**61**
50+	8799	41	**733**	**39**
Totals	21461	100	**1909**	**100**
Company Size				
<500	19315	90	**1178**	**62**
501-1000	858	4	**146**	**8**
1000+	1288	6	**576**	**30**
Totals	21461	100	**1314**	**100**

The Research Instruments

Multifactor Leadership Questionnaire

The study used the Multifactor Leadership Questionnaire (MLQ) Form 5X to measure transformational and transactional leadership styles. Reliabilities for the MLQ (5X) established by Bass and Avolio (1997:72) are as follows, with reliabilities (self-scored) for the same leadership factors established by this study shown in the accompanying sets of parentheses: Idealized Attributes, 0.86 (0.67); Idealized Behaviors, 0.85 (0.68); Inspirational Motivation, 0.88 (0.78); Individualized Consideration, 0.86 (0.75); Intellectual Stimulation, 0.89 (0.74); Management by Exception (Active), 0.76 (0.73); Management by Exception (Passive), 0.85 (0.72); Contingent Reward, 0.85 (0.61); and Laissez Faire, 0.81 (0.77).

Organizational Culture Profile

The Organizational Culture Profile (OCP) was developed by O'Reilly, Chatman and Caldwell (1991). The abbreviated version of the OCP (Cable and Judge, 1997) was used in this study, and was modified to allow respondents to indicate the organization's characteristic cultural values orientation along a five-point Likert scale where 1=Not At All, 2=Minimally, 3=Moderately, 4=Considerably, and 5=Very Much. Permission to use an amended and revised version was received from the American Psychological Association (27 September 1999) and Professor Charles O'Reilly (21 December 1999). The new, shortened version of the OCP now consists of a 28-item, seven factor structure as follows (reliabilities are shown in parentheses): Competitiveness (.75), social responsibility (.74), supportiveness (.87), emphasis on rewards (.80), innovation (.80), performance orientation (.74), stability (.66).

Job Outcomes

The job outcome variables of job satisfaction, job stress, commitment, trust, loyalty, and respect were measured individually by single item global statements asking respondents to indicate the extent to which each item identified either their own perceptions or those of other members in the company.

Demographics of the Sample

Gender by Age and Level of Seniority

There were 76% male and 24% female respondents in the study. Most female executives were 30-49 years of age (69%), while most male executives were 40-59 years old (71%). The majority of males (54%) occupied senior appointments (CEO, Director) compared with 36% of females.

Years as an Executive

The majority of respondents (55%) recorded 12 or more years experience as an executive, and most (52%) had been in their current positions for 3-8 or more years.

Salary

Most respondents (57%) earned between $60,000-$125,000 annually, with 25% earning beyond $125,000 annually.

Education

A total of 22% of executives possessed an associate/diploma qualification, 32% an undergraduate degree, and 34% a Masters or doctorate degree.

Function

Most functional areas were represented by the sample, with the largest percentage in administration (42%), and 26% scattered among advertising/PR, credit/finance, engineering, law, manufacturing, materials management, medicine, product development, quality control, R&D, sales, security, and social service.

Size of Organization

Medium to small-sized organizations made up most companies (62%) in the sample, with the remainder of executives in companies primarily with 1000 or more employees.

Leadership Findings

The concept of leadership underlying this study is the transformational-transactional model. Bass and Avolio (1994) define transactional leadership as a transaction that occurs between leaders and followers. In this study, there are three dimensions of transactional leadership as measured by the MLQ (5X), namely Contingent Reward, Active Management-by-Exception, and Passive Management-by-Exception, a non-leadership factor (Laissez-faire Leadership), motivational factors (Extra Effort), and outcomes (Effectiveness, Satisfaction). Contingent Reward clarifies what is expected for what reward, and is a specific goal setting behavior. Active Management by Exception focuses on mistakes and exceptions and takes appropriate corrective action. Passive Management by Exception takes action only when things go wrong.

In comparison to transactional leadership, transformational leadership is a more positively affirming approach to leading people and corporations. Bass and Avolio (1994:3) described transformational leaders as able to "motivate others to do more than they originally intended and often more than they thought possible." There are five dimensions of transformational leadership as measured by the MLQ (5X) used in this study: Idealized Attributes (formerly Attributed Charisma), Idealized Behaviors (previously Idealized Influence), Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration. Idealized Attributes is behavior that encourages follower trust in the leader; Idealized Behaviors encourage followers to share common vision and goals; Inspirational Motivation is similar to Idealized Behaviors by raising workers' expectations and beliefs about the mission and vision through appeals to the emotions; Intellectual Stimulation questions assumptions and encourages creative problem solving; and Individualized Consideration treats individual needs through coaching, mentoring behavior.

Factor Means and Standard Deviations

Table 2
Means, Standard Deviations, and Reliabilities for MLQ Factors

MLQ Factors	N	Mean	SD	Reliabilities
Idealized Attributes	**1905**	**3.00**	**.52**	**.67**
Idealized Behavior	**1906**	**3.13**	**.56**	**.68**
Inspirational Motivation	**1906**	**3.27**	**.54**	**.78**
Intellectual Stimulation	**1907**	**3.19**	**.48**	**.74**
Individualised Consideration	**1906**	**3.32**	**47**	**.75**
Contingent Reward	**1907**	**3.21**	**.51**	**.75**
Active Management by Exception	**1905**	**1.78**	**.79**	**.73**
Passive Management by Exception	**1895**	**1.08**	**.61**	**.72**
Laissez-faire	**1905**	**0.56**	**.52**	**.77**
Extra Effort	**1904**	**3.03**	**.57**	**.70**
Effectiveness	**1325**	**3.31**	**.47**	**.59**
Satisfaction	**1323**	**3.27**	**.52**	**.51**

Original response categories for MLQ factors: 0 = Not at all; 1 = Once in a while; 2 = Sometimes; 3 = Fairly often; 4 = Frequently, if not always.

Table 2 shows that individualized consideration was the prominent leadership style of Australian executives identified in this study, followed by inspirational motivation, contingent reward, intellectual stimulation, and idealized behavior. Idealized attributes registered the lowest score for transformational leadership.

In other words, executives in the AIM-Monash survey considered that they used all transformational leadership styles as well as the transactional style of contingent reward fairly often. The findings show that Australian executives are more likely to use coaching (IC), reward (CR), visionary (IM), and role modelling (IB) leadership behaviors that challenge workers (IS) ahead of appeals to charismatic leadership approaches (IA). In contrast, the transactional leadership styles of MBE (active) and MBE (passive) are perceived as being used less frequently while laissez faire is considered to be hardly used at all.

Note that the mean scores recorded by these Australian executives are generally higher on transformational leadership than those recorded by studies where leaders are rated by other organization members. Atwater and Yammarino (1992), Bass and Avolio (1997), Sosik and Megerian (1999), and Yammarino and Atwater (1997) have found that self-ratings tend to be more inflated than either superior or subordinate ratings as self-raters tend to have a healthy sense of self-esteem.

Comparison with Norms

Table 3

Comparison of AIM Sample with Australian MLQ Norms

Leadership Factors	Sample Self-ratings (n=1895-1907)		Norms[a] Self-ratings (n=448)		Aggregate (n=4513)	
	Mean	SD	Mean	SD	Mean	SD
Idealized Attributes (.67)*	3.00	.52	2.82	.54	2.88	.80
Idealized Behaviors (.68)	3.13	.56	3.06	.60	2.80	.79
Inspirational Motivation (.78)	3.27	.54	3.07	.58	2.90	.80
Intellectual Stimulation (.74)	3.19	.48	3.07	.52	2.77	.77
Individualized Consideration (.75)	3.32	.47	3.21	.51	2.74	.85
Contingent Reward (.75)	3.21	.51	2.87	.51	2.78	.80
MBE (Active) (.73)	1.78	.79	1.65	.82	1.73	.98
MBE (Passive) (.72)	1.08	.61	1.12	.64	1.12	.83
Laissez Faire (.77)	0.56	.52	0.74	.57	0.75	.75

[a] MLQ norm data copyright, MLQ Pty Ltd, Melbourne, 2001.Australian norms database contains 4513 cases, of which 448 are self-ratings (information remains property of Mind Garden Inc (USA) and OE Consultancy, PO Box 199, Hawthorn, Vic, Australia - permission granted 30 April 2001)

Original response categories for MLQ factors: 0 = Not at all; 1 = Once in a while; 2 = Sometimes; 3 = Fairly often; 4 = Frequently, if not always.
*Reliability coefficients

Table 3 shows that executives in the AIM-Monash survey recorded higher levels of leadership across the board compared with existing Australian norms, apart from MBE (Passive) and Laissez Faire. Similar to the existing norms, the AIM sample

records the highest mean score for contingent reward, followed by inspirational motivation and contingent reward. Idealized attributes is the least used transformational leadership behavior by executives in this sample. The findings show that Australian executives are more likely to use coaching (IC), reward (CR), visionary (IM), and role modelling (IB) leadership behaviors that challenge workers (IS) ahead of appeals to charismatic leadership approaches (IA).

AIM executives also record considerably higher levels of transformational leadership across all types than do their Australian counterparts as measured by the Australian norms database.

Leadership Style by State

There were no significant differences in the transformational and transactional leadership levels of executives across all states in Australia. In other words, executives recorded similar levels of leadership of all types across all states, indicating a consistency in the way they see their leadership styles regardless of the dynamics of their specific work demands.

Leadership Style by Gender

Female respondents recorded significantly higher scores than male respondents on all leadership factors apart from MBE(A) and MBE(P), confirming research findings that women are more likely to use transformational leadership behavior than are men (B.M. Bass and B.J. Avolio. (1994). Shatter the glass ceiling: Women may make better managers. *Human Resource Management*, 33, 549-560). Women executives also recorded higher levels of effectiveness and job satisfaction than men.

Leadership Style by Age

Generally, the older the executive, the higher their level of transformational and transactional leadership. However, executives between 30 and 39 years of age recorded the highest level of idealized attributes and Laissez faire leadership, although these levels were not significantly different to other executives. Overall, the lowest levels of leadership were recorded by executives 39 years of age or younger, and the lowest scores on effectiveness, effort, and satisfaction by executives younger than 30 years of age.

Leadership Style by Level of Seniority

Top level executives recorded significantly higher scores on every leadership factor apart from individualized consideration , Active MBE, and laissez faire compared with respondents from executive or upper middle levels. Top level executives also recorded significantly higher levels of effectiveness and effort as a result of their leadership.

Leadership Style by Years as an Executive

Executives with 11 or more years experience as an executive recorded significantly higher levels of management by exception (passive) than executives with 6 or fewer years experience.

Leadership Style by Years in Current Position

Respondents with more than 8 years in their current position recorded significantly higher levels of Active and Passive MBE compared with executives with three or fewer years in their current position. The longer the tenure in the role, the more likely it is to focus on mistakes and exceptions and take appropriate corrective action\.

Leadership Style by Salary

There was a significant positive relationship between level of salary and leadership style. The greater the salary, the higher the level of all leadership styles apart from Individualized Consideration, Active MBE, Passive MBE, and Laissez Faire. Similarly, the greater the salary, the higher the levels of effectiveness and effort.

Leadership Style by Formal Education

Respondents with a Bachelors degree recorded a significantly higher mean score on intellectual stimulation compared with respondents with a technical qualification. Masters degree executives recorded significantly less MBE(P) than executives with high school qualifications, and more laissez faire compared with executives with an Associate/Diploma qualification.

Leadership Style by Size of Organization

There were no significant differences in the mean scores for respondents classified by size of organization.

Culture Findings

According to Denison (1996:624), culture is "the deep structure of organizations, which is rooted in the values, beliefs and assumptions held by organizational members." That is, when we speak of organizational culture, we refer to the meanings inherent in the actions and procedures of organizational commerce and discourse. Some of the more prominent culture researchers include Alvesson (1993), O'Reilly, Chatman and Caldwell (1991), Schein (1985, 1990), Smircich and Calas (1987), and Trice and Beyer (1992).

O'Reilly et al. (1991:494) developed a means of assessing culture on the basis of the aggregated value orientations of individuals in organizations. They developed the Organizational Culture Profile, modified with permission for use in this study, to determine the person-culture fit on the basis of extant values.

There is irrefutable evidence that strong organizational cultures are associated with strong and competent leadership (e.g., Bass, 1998b; Kotter and Heskett, 1992; Sheridan, 1992). Specifically, Bass and Avolio (1993) claimed that within a transformational culture there exists a sense of purpose and a feeling of family. Leaders in these cultures are role models who espouse organizational goals and encourage employee commitment to the organization's purpose and vision. Further, transformational leaders change their culture by realigning the organization's culture with a new vision (Bass and Avolio, 1993). Transactional cultures in comparison focus on the here and now, where everything has a value, but where the long-term contributions of people and processes may not be fully harnessed or appreciated. Transactional leaders work within their organizational cultures following existing rules, procedures and norms (Bass and Avolio, 1993). Nonetheless, a mixture of transformational and transactional leadership is needed in order to maintain sustainable and competitive cultures (Bass, 1997, 1998a,b, 1999).

Factor Means and Standard Deviations

Table 4
Means, Standard Deviations, and Reliabilities for OCP Factors

OCP Factors	N	Mean	SD	Reliabilities
Supportiveness	**1918**	**3.70**	**.90**	**.78**
Social Responsibility	**1918**	**3.93**	**.74**	**.71**
Competitiveness	**1918**	**3.37**	**.65**	**.85**
Emphasis on Rewards	**1918**	**3.61**	**.90**	**.87**
Stability	**1918**	**3.46**	**.72**	**.94**
Performance Orientation	**1918**	**4.02**	**.71**	**.88**
Innovation	**1918**	**3.37**	**.65**	**.92**

Original response categories for OCP factors: 1 = Not at all; 2 = Minimally; 3 = Moderately; 4 = considerably; 5 = Very much

Table 4 indicates that performance orientation was the prominent organizational culture for this sample of Australian executives, followed by social responsibility, supportiveness, and emphasis on rewards.

Organizational Culture by State

Executives in Victoria recorded significantly higher levels of supportiveness, social responsibility, and emphasis on rewards compared with their counterparts in New South Wales. Although not statistically significant, executives in the Northern Territory registered the highest mean scores on most OCP factors, apart from stability and performance orientation.

Organizational Culture by Gender

Male respondents recorded significantly higher scores on all organizational culture items than did women, apart from social responsibility and competitiveness. The

highest mean score for both men and women was recorded for performance orientation, followed by social responsibility.

Organizational Culture by Age

Executives 50 years of age and older reported their organizational cultures as significantly higher in all facets (supportiveness, social responsibility, etc) compared with their younger counterparts. The lowest scores were recorded by executives 39 years of age and younger. Similar to the findings recorded for the MLQ, younger executives in Australia saw themselves as both being less effective leaders and less likely to grow and sustain competitive and caring organizational cultures compared with their older and arguably more experienced colleagues.

Organizational Culture by Level of Seniority

Respondents from the top level of seniority (CEO, COO) recorded significantly higher scores on all organizational culture profiles compared with all other respondents. Similarly, respondents from the executive level (VP, Director) recorded higher scores on these factors than did respondents from the upper middle level (Department Executive, Superintendent, Plant Manager).

Organizational Culture by Years as an Executive

Executives with fewer than six years experience recorded significantly lower scores on social responsibility, competitiveness, stability and innovation compared with executives with 11 or more years experience.

Organizational Culture by Years in Current Position

Executives who had been in their current positions for three or more years recorded significantly higher levels on all organizational culture profiles compared with executives with three or fewer years experience.

Organizational Culture by Salary

Generally, the higher the salary, the more respondents described their organizational cultures as being supportive, socially responsible, competitive, and so forth. The findings show that as age, seniority, tenure, and level of remuneration increase, favorable assessments of organizational culture also increase.

Organizational Culture by Formal Education

Respondents who finished high school recorded significantly higher scores on all OCP factors compared to respondents with Bachelors degrees. Executives with Bachelors degrees scored significantly higher on social responsibility, competitiveness, and stability compared with Masters degree holders. Generally, the higher the formal qualification, the less likely it was to identify the company as scoring high on these organizational culture profiles.

Organizational Culture by Size of Organization

Executives in smaller sized companies (fewer than 100 employees and between 100 and 499 employees) recorded significantly higher levels on all cultural profiles compared with larger sized organizations. The highest scores were recorded for performance orientation, social responsibility, and emphasis on rewards.

Job Outcomes Findings – Job Satisfaction, Job Stress, Commitment, Trust, Loyalty, Respect

Job satisfaction and leadership generally are not mutually exclusive. Research consistently supports the notion that good leadership is associated with satisfied workers and leaders.

Job stress is represented in various ways, the most well-known of which is the role ambiguity-role conflict configuration identified by Kahn et al. (1964) and operationalized through the Rizzo, House, and Lirtzman (1970) role stress instrument. For the purpose of our study, job stress was treated as a global dimension and as shown to be an acceptable alternative to more comprehensive analyses of job stress.

Commitment, trust, loyalty, and respect are relatively new constructs in leadership research. However, research relating these outcome variables to leadership is evolving. For instance, Conger and Kanungo (1998:5) suggest that employee commitment and loyalty are declining because of organizational restructures such as downsizing. The challenge for companies is how to maintain change while retaining and building employee commitment and loyalty. Similarly, trust and respect in workers are directly associated with faith in the leader's capacity to get the job done and in their conviction that their mission and goals are achievable and representative of everyone's needs (Conger and Kanungo, 1998:59-60). Thus, when executives role model appropriate leader behavior, employee trust and commitment follow (Agle and Sonnenfeld, 1994; Podsakoff et al., 1990).

Commitment, loyalty, and respect are important both as antecedent as well as outcome variables. For example, commitment to a strategic decision is associated with individuals' and teams' willingness to cooperate with the leadership driving the decision (Hitt and Tyler, 1991; Korsgaard, Schweiger and Sapienza, 1995). The more cooperative the leadership, the more likely levels of commitment will be high.

Trust has been receiving increasing attention from researchers, although definitions of the concept still remain unclear (Bigley and Pearce, 1998:405). Trust can be viewed as (1) an individual attribute, (2) a behavior, (3) a situation feature, and (4) an institutional arrangement (Sitkin and Roth, 1993). In this study, trust is a mix of features three and four listed above; it is the result of specific leadership behaviors and organizational norms and values (culture) in an institutional environment (Rousseau, 1990). Because leadership is part of this equation, then this concept of trust also includes features of item number two (behavior). That is, trust as a behavior is an affective response to temporal repeated interactions between the leader and follower(s) (McAllister, 1995). This approach defines trust as a relational construct that occurs in institutional situations. This perspective is the social psychological approach, which conceptualizes trust as an expectation of another party in a transaction (Bigley and Pearce, 1998).

Trust is situation and person specific (Bhattacharya, Devinney, and Pillutla, 1998:462). Research indicates that affect-based trust as identified in this study arises from situations in which interpersonal care and concern are found, instead of motives of self-interest (Clark and Mills, 1979; Holmes and Rempel, 1989; McAllister, 1995). Eisenhardt (1989) reveals that effective leaders first must gain the trust of their teams before making strategic decisions.

Means and Standard Deviations for Job Outcomes Scales

Table 5
Means and Standard Deviations for Job Outcomes Scales

Job Outcomes	N	Mean	Std. Deviation
Satisfaction	1904	3.95	.89
Stress	1902	3.75	.88
Commitment	1886	3.77	.79
Trust	1887	3.58	.94
Loyalty	1884	3.68	.88
Respect	1868	3.94	.71

Original response categories for Job Outcomes: 1=Low; 2 = Slight; 3 = Moderate; 4 = Considerable; 5 = High.

As shown in Table 5, the highest mean score for job outcomes was recorded for job satisfaction, followed by respect of leadership by others in the company. The lowest mean was recorded for the degree of trust by others in the company.

Job Outcomes by State
South Australia executives recorded a significantly higher level of loyalty in the company by others compared with colleagues in New South Wales and Queensland.

Job Outcomes by Gender
Regardless of gender, respondents reported considerable personal job satisfaction and stress, commitment, trust, and loyalty by others to the company, and respect of leadership by others in the company. Male executives reported a higher level of trust in the company by others compared with women executives.

Job Outcomes by Age
Consistent with other cross-tabulations of age of respondent by key research variables, executives 50 years of age and older reported significantly higher levels of

satisfaction, commitment, trust, loyalty and respect than their younger counterparts, and executives 60 years of age and older recording the highest means on these outcomes. In comparison, executives 40 to 59 years of age reported the highest levels of job stress.

Job Outcomes by Level of Seniority
Consistent with other analyses in this study, more senior executives reported higher mean scores on all job outcomes (apart from job stress) compared with other levels of seniority.

Job Outcomes by Years as an Executive
Generally, the more the number of years experience as an executive, the greater the reported levels of all job outcomes. Executives with 11-20 years experience reported significantly higher levels of trust and loyalty compared with executives with more or fewer years experience. Executives with 6-11 years experience reported the highest level of respect in their leadership by others. Executives with the fewest and those with 11-20 years experience at the top recorded the highest levels of job stress.

Job Outcomes by Years in Current Position
Generally, the greater the number of years in the current position, the greater the reported levels of job outcomes. Executives with fewer years in the job reported the lowest levels of job outcomes. The highest level of job stress was reported by executives with 3-8 years in their current position. The highest level of job satisfaction was recorded by executives with 8 or more years in the job.

Job Outcomes by Salary
Consistent with other findings, the higher the salary, the higher the levels of all job outcomes. A higher income accounted for more job stress.

Job Outcomes by Formal Education
The higher the level of formal education, the lower the reported levels of job outcomes, apart from job stress.

Job Outcomes by Size of Organization
Similar to organizational culture, smaller sized companies (fewer than 100 employees, 100-499 employees) reported significantly higher levels on all job outcomes (apart from job stress). These findings are compelling, and suggest that organizations

recognized for their moderate to considerable levels of job satisfaction, commitment, trust, loyalty, and respect, and their competitive, performance oriented cultures are also those organizations with fewer employees (fewer than 500 employees in any one location).

Correlations

Table 6
Pearson Correlation Coefficients among Factor Scores of MLQ

		1	2	3	4	5	6	7	8	9	10	11	12
1	Idealised Attributes	1.000											
2	Idealised Behaviours	.46***	1.000										
3	Inspirational Motivation	.49***	.60***	1.000									
4	Intellectual Stimulation	.33***	.41***	.43***	1.000								
5	Individualised Consideration	.39***	.41***	.41***	.49***	1.000							
6	Contingent Reward	.41***	.46***	.49***	.39***	.51***	1.000						
7	MBE (A)	.100***	.07**	-.01	.08**	.01	.11***	1.000					
8	MBE (P)	-.03	-.09**	-.12**	-.11***	-.11***	-.07***	-.19***	1.000				
9	Laissez faire	-.13***	-.10***	-.18***	-.13***	-.12***	-.18***	.14	-.13***	1.000			
10	Extra Effort	.50***	.46***	.55***	.40***	.45***	.46***	.04	-.08***	-.13***	1.000		
11	Effectiveness	.48***	.38***	.50***	.34***	.41***	.43***	.00	-.16***	-.28***	.53***	1.000	
12	Satisfaction	.45***	.36***	.41***	.34***	.41***	.36***	-.01	-.18***	-.20***	.48***	.59***	1.000

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

As shown in Table 6, all factors of transformational leadership and contingent reward are strongly correlated with extra effort, effectiveness, and satisfaction outcomes. MBE(Active), MBE (Passive) and laissez faire were not correlated or correlated negatively with outcome measures, consistent with the findings of Bass and Avolio's (1997:70) study of 1545 self reports.

Table 7
Pearson Correlation Coefficients among Factor Scores of OCP

OCP Factors		1	2	3	4	5	6	7
1.	Competitiveness	1.000						
2.	Innovation	.67***	1.000					
3.	Performance Orientation	.76***	.58***	1.000				
4.	Emphasis on Rewards	.66***	.62***	.61***	1.000			
5.	Social Responsibility	.66***	.49***	.57***	.67***	1.000		
6.	Stability	.43***	.34***	.35***	.58***	.58***	1.000	
7.	Supportiveness	.62***	.65***	.55***	.80***	.67***	.59***	1.000

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

Table 7 indicates that the strongest correlations among OCP factors are:

- supportiveness and emphasis on rewards (.80)
- competitiveness and performance orientation (.76)
- competitiveness and innovation (.67)
- social responsibility and emphasis on rewards (.67)
- social responsibility and supportiveness (.67)

Weakest correlations among OCP factors are

- competitiveness and stability (.43)
- innovation and stability (.34)
- performance orientation and stability

The findings indicate that organizations characterised by being competitive, innovative, and performance oriented tend not to be strongly associated with being stable.

Table 8
Pearson Correlation Coefficients among Factor Scores of Job Outcomes

Job Outcomes Factors	Satisfaction	Stress	Commitment	Trust	Loyalty	Respect
Satisfaction	1.000					
Stress	-.04	1.000				
Commitment	.45***	.01	1.000			
Trust	.46***	-.05*	.68***	1.000		
Loyalty	.44***	-.01	.71***	.71***	1.000	
Respect	.34***	.06**	.43***	.42***	.44***	1.000

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

Table 8 shows that job stress is negatively or not correlated with all job outcomes factors. Strongest correlations are:

- loyalty and commitment (.71)
- loyalty and trust (.71)
- satisfaction and trust (.46)
- satisfaction and commitment (.45)
- satisfaction and loyalty respect (.44)

Table 9
Pearson Correlation Coefficients among Factor Scores of MLQ and OCP

	1	2	3	4	5	6	7
Idealised Attributes	.19***	.17***	.24***	.22***	.19***	.17***	.23***
Idealised Behaviors	.15***	.15***	.19***	.22***	.21***	.16***	.22***
Inspirational motivation	.25***	.25***	.27***	.28***	.24***	.21***	.28***
Intellectual stimulation	.13***	.13***	.14***	.12***	.13***	.08***	.13***
Individualised consideration	.14***	.12***	.17***	.16***	.15***	.11***	.17***
Contingent reward	.23***	.18***	.26***	.24***	.17***	.13***	.22***
MBE (A)	.05*	.03*	.06*	.02	.01	.03	-.01
MBE (P)	-.02	-.03.	-.05*	-.04	-.03	-.02	-.06
Laissez faire	-.07**	-.06**	-.11***	-.05*	-.06*	-.05*	-.08**
Extra Effort	.27***	.23***	.29***	.27***	.25***	.17***	.24***
Effectiveness	.24***	.22***	.27***	.24***	.25***	.21***	.28***
Satisfaction	.17***	.15***	.22***	.20***	.21***	.19***	.21***

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

1=Competitiveness; 2=Innovation; 3=Performance Orientation ; 4=Emphasis on Rewards; 5=Social   Responsibility; 6=Stability; 7=Supportiveness

As shown in Table 9, all transformational factors were highly correlated with all cultural dimensions, with strongest correlations among transformational leadership and performance orientation, emphasis on rewards, and supportiveness. Inspirational motivation (creating a vision for the future) was most related to organizational culture. Individualized consideration was least associated with all cultural dimensions, as were MBE(A), MBE(P), and laissez faire. Competitiveness, performance orientation and supportiveness were most frequently correlated with leadership outcomes.

Table 10
Pearson Correlation Coefficients among Factor Scores of MLQ and Job Outcomes

	Satisfaction	Stress	Commitment	Trust	Loyalty	Respect
Idealised Attributes	.21***	.07**	.22***	.19***	.20***	.32***
Idealised Behaviors	.19***	.09***	.21***	.15***	.18***	.24***
Inspirational motivation	.32***	.08**	.26***	.23***	.24***	.32***
Intellectual stimulation	.13***	.06*	.13***	.10***	.11***	.20***
Individualised consideration	.13***	.02	.15***	.13***	.14***	.25***
Contingent reward	.20***	.05*	.18***	.16***	.16***	.28***
MBE (A)	.01	.07*	-.02	.03	-.00	.03
MBE (P)	-.07**	.05*	-.01	.00	-.01	-.09***
Laissez faire	-.09***	-.03	-.08**	-.06*	-.07**	-.14***
Extra Effort	.21***	.06***	.25***	.21***	.24***	.37***
Effectiveness	.26***	.05*	.28***	.25***	.27***	.38***
Satisfaction	.22***	-.09	.21***	.19***	.19***	.33***

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

Table 10 indicates that all transformational leadership factors including leadership outcomes were strongly and positively correlated with all job outcome factors, excluding job stress. Similar to the correlations for leadership and culture, inspirational motivation was most related to job outcomes (personal job satisfaction, commitment to company by others, trust in company by others, loyalty to company by others). Respect in the leadership style of respondents accounted for the highest correlations with all leadership outcomes.

Table 11
Pearson Correlation Coefficients among Factor Scores of OCP and Job Outcomes

	Satisfaction	Stress	Commitment	Trust	Loyalty	Respect
Competitiveness	.39***	.05	.42***	.48***	.44***	.29***
Innovation	.39***	.02	.41***	.47***	.40***	.28***
Performance Orientation	.37***	.08**	.40***	.43***	.39***	.29***
Emphasis on Rewards	.48***	-.05*	.51***	.62***	.52***	.34***
Social Responsibility	.41***	-.01	.46***	.53***	.49***	.35***
Stability	.38***	-.20***	.43***	.54***	.48***	.31***
Supportiveness	.46***	-.03	.55***	.61***	.55***	.36***

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

As shown in Table 11, all OCP factors are highly and positively correlated with job outcomes, apart from job stress. Supportiveness, emphasis on rewards and social responsibility are most associated with job outcomes, with the highest correlations occurring for trust and OCP factors. Affect-based trust as identified in this study arises from situations in which interpersonal care and concern occur (e.g., Bhattacharya et al., 1998; Holmes and Rempel, 1989; Korsgaard et al., 1995; McAllister, 1995). The OCP factors of supportiveness, emphasis on rewards and social responsibility relate to these interpersonal situations, as they are focused on creating a collaborative work place that encourages personal growth and has a social conscience. For example, the strongest correlations are: emphasis on rewards and trust (.62), supportiveness and trust (.61), supportiveness and commitment (.55), supportiveness and loyalty (.55), and stability and trust (.54). Our findings corroborate extant research and provide detailed information regarding what types of cultures are most associated with trust in organizations. Loyalty and commitment are closely associated with trust in this study, again consistent with other research findings (Agle and Sonnenfeld, 1994; Bhattacharya et al., 1998; Rousseau et al., 1998).

Conclusions - Implications for Leadership Research and Development in Australian Corporations

Our study of leadership and organizational culture was delimited to the membership base of the Australian Institute of Management, and may not be fully representative of the Australian workforce. However, because our sample is more representative of small to medium sized companies (<100-500 employees) (54%) rather than medium to large sized organizations (>500 employee) (37%), we are gratified to see that the majority (65%) of executives have formal qualifications at the undergraduate (32%) and graduate (33%) levels, far exceeding the findings of the Karpin (1995) report that less than 30% of executives had formal qualifications. Our findings confirm a positive, steady growth in the education of our business leaders. The long-term implications of this steady education of executives is yet to be determined, but we are confident it will begin to impact positively on the globally competitive success rates of Australian enterprises.

The results of our study provide us with a view of Australian business leaders on the cusp of some major changes in the way they lead and work generally. For example, executives appear to be more aware of and willing to use transformational leadership behaviors to achieve results. In fact, the more transformational leadership used, the greater the leadership outcomes, the more performance oriented, socially responsible and supportive the organizational culture, and the more trusting, loyal and committed the workers are in those organizations. These findings corroborate existing studies that reveal the place that transformational leadership and leadership generally plays in building and sustaining strong corporate cultures. Our study has added further information to this research by identifying which leadership factors are most associated with specific organizational cultures and job outcomes associated with those cultures. It is imperative therefore that in order to continually build upon and improve the state of Australian leadership that companies begin programs of identifying leadership potential at an early career stage and implement training and development regimes to nurture and promote this leadership in the company. It is also important that companies take on board the linkages among corporate culture and job outcomes by rewarding performance and thereby building trusting and committed employees who in turn feed into supportive, responsible cultures. The ability to take a

long-term systemic view of how leadership, culture, and outcomes feed into and grow out of each other is imperative if these objectives and recommendations are to be achieved.

On that issue, we are yet to determine conclusively the direction of the leadership-culture exchange. Studies are indeterminate in whether leadership creates culture, or culture creates leadership. We believe the relationship is reciprocal, and that both constructs grow out of each other. We are now developing a number of structural models to determine which order (i.e. leadership-culture or culture-leadership) is both stronger and better related to job outcomes.

Interviews with respondents also indicate a passionate commitment to leadership among Australian executives. We are gratified to see executives from a variety of industry groups and sectors and various levels of seniority speak about their leadership vision and approach, and who are prepared to articulate what they expect their organization to achieve as a result of their leadership approach. These views will be examined in detail over the next 12 months.

Implications (Theoretical and Practical)

♦ **Leadership**

There is evidence that transformational leadership can be taught (Barling, Weber and Kelloway, 1996; Kelloway, Barling and Helleur, 2000). Results of a study conducted by Kelloway and Barling (2000) indicated that followers of trained leaders became more committed (i.e. loyal) to the organization than followers of untrained leaders. Further, follower attitudes changed in response to leaders' enhanced transformational leadership skills. Research by Kelloway et al. (2000) suggested that transformational leadership can be enhanced by both training (participation in a workshop) and counselling (feedback of follower ratings), but that combining the two approaches did not enhance leadership beyond that obtained from either approach alone.

Leaders may be able to influence the strength of the relationship between person-organization fit and individual outcomes. According to Kristof (1996), leaders could

emphasize particular values and goals in communicating with followers. However, a where a strong and consistent culture is promoted, leaders may encourage the attrition of those who do not fit well with the organization.

♦ **Culture**

This study has resulted in the development of a more robust measure of organizational culture which will have a range of applications:

♦ To provide a detailed evaluation of organizational culture according to the seven dimensions for diagnostic purposes. Having a representative sample of organizational members complete the OCP would assist in identifying different perspectives of organizational culture. Such activities should stimulate worthwhile discussion among organizational members and build understanding of the values that underpin the organizational culture profile. In addition, the cultural profiles of divisions, departments and teams within organizations should be evaluated and compared with the ratings for the cultural profile of the organization as a whole.

♦ To provide insight into similarities and differences concerning cultural profiles particularly when organizational mergers or takeovers are proposed.

♦ To identify targets for organizational change in order to survive, adapt, and prosper in a turbulent environment;

♦ To monitor cultural change. There is considerable evidence that the success of performance enhancing strategies such as reengineering, TQM, and downsizing is dependent on cultural change. The new measure will facilitate the monitoring of organizational cultural change in conjunction with changes in values, leadership styles, and approaches to problem solving.

♦ To assess person-organization fit. Originally, the OCP was developed to examine the congruence between individual and organizational values (O'Reilly, Chatman and Caldwell, 1991). The application of the modified instrument should be extended to evaluate person-organization fit. The use of the OCP could provide

operational data to aid in the recruitment and selection of new employees. A study of 171 entry-level auditors working in eight US public accounting firms concluded that recruits whose values upon entry match those of the firm adjust to the organizational culture more quickly, and recruits whose values most closely match the firms feel most satisfied and remain longer with the firm (Chatman, 1991). According to Cable and Parsons (2001), job applicants self-select into organizations based on subjective person-organization fit and interviewers use an estimation of person-organization fit when evaluating and hiring job applicants. The development of the OCP may enable more accurate information to be provided on person-organization fit which could lead to improved recruitment, selection, and socialization practices.

♦ The findings are important for organizations wishing to maximize the balance between performance and emphasis on people, as they reveal that smaller sized organizations are better suited to achieving these results. We suggest that larger organizations might benefit by creating strategic business units empowered to focus on their areas of expertise and begin to build cultures necessary for achieving their objectives. Research suggests a strong link between organizational size, performance, and culture (e.g., Howard, 1998; Whipp, Rosenfeld, and Pettigrew, 1989). George, Sleeth and Siders (1999:548) claim that "culture does suggest associations between tangible aspects of corporate strategy - like downsizing." The significantly lower levels recorded for stability for larger organizations may reflect the pervasiveness of change over the last decade as organizations attempted to improve productivity, efficiency, competitiveness and effectiveness. Therefore stability may be interpreted more often as stagnation and maintaining the status quo rather than steadiness (Cameron and Quinn, 1999). The emphasis on leaders able to build these cultures is profound. Again, George et al. (1999:550) state that "by shaping culture, a leader creates a repository of values, sets a strategic view of the future, and offers measures of interim activity." Most pertinent to our study is the observation by Stoica and Schindehutte (1999) that organizational culture in smaller firms is easier to influence and modify compared with larger organizations.

♦ **Job Outcomes**

This study has been exploratory in terms of investigating the impact of organizational culture on individuals (e.g., job satisfaction, job stress, commitment, trust, loyalty, and respect). However, it is important that further study is conducted to investigate these aspects in more depth. The range of outcome variables should be expanded to include employee morale and physical and emotional well-being: "With health care costs still skyrocketing, burnout at an all-time high, erosion of employee loyalty to firms costing millions of dollars a year in replacement and retraining . . . the impact of an organizations's underlying culture on individuals is an important area of concern" (Cameron and Quinn, 1999:5).

The current study investigated the degree of respect by others in respondent leadership. The relationship between organizational culture and employee respect needs further investigation given that respect has been viewed as the "cornerstone of a socially attractive workplace" (Deal and Kennedy, 1999:274). With employee morale, trust, and loyalty suffering as a result of downsizing, organizations will need to focus on building respect to attract and retain the best employees.

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