

WHAT CONSTITUTES EFFECTIVE LEADERSHIP BEHAVIOR?: A CROSS-CULTURAL ANALYSIS

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Abstract

A sample of 372 executives from the Peoples' Republic of China and Australia provide evidence of effective leadership being derived from both transformational and transactional leadership qualities. Bass and Avolio's MLQ Form 5X was used, both in original form for the English-speaking sample, but in a Mandarin translation for the PRC sample. About one-half of the sample consist of executives from Australia which, as a culture, features in other cross-cultural research and tends to mimic general American-Anglo patterns of leadership behavior. As such, Australia pairs consistently with close approximations of broader Western management behaviors.

Much of the leadership research is "Westo-centric" [1] The inclusion of a large PRC-based sample of executives broadens the understanding of leadership [2] This paper presents findings suggesting that transformational and transactional leadership behavior manifests itself across cultures with minor differences internal to cultures between leadership self-assessment and rater assessments of leaders.

The Chinese raters perceive their leaders as possessing and/or engaging in Idealized Influence (attributed) more than the Chinese leaders do. The Australian raters see their leaders as engaging in Inspirational Motivation more than do their leaders. The only significant aspect of transactional leadership is that the Chinese raters perceive their leaders as possessing more effectiveness than their leaders do. While the transactional feature of contingent reward does feature as significant, it is not as significant as transformational attributes aligned with critical thinking, empowerment, challenging workplaces in ameliorating positive outcomes associated with effective leadership behavior.

The results indicate that Chinese leaders see inspirational motivation as important - as the first or second attribute - in generating extra effort from associates. For Australian leaders, extra effort and effectiveness is associated with idealized influence, while satisfaction in their style of leadership is more derived from inspirational motivation. The results indicate both Chinese and Australian employees share satisfaction with a leadership style when challenge and enthusiasm is communicated.

Introduction

Leadership can exist in different forms in organisations. For Bass and Avolio [3], transactional leadership emphasises an exchange between leaders and associates or followers in order to maximise an agreed or identified outcome. In contrast, transformational leadership broadens this exchange to include dimensions of a higher order of performance to the extent that associates perform beyond standard expectations.

In contrast to transactional leadership, the dimensions of transformational leadership provide a pro-active tone in the qualities of leadership of breaking away from traditional thinking in an effort to transcend the more transactional management behaviour [4]. Research of Bass and Avolio suggests that transformational leadership produces higher levels of extra effort, effectiveness and satisfaction in organisations [5]:

- Extra effort [EE] includes the effect leadership has in motivating associates to initiate some effort above and beyond the ordinary.
- Effectiveness [EFF] reflects the leaders effectiveness as perceived by themselves and others in the needs of followers, representing these needs to higher-level managers, the overall organisational effectiveness, and performance.
- Satisfaction [Sat] refers to satisfaction of the leader with their own performance and satisfaction of associates with the style of the leader.

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This study aims to contribute to this research with a cross-cultural sample involving executives from the PRC and Australia. Dimensions of leadership are measured, using the Multifactor Leadership Questionnaire Form 5X (MLQ5X) devised by Bass and Avolio [6], with the intention of predicting positive outcomes.

This paper argues that both transformational and transactional leadership qualities are important features in motivating associates in Extra Effort and Effectiveness. Some divergence appears between Chinese and Australian leaders. In China, primary influences for extra effort derive from invitations to engage critically on common problems, and effectiveness is influenced by the enthusiasm of a leader to galvanise others. The secondary influence in both cases is the transactional attribute of contingent reward. In Australia, the primary influence upon extra effort derives from demonstrated conviction of a leader and their capacity to align with the aspirations of associates, followed by contingent reward; and effectiveness is influenced more from contingent reward systems followed by transformational idealised influence as a secondary factor.

Foundations of Leadership Theory

Some theorists propose an *interactional* approach to leadership emphasising the complexity of the leadership process as a relational dynamic between leader and follower [7]. The most recent approach to leadership theory tends to highlight a phenomenological perspective as distinct from an attribute perspective on the role of leader. The phenomenological view includes a leader who empowers followers, and that the leader's vision is one influence in the *transformation* of both follower and the organisation in managing change [8]. This evolution of leadership theory highlights the debate between "soft" intangible characteristics just as much as "hard" tangible behaviours in enhancing the effectiveness of management.

For the later part of the twentieth century theorists have contributed to naming the extra qualities of leadership that make it transformational. For some, the leadership competencies required consisted of: attention, meaning, trust, and self(awareness) [9], and for others it was the creation of vision, communicating that vision, and the skill to institutionalise the vision within the system [10]. This link to positive outcomes is made explicit in the transformational model of leadership of Bass and Avolio [11].

Transactional - Transformational Leadership

The theoretical hub of transformational leadership is that it *builds upon* other valid leadership qualities. Bass and Avolio [12] and Sergiovanni [13] understand transformational leadership as a style that includes characteristics of transactional leadership. That is, behaviour associated with transactional leadership are subsumed within the higher moral goals and aspirations of transformational leadership. Transactional leadership is important and occurs in everyday interactions between a leader and follower, and is required to negotiate what needs to be done to achieve the end result that is sought. What transformational qualities add to this are motivations beyond expected rewards or satisfaction levels beyond a simple transacted inter-change. Bass [14] argues transformational leadership results in a superior inter-change and is characterised by idealised influence, inspirational motivation, intellectual stimulation, or individualised consideration. Bass and Avolio [15] define the factors in transformational leadership as: idealised influence [IIAtt & IIBeh](moral conviction, trust, building self confidence), inspirational motivation [IM](meaning and challenge), intellectual stimulation [IS](innovation and creativity), or individualised consideration [IC](empathy and care). Transactional leadership includes: other factors: contingent reward [CR](exchange reward for performance), management by exception [active and passive] [MEA & MEP] (monitoring and intervention only when necessary – respectively), and laissez-faire [LF] (avoidance of decisions).

Two genres of leadership exist in Chinese thinking: leadership in private enterprise and in public life. In private business, the personal values define a leader [16] along with moral character and intellectual capacity [17]. The last quality of 'capacity' mimics the transactional leadership in that it is distinguished by concrete behavior such as: decision-making and social contacting. Leadership within public administration [18] requires attributes of a moral quality that align with Zhao's [19] characterization of *Ch.chess* (dialectical training) in leadership, which suggest strategic and intellectual skills associated with intellectual inspiration and motivation of the MLQ 5X

Methodology

The sample consisted of two multinational organisations - one from Shanghai and another from Australia - engaged in joint ventures in the construction and concrete industries. The Chinese sample (n=237) consisted of 237 participants, 79 being Leaders and 158 Raters. The Australian sample (n=135) consisted of 48 Leaders, and a total of 83 Raters, 29.5% of them being at the same level as the Leader and 33.3% at a lower level. The vast majority of the total sample were male (about 90%) with the remainder comprising both female and those respondents who did not indicate a gender. The MLQ Multifactor Leadership Questionnaire by Bass & Avolio [20] was used: Leader Form (5x-Short) and Rater Form (5x-Short) for Leaders and Raters respectively. It was translated into Mandarin by one Australian-Chinese academic and then back-translated by another Australian-Chinese academic, and checked again by a third academic specialising in (Mandarin) linguistics.

Findings

The study sought to identify factors that predicted Extra Effort (EE), Effectiveness (EFF) and work Satisfaction (Sat). Table 1 outlines a regression reduction of the total sample for transformational attributes of leadership to determine predictors in the three positive outcomes.

**Table 1: Summary of Regression Reduction using Transformational Leadership Scales
- Total Sample**

Dependent Variable <i>Predictors</i>	Extra Effort Standard Coefficient (Significant T)	Effectiveness Standard Coefficient (Significant T)	Satisfaction Standard Coefficient (Significant T)
<i>II (Att)</i>	n.s.	.145 (.010)	.144 (.015)
<i>II (Beh)</i>	.128 (.041)	.217 (.001)	.217 (.001)
<i>IM</i>	.255 (.000)	.278 (.000)	.182 (.008)
<i>IS</i>	.230 (.001)	.253 (.001)	n.s.
<i>IC</i>	.269 (.000)	n.s.	.279 (.000)
<i>R² %</i>	51.29	44.44	38.81
<i>F</i>	58.965	45.593	35.989
<i>Sign F</i>	.000	.000	.000
<i>Df</i>	4, 224	4, 228	4, 227

n.s - Variable not significant in model

Table 2 indicates the transactional leadership characteristics that impact on the three positive outcomes. It defines Contingent Reward (CR) as significant. Also, Laissez-faire Leadership (LF) is identified in Table 3 as possessing a negative influence to the outcomes.

**Table 2: Summary of Regression Reduction using Transactional Leadership Scales
- Total Sample**

Dependent Variable <i>Predictors</i>	Extra Effort Standard Coefficient (Significant T)	Effectiveness Standard Coefficient (Significant T)	Satisfaction Standard Coefficient (Significant T)
<i>CR</i>	.532 (.000)	.416 (.000)	.491 (.000)
<i>MEA</i>	.119 (.035)	n.s.	n.s.
<i>MEP</i>	-.196 (.001)	-.355 (.000)	-.237
<i>R² %</i>	34.54	29.45	29.40
<i>F</i>	39.930	48.416	48.108
<i>Sign F</i>	.000	.000	.000
<i>Df</i>	3, 227	2, 232	2, 231

n.s - Variable not significant in model

**Table 3: Summary of Regression Reduction using Laissez-Fair Leadership scale
- Total Sample**

Dependent Variable <i>Predictors</i>	Extra Effort Standard Coefficient (Significant T)	Effectiveness Standard Coefficient (Significant T)	Satisfaction Standard Coefficient (Significant T)
<i>LF</i>	-.248 (.000)	-.357 (.000)	-.343 (.000)
<i>R</i> ² %	6.13	12.75	11.78
<i>F</i>	14.951	34.202	31.113
<i>Sign F</i>	.000	.000	.000
<i>Df</i>	1, 229	1, 234	1, 233

Comparisons between the two cultures present the significant predictors for effective leadership. The next tables show a summary of regressions results using Transformational Leadership scales only (Tables 4a and 4b) in order to ascertain the most important predictors of this leadership style.

**Table 4a: Summary of Regression Reduction using Transformational Leadership Scales -
Chinese Leaders**

Dependent Variable <i>Predictors</i>	Extra Effort Standardised Coefficient (Sig T)	Effectiveness Standardised Coefficient (Sig T)	Satisfaction Standardised Coefficient (Sig T)
<i>II (Att)</i>	.220936 (.0376)	n.s.	n.s.
<i>II (Beh)</i>	n.s.	n.s.	n.s.
<i>IM</i>	.267835 (.0120)	.469514 (.0000)	.309655 (.0058)
<i>IS</i>	.385059 (.0002)	.390690 (.0001)	n.s.
<i>IC</i>	n.s.	n.s.	n.s.
	n.s.		
<i>R</i> ² %	31.015	32.973	9.589
<i>F</i>	11.08976	18.69378	8.06022
<i>Sign F</i>	.0000	.0000	.0058
<i>Df</i>	3, 74	2, 76	1, 76

**Table 4b: Summary of Regression Reduction using Transformational Leadership Scales -
Australian Leaders**

Dependent Variable <i>Predictors</i>	Extra Effort Standardised Coefficient (Sig T)	Effectiveness Standardised Coefficient (Sig T)	Satisfaction Standardised Coefficient (Sig T)
<i>II (Att)</i>	.378169 (.0080)	n.s.	n.s.
<i>II (Beh)</i>	n.s.	.393977 (.0056)	n.s.
<i>IM</i>	n.s.	n.s.	.583999 (.0000)
<i>IS</i>	n.s.	n.s.	n.s.
<i>IC</i>	n.s.	n.s.	n.s.
<i>R</i> ² %	14.301	15.522	34.105
<i>F</i>	7.67634	8.45193	23.80855

<i>Sign F</i>	.0080	.0056	.0000
<i>Df</i>	1, 46	1, 46	1, 46

n.s - Variable not significant in model

For Chinese Leaders the best predictor of Extra Effort is Intellectual Stimulation followed by Inspirational Motivation and then Idealized Influence (Attributed) [II(Att)] as indicated by the size of the standardized coefficients (beta). Thus, when these three leadership styles are frequent, Extra Effort is high. The model explains 31.02% of the variance in Extra Effort. Effectiveness is predicted by Inspirational Motivation and Intellectual Stimulation but not II(Att). These two predictors together explain 32.97% of the variance in Effectiveness. Of all the Transformational sub-scales, Inspirational Motivation is the only one to predict Satisfaction. It explains 9.59% of its variance. Thus, Inspirational Motivation is the only predictor explaining some variance in all of the three outcome variables.

For Australian Leaders, Extra Effort, Effectiveness and Satisfaction are predicted by a single variable each, although each being a different one. Idealized Influence (Attributed) explains 14.30% of the variance in Extra Effort; Idealized Influence (Behaviour) explains 15.52% of the variance in Effectiveness. Inspirational Motivation explains 34.11% of the variance of Satisfaction, a substantial amount for one predictor.

**Table 5a: Summary of Regression Reduction using Transactional Leadership Scales
- Chinese Leaders**

Dependent Variable <i>Predictors</i>	Extra Effort Standardised Coefficient (Sig T)	Effectiveness Standardised Coefficient (Sig T)	Satisfaction Standardised Coefficient (Sig T)
<i>CR</i>	.292911 (.0097)	.402999 (.0003)	.433264 (.0001)
<i>MEA</i>	n.s.	n.s.	n.s.
<i>MEP</i>	n.s.	n.s.	n.s.
<i>R² %</i>	8.580	16.241	18.772
<i>F</i>	7.03867	14.73630	17.33244
<i>Sign F</i>	.0097	.0003	.0001
<i>Df</i>	1, 75	1, 76	1, 75

**Table 5b: Summary of Regression Reduction using Transactional Leadership Scales
- Australian Leaders**

Dependent Variable <i>Predictors</i>	Extra Effort Standardised Coefficient (Sig T)	Effectiveness Standardised Coefficient (Sig T)	Satisfaction Standardised Coefficient (Sig T)
<i>CR</i>	.328257 (.0167)	.453376 (.0012)	n.s.
<i>MEA</i>	-.328535 (.0166)	n.s.	-.472907 (.0007)
<i>MEP</i>	n.s.	n.s.	n.s.
<i>R² %</i>	21.599	20.555	22.364
<i>F</i>	6.19870	11.90170	13.25094
<i>Sign F</i>	.0042	.0012	.0007
<i>Df</i>	2, 45	1, 46	1, 46

n.s - Variable not significant in model

Table 5a shows that for Chinese Leaders Extra Effort, Effectiveness and Satisfaction are all predicted by Contingent Reward, which has the largest effect on Satisfaction, explaining 18.77% of its variance and the least effect on Extra Effort. Thus, when Leaders display much of these variables, the outcomes are high.

Results for Australian Leaders look different. In this case, Extra Effort is almost equally predicted by both Contingent Reward and Management-by-Exception Active, although in the opposite direction. Thus when Contingent Reward is high and Management-by-Exception is low, Extra Effort is high. Together these two variables explain 21.60% of the variance of Extra Effort. Contingent Reward is also a predictor (the only one) for Effectiveness, explaining 20.56% of its variance. Management-by-Exception Active also predicts Satisfaction in the same manner as it did Extra Effort. I.e. when Management-by-Exception is low, Satisfaction is high. This time it predicts 22.36% of the variance in Satisfaction. Thus, of the Transactional Leadership subscales, Contingent Reward seems to be an important variable both for the Chinese as well as the Australian Leaders.

Discussion

When considering only transformational leadership [Table 1] factors, the findings can explain 51.29% of responses concerning how extra effort is derived. Extra Effort is explained by mainly three scales, namely, Individual Consideration (IC), Inspirational Motivation (IM), and Intellectual Simulation (IS), and to some extent by Idealised Influence Behavior (IIBeh) in that order. The most important variables to predict Effectiveness are Inspirational Motivation (IM) and Intellectual Stimulation (IS), followed by Idealised Influence (Behaviour) (IIBeh) and (Attributed) (IIAtt) in that order. Together these variables explain 44.44% of the variance in Effectiveness. In terms of Satisfaction, 38.81% of the variance is explained by Individual Consideration (IC) and Idealised Influence (Behaviour) (IIBeh) and to a lesser degree by Inspirational Motivation (IM) and Idealised Influence (Attributed) (IIAtt).

Transactional Leadership scales [Table 2] explain a lesser percentile of Extra Effort, Effectiveness and Satisfaction compared to Transformational variables. Essentially, Contingent Reward (CR) is the best predictor for all three dependent variables. Conversely, all dependent variables have a negative relationship with Passive Management-by-Exception (MEP) which explains the least variance [Table 2]. Similarly, Laissez-Fair-Leadership (LF) [Table 3] is negatively related to all three dependent variables and has the biggest effect on Effectiveness, closely followed by Satisfaction and least effect on Extra Effort.

Transformational leadership qualities feature significantly in ameliorating positive outcomes associated with Effectiveness. In turn, organisational performance is assisted with greater motivation and commitment to strategic ends.

Figure 1 is a diagrammatic representation of the *prime* indicator of Extra Effort, Effectiveness and Satisfaction across cultures. There are cultural differences in that leadership in China that seeks Extra Effort will be most affected by Intellectual Stimulation, that is, creative thinking in approaching business problems from some new perspective. This suggests that leaders in China who invite participation and critical focus on common problems are likely to get extra effort from associates. Whereas in Australia, the same outcome is more likely to result from (Attributed) Idealised Influence that can be manifested in the degree of charisma, conviction and integrity in a leader. Both Chinese and Australian leaders see Extra Effort arising from transformational qualities.

Figure 1: Cross-Cultural Comparison of Prime Predictor of Leadership

		EE	EFF	SAT
Chinese	Transformational	IS	IM	
	Transactional			CR
Australia	Transformational	II(Att)		IM
	Transactional		CR	

Effectiveness according to Chinese leaders derives from leaders that instil meaning and exhibit enthusiasm for reaching some agreed future state. For Australian leaders, it is the Contingent Reward arising from some agreed exchange or the clarity from some clear sense of direction. This illustrates some divergence in prime influencing factor for Effectiveness.

Work Satisfaction according to leaders presents the main factor as transformational for Australia and transactional for China. For Australia, the study indicates that satisfaction is primarily influenced by Inspirational Motivation, that is the ability of a leader to generate meaning and enthuse associates about some goal. Whereas for China, the primary factor is Contingent Reward arising from exchange relationship and clarity about expectations accruing.

Conclusion

This study indicates mixed results regarding the significance of transformational leadership across the cultures represented in the sample. Within the Chinese sample, inspirational motivation features as the first or second attribute in generating extra effort from associates, in their own perception of effectiveness as leader, and in the satisfaction of associates in their style of leadership. Within the Australian sample, extra effort and effectiveness is derived from attributes associated with idealized influence, and satisfaction in their style of leadership is more derived from inspirational motivation. The findings indicate both Chinese and Australian employees share satisfaction with a leadership style when challenge and enthusiasm is communicated. Both cultural samples share the transactional leadership attribute of contingent reward as a major factor – along with transformational attributes – in ameliorating extra effort, effectiveness and satisfaction.

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