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The Impact of Transactional and Transformational Leadership on Organizational Performance - The Case of Selected Ethiopian Companies

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ABSTRACT

In the literature, there are various approaches of leadership (also called styles or theories) identified as distinct ones. The two most referred ones are transformational and transactional leadership approaches. This research compares and contrasts the two theories of leadership in terms of their impact on IT supported organizational performance. The main objective of the study is to assess the extent they are practiced and their impact on performance. A survey will be made on selected companies to assess how subordinates will evaluate their leaders in terms of the attributes of the two styles of leadership. Questionnaires based on the Likert scale will be used to gather relevant data for the study. A model which has been developed based on the framework of Thite will be used to test the hypotheses forwarded. The research will contribute significantly by providing new insight into how a leader's style will influence organizational performance in an Ethiopian context.

Key words: Transactional Leadership, Transformational leadership, effort exertion, task performance

INTRODUCTION

Leadership is one of the most researched areas around the globe (Masood et al 2006). Cacioppe (1997) stated that there is a great deal of literature on leadership and the field has many specific streams such as decision making, leader-follower interaction, power of the leader, culture and gender differences in leadership etc. The two most mentioned theories of leadership are transactional and transformational theories.

Transactional leadership can be described as a performance based system where followers are rewarded or disciplined on the basis of work performance (Bass and Avolio, 1990; Tickle et al., 2004). Transformational leadership is the process of building commitment to organizational objectives and then empowering followers to those objectives (Masood et al., 2006). In the literature about leadership, much attention has been paid to transformational leadership which was first outlined by Burns (1978) as quoted by Tickle et al., (2004), Masood et al., (2006).

While much has been said about transformational and transactional leadership, there are some contradicting views about the relationship between the two theories of leadership. Some consider them direct opposites (Burns 1978), others see them as two ends in a continuum (Stone et al., 2003), and others state that they are practiced together like a swing in a pendulum (Flanagan 1993). Pearce et al., (2002) stated that there are four distinct leadership theories (directive, transactional, transformational and empowering) and stressed that there is some degree of overlapping in transactional and transformational leadership theories resulting in three typologies such as directive, transactional-transformational and empowering leadership.

Hence, the relationship between the two theories of leadership and the impact of each on organizational performance are subject to investigation. The basic research questions for this paper are:

- Which style of leadership is more commonly practiced in the selected Ethiopian companies?

- What is the impact of the leadership style being practiced on organizational performance?

The above issues are well studied and empirically tested in other environments though with some contradictions and controversies. Hence, what the situation looks like in Ethiopian organizations is worth considering.

LITERATURE REVIEW

Jago (1982) argues that there are almost as many definitions of leadership as there are persons who have attempted to define it and observes it as both a process and a property. The process of leadership is the use of noncoercive influence to direct and coordinate the activities of the members of an organized group toward the accomplishment of group objectives. As a property, leadership is the set of qualities or characteristics attributed to those who are perceived to successfully employ such influence.

Masood et al., (2006) described leadership as a stream of evolving interrelationships in which leaders are continuously evoking motivational responses from followers and modifying their behavior as they meet responsiveness or resistance. Leadership has gained importance in every walk of life from politics to business and from education to social organizations (Masood et al., 2006). Cacioppe (1997) emphasizes the relevance of leadership stating that there are many muddy paths that people must cross in today's organizations and leadership needs to be clear, decisive, and appropriate to the situation. Barrow (1977) also shares this view stating that any economic system, political system, business enterprise, or commonwealth organization derives continued existence from the successful guidance of human beings.

Though the phenomenon of leadership is probably the most extensively researched social influence process known to the behavioral sciences (Barrow, 1977), leadership research and teaching are fast moving fields as while big ideas such as traits, behaviors, contingencies, cognition do not come along very frequently, intense energy goes into the normal science of applying these ideas to diverse situations and changing circumstances (Flanagan, 1993).

Transactional versus Transformational Leadership

Tickle (2004) described transactional leadership as a performance based system where followers are rewarded or disciplined on the basis of work performance based on the research of Bass and Avolio (1990). Gardner and Stough (2002) as cited by Tickle (2004) noted that the key characteristics of transactional leadership is the exchange taking place between the leader and the subordinates where the leader fulfills the needs of followers in exchange for the subordinate's performance meeting basic expectations. Thite (1999) listed the following components of transactional leadership:

- Contingent reward
- Management by exception-active
- Management by exception passive
- Laissez- Faire

Pearce et al., (2002) traced the roots of transactional leadership to expectancy theory (Vroom, 1964), path-goal theory (House, 1971; House and Mitchell, 1974), exchange/equity theory (Adams, 1963; Homans, 1958, 1961) and reinforcement theory (Luthans and Krienter, 1985; Scott and Podsakoff, 1982). It is, therefore, somewhat similar to maximization orientation of Quinn et al (1990).

On the other hand, Stone et al., (2003) stated that transformational leadership has become very popular in recent years as both researchers and practitioners have gravitated to the theory and have employed it in a variety of organizational settings. Bass (1990b) as cited by Stone et al., (2003) specified that transformation leadership occurs when leaders broaden and elevate the interest of their employees when they generate awareness and acceptance of the purpose and mission of the group and when they stir their employees to look beyond their own self interest for the good of the group.

Avolio et al., (1990) established four primary behaviors that constitute transformational leadership:

- Idealized influence (charismatic influence)
- Inspirational motivation
- Intellectual stimulation
- Individualized consideration

There are different views in research and theory about the relationship between transactional and transformational leadership. To mention some of them, Burns (1978) classify leaders as either transactional or transformational, while others view leadership as a continuum with transactional leadership at one end and transformational leadership at the other end (Stone et al., 2003). Flanagan (1993) states that leadership swings as a pendulum from transactional to transformational and back to transactional depending on circumstances expressed as situational sensitivity. A leader thereby exercises the two styles together.

Pearce et al., (2002) stated that there are four distinct leadership theories (directive, transactional, transformational and empowering) and stressed that there is some degree of overlapping in transactional and transformational leadership theories. Thite (1999) when researching the right leadership model for IT project success, states that transactional leadership alone leads to low project success unless it is augmented with transformational leadership for high project success.

However, it is difficult to underestimate the ideals of transactional leadership and intending to succeed in transformational leadership. For instance, the argument of path-goal theory (Pearce et al, 2002 pp. 279) was to explain how various leader behaviors influence subordinates' satisfaction and performance by clarifying the path to desired rewards and expressed as follows:

> …leader behavior will be viewed as acceptable to subordinates to the extent that the subordinates see such behavior as either an immediate source of satisfaction or as instrumental to future satisfaction.

In the leadership literature, it seems agreed that transformational leadership results in better organizational effectiveness than transactional leadership. Hsu (2009) provides evidence of this argument by stating that transformational leadership's role in improving many factors of organizations is especially pronounced (citing Weese, 1994).

Efforts have been made to study the relationship between leadership (particularly transformational leadership) and organizational effectiveness (Hsu, 2009); there is controversy, however, over whether transformational leadership has a positive impact on organizational effectiveness. For example, Weese's (1996) study of the relationships among transformational leadership, organizational culture, and organizational effectiveness showed no significant relationship between transformational leadership and organizational effectiveness. Similarly, Weese (1996) and Lim and Cromartie (2001) found transformational leadership not to relate significantly to organizational effectiveness. Hsu (2009) stated finally that transformational leadership and organizational effectiveness do have an indirect relationship. Hall et al (2009) indicates that the Weaknesses of transformational leadership have many components that seem too broad, treat leadership more as a personality trait than as a learned behavior, and have the potential for abusing power.

Organizational Effectiveness

One means of measuring organizational performance is organizational effectiveness. The effectiveness of behavior within organizations—the effectiveness of their performance—is known as organizational effectiveness (Hsu, 2009). Achieving organizational effectiveness is a constant and continuous struggle for each and every organization involving a great amount of money towards attaining this ultimate aim (Abdul Karim and Masrek, 2009). The importance of the concept of organizational effectiveness in organizational research has resulted in numerous attempts by researchers to identify factors influencing it. The business literature has identified what are known as Key Performance Indicators (KPI) or Key Success Indicators (KSI), which help an organization define and measure progress toward organizational goals. Once an organization has clearly identified its need, analyzed its mission, and defined its goals, it will need a way to measure the progress toward those goals. Key Performance indicators are those measurements which are quantifiable measurements, agreed to beforehand, that reflect the critical success factors of an organization. They will differ depending on the organization. They can be used for all types and in all areas of project management: IT (information technology), construction, engineering, risk management, supply chain, safety, quality, manufacturing, financial management, sales...

Abdul Karim and Masrek (2009) indicated four different models of measuring organizational effectiveness citing the work of Helms (2001). The first model measures organizational effectiveness in terms of production, commitment, leadership, and interpersonal conflict. Production was established as the flow of output from the organization. Commitment was defined as a component to measure the degree of attachment to the organization. Leadership was described as a degree of influence and personal ability, and interpersonal conflict relates to the degree of perceived misunderstanding between supervisors and subordinates. A second organizational effectiveness model was developed based on interrelated organizational processes and

was established primarily as a tool for management consultants. This model utilizes organizational survival and maximizing return as key variables of effectiveness along with self-regulation, which is responsible for orchestrating a balance between eight other minor variables including internal-external boundary permeability, sensitivity to status and change, contribution to constituents, transformation, promoting advantageous transactions, flexibility, adaptability, and efficiency. A third model outlines six selected indicators of organizational effectiveness including management experience, organizational structure, political impact, board of directors involvement, volunteer involvement, and internal communications. The fourth model was the competing value framework (CVF). The CVF was developed initially from research conducted on the major indicators of effective organizations. The CVF model has been tested and validated more than the other three models in academic literature.

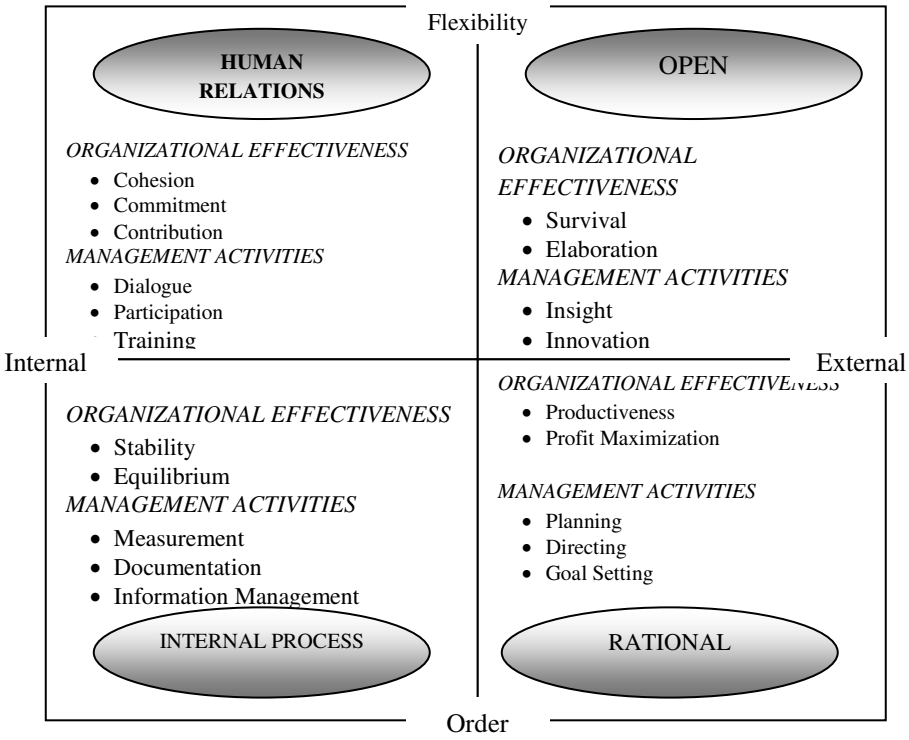

Figure 1: CVF Model of effectiveness

Consistent to the above model, Anantharaman and Chacko (2009) developed the following indicators of organizational effectiveness:

- Managerial effectiveness- SWOT analysis, long range planning, clarity of work units, cooperation and upward communication etc
- Organizational growth- quantity of production, quality of production, efficiency of production, market share of the firm, overall financial position, growth in revenue, growth in profits, growth in total assets
- Organizational flexibility- number of markets the firm depends on, number of products produced, number of customers the firm depends on
- Morale and satisfaction of employees- amount of labor relations problems, voluntary turnover
- Organizational structure- rules and procedures in writing, rules and regulations observed, review of department performance
- Suppliers- number of suppliers,
- Environmental pollution- level of pollution on the environment
- Downward communication
- Societal value- average salary, tax contribution of the firm

IT and Organizational Effectiveness

Davis (2007) stated that IT has been a critical part of the production of running a business since the early days of the IBM 360 because it supports every aspect of the business from human resources to operations - yet it has primarily been perceived to be a part of the backstage crew. Given the speed of current technological developments, the continuing revolution in electronics and communication that is drawing all organizations closer together, the progressive opening of the world government and commercial boundaries and the increase in understanding of changing processes, the need for strategic change has become perpetual. [1] One such strategic change is IT strategy - integrating this into the organization's strategy to create value for by explicitly showing where IT improvements are feasible, taking into account time, people and monetary constraints.

However, Dhillon (2008) stated that in spite of decades of discussion and research into the benefits of the use of IT in the organization, it has been difficult to prove a positive gain. Literature on IT management has reported more cases of failed implementations than of success. Avgerou (1998) shares this view by stating that economic and social theory both lead to the suggestion that the diffusion of IT and telecommunications, and intensification of information activities do not lead deterministically to economic growth. Rather, organizations are faced with pressures to work out changes in the ways they do business or deliver their services, and policymakers must plan for a macro-economic environment that facilitates economic and social changes. Schiller (2003) argues that without the support of school leaders, particularly the principal, the educational potential of information and communications technology may not be realized. This concept equally applies to other areas of business that leaders shall contribute significantly to use ICT for organizational effectiveness. By the same reasoning, Dhillon (2008) believed that developing organizational competencies both helped in harnessing IT and also in gaining competitive advantage. Schiller (2003) further recommends that school leaders need to assume a major responsibility for initiating and implementing school change through the use of information and communications technology and can facilitate complex decisions to integrate it into learning, teaching and school administration.

Markides and Anderson (2006) on their part found that ICT can help a company exploit business opportunities in four distinct ways:

1. ICT can allow a company to target new or different customers from those that traditional competitors target – that is, discover and exploit a new "who." These are customers that the established competitors are currently ignoring because it is not economical to serve them. ICT allows the implementation of a radical strategy that can reach these customers in a cost-effective way.
2. It can allow a company to radically redefine what the value proposition of its product or service is and so offer new benefits to the consumers – that is, discover and exploit a new "what" even without changing the product.
3. It can allow a company to put in place a radical new value chain that can deliver value to the customer in an innovative or economical way – that is, discover and exploit a new "how."
4. It can allow a company to scale up its radical business model quickly. This protects it from competitive attacks.

Davis (2007) also observed that IT organizations are facing a new challenge - how to capitalize on the growing demand for IT-enabled innovation. CEOs are giving their IT organizations a new, broader mission: enable business strategy, drive productivity, and facilitate company-wide innovation. While ICT will have such challenges and contributions to organizations, Avgerou (1998) asks a crucial question as to whether organizations in developing countries acquiring information and communication technologies (ICT) should also seek to transfer 'best practice' for doing business. The author at last questions the feasibility and desirability of such an approach, suggesting that developing countries should make efforts to develop organizational practices which are locally appropriate.

One way that IT affects business is through Intranets (LANs and WANs). Lamb (1999) concluded in a study that preliminary results suggest a balance of pressures being at work, with external factors motivating the use of intranets and other forms of web information systems within the constraints of local organizational contexts. Jaiswal and Kaushik (2005) also identified the best practice case highlighting how business network systems (BNS) can be redesigned using enterprise systems to strengthen relationships with business partners and to enhance value to consumers. According to them, the organization in the case study (HLLNet) has uniquely extended its enterprise resource planning (ERP) system to establish transactional and relationship-oriented BNS and has achieved significant improvement in business performance for all partners in the network. It has achieved significant reductions in inventory, improvements in cash management and a negative working capital due to improved information flows across the network and the implementation of policies such as vendor-managed inventory (VMI). Simultaneously it has improved its telecoms infrastructure and redesigned its inter-organizational processes to

[1] http://www.ACC_ Organizational Development

support these information flows. This is evidence of how the adoption of enterprise systems across the network, along with a redesign of BNS, can improve and contribute significantly to value to end consumers. Walsham (2001) indicated another ICT application area i.e. knowledge management systems for organizational effectiveness. The study claimed that much organizational effort has been put into knowledge management initiatives in recent years, and information and communication technologies (ICTs) have been central to many of these initiatives. However, organizations have found that levering knowledge through ICTs is often hard to achieve. The study concludes that computer-based systems can be of benefit in knowledge-based activities, but only if we are careful in using such systems to support the development and communication of human meaning.

In general, leaders such as CEOs and CIOs are responsible not only for traditional organizations and employees who work for them based on well researched approaches and styles. However, all the above challenges shall be taken into account. This is evidenced by the following finding of a study. Bresnahan et al., (1999) concluded that IT use in a company is complementary to a new workplace organization which includes broader job responsibilities for line workers, more decentralized decision-making and more self-managing teams. In turn, both IT and that new organization are complements with worker skill, measured in a variety of ways. Further, the managers in the survey believe that IT increases skill requirements and autonomy among workers in their firms which will be another challenge for today's leaders.

RESEARCH MODEL

The model of this research encompasses both transactional and transformational leadership based on the framework used by Thite (1999) that assessed the impact of transactional and transformational leadership on effort exerted by subordinates to achieve ICT project success. The original framework and the modified model are presented below:

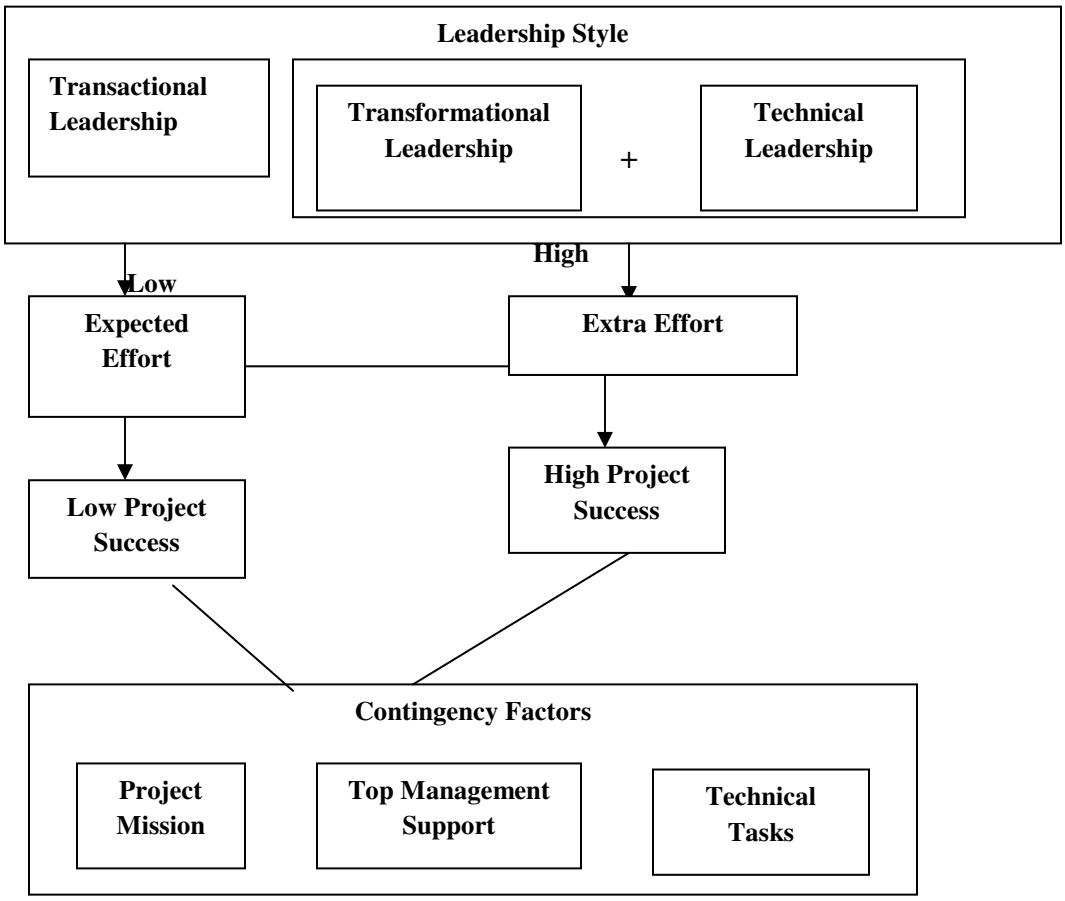

Figure 2: Thite's Model for Leadership Styles

Based on the above model and based on the literature review about transactional and transformational leadership, the following model has been developed to compare and contrast the two styles of leadership:

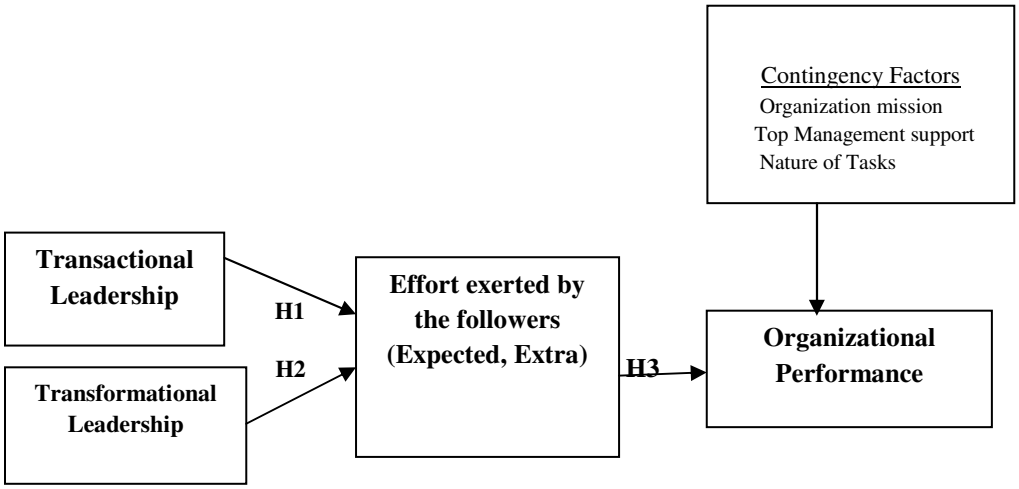

Figure 3: A New Model Developed based on Thite's Leadership Model

In this model, instead of project success specifically indicated in the original model, IT supported organizational performance in general will be assessed and this is one major change made. The other change made is that instead of taking the impact of each leadership style on effort exertion as per the original model, here it is left for the research to investigate it. This is because in other literature it has been indicated that each style may bring different levels of effort exertion. For instance, Flanagan (1993) states that leaders shift from one style to another depending on circumstances. Hence, it can be argued that each style will result in more effort exertion than the other depending on circumstances.

HYPOTHESES

Based on the above research model (modified from the framework of Thite, 1999), the following hypotheses will be developed and tested in an Ethiopian context:

H1: Transactional leaders, as compared to transformational ones, lead to higher levels of effort exertion of followers (subordinates).

As pointed out by Pearce et al., (2002), there are four distinct leadership theories (directive, transactional, transformational and empowering) and they stressed that there is some degree of overlapping in transactional and transformational leadership theories resulting in three typologies (directive, transactional-transformational and empowering leadership). On the other hand, Flanagan (1993) states that the vast majority of both public and private sector organizations require transformation and transaction if they are to be effective and adapt to their changing environments but the precise mix will vary from one organization to another and from one time to another. Rewards, both material, psychological and social, are a means of motivating employees (followers) in leadership. For instance, Flanagan (1993) cited the anecdote of Peter Drucker about three stonecutters who were asked as to what they were doing. The first responded "I am making a living", the second said "I am doing the best job of stonecutting in the country", and the third replied "I am building the cathedral" (Drucker, 1967). Here, all the three stonecutters receive both material and social rewards. Who is more motivated and who is doing great job is questionable. Can one worry about building the cathedral without being worried about earning a living? Are their responses different simply due to diplomacy in making speech or real differences from their internal feeling? The answer for these questions will indicate which leadership style results in more effort exertion by followers.

H2: Transformational leaders, as compared to transactional ones, lead to higher levels of effort exertion of followers (subordinates).

Thite (1999) stated that both transactional and transformational leadership will enable to achieve organizational goals except difference in the amount of outcome achieved. Groves (2006) also indicated that the last decade of leadership theory and research has provided considerable support for the effectiveness of transformational and charismatic leadership in organizations. Hence, how much transformational leadership exceeds, if it really exceeds, the transactional one will indicate their gap or distinction.

H3: There is a positive relationship between effort exerted by followers and achievement of organization goals (task performance).

Thite's (1999) model that has been modified in this research clearly indicates that transformational leadership with technical knowledge results in extra effort exertion and will bring high project success. In this research equivalent to project success is task performance or achieving organizational goals measured by organizational effectiveness. But there are contingency factors indicated in the model which may negate this argument and this shall be proved through research. In addition, whether transformational leadership results in organizational effectiveness is questioned by some researchers. For example, Hsu (2002) stated that there is controversy over whether transformational leadership has a positive impact on organizational effectiveness.

RESEARCH METHOD

Data Collection

The research tries to empirically test a model developed in a well developed environment in an Ethiopian context and with some modification of the construct. To undertake the research project, the field study method will be used to assess the experience of selected organizations. The organizations are selected based on purposive sampling technique. Their mix is planned to be one governmental organization (Federal Inland Revenue Authority), two public enterprises (Artistic Printing Enterprise and Ethiopian Shipping Lines Share Company) and one private company (KK PLC). In terms of operations, they are of diversified nature i.e. service giving, printing, merchandising and manufacturing. All of them significantly utilize information technology for conducting business operations and data processing purposes to produce relevant information for interested decision makers. Hence, the leadership issue may be studied from ICT application as well as general business operations point of view.

Questionnaires will be prepared based on Likert scale 'Not at all' (0) to 'Frequently, if not Always' (4) using the contents of the Multifactor Leadership Questionnaire (MQL) of Bass and Avolio (1998) about the different attributes of the two styles of leadership and distributed to selected employees in the sample companies. Managers and top leaders at different levels from the selected organizations will be evaluated by their followers (direct reports) using attributes of each leadership style in the Multifactor Leadership Questionnaire (MLQ). The Personnel Department will be used to identify the respondents and the leaders to be evaluated. Once the top leader to be evaluated is identified based on the organizational structure, 70% of employees (direct reports) from each department will be invited for completing the questionnaires on a voluntary basis. The 70% respondent number is believed to provide accurate picture of the situations in the specific department. Before the actual research, a pilot study will be made on 10% of respondents under consideration.

Data Analysis

The data collected will be properly analyzed using statistical tools such as statistical packages for social sciences (SPSS) to compute mean and standard deviation of each factor indicated in the questionnaire. The reliability and validity of the data will be checked by computing standard T-test and P values for appropriate confidence level. In order to see the impact of each leadership style on employees' effort exertion, and the effort exertion on organizational performance, correlation coefficients will be computed and observed. For this purpose, multiple regression analysis technique will be used. To further observe the reliability and validity of the findings (internal, construct, instrumentation, discriminante and convergent validities), methods such as partial least square and structural equation modeling will be used. In order to further enhance the dependability of the results, structured interview will be made for the respondents to assess the findings using Multi-Trait, Multi-Method (MTMM) matrix.

Indicators of transactional leadership will be how much a leader practices the following (Thite 1999):

- Contingent reward
- Management by exception-active
- Management by exception-passive
- Laissez-Faire

Indicators of transformational leadership will be how much a leader practices the following (Avolio et al 1990):

- Idealized influence (charismatic influence)
- Inspirational motivation
- Intellectual stimulation
- Individualized consideration

Indicators of effort exertion are the degree or extent to which the follower tries to discharge a duty and are less than expected effort, expected effort, and extra effort (Thite 1999).

Organizational performance may be measured in terms of how effective it is where effectiveness may be again measured using the following indicators:

- Managerial effectiveness- SWOT analysis, long range planning, clarity of work units, cooperation and upward communication etc
- Organizational growth- quantity of production, quality of production, efficiency of production, market share of the firm, overall financial position, growth in revenue, growth in profits, growth in total assets
- Organizational flexibility- number of markets the firm depends on, number of products produced, number of customers the firm depends on
- Morale and satisfaction of employees- amount of labor relations problems, voluntary turnover
- Organizational structure- rules and procedures in writing, rules and regulations observed, review of department performance
- Suppliers- number of suppliers,
- Environmental pollution- level of pollution on the environment
- Downward communication
- Societal value- average salary, tax contribution of the firm
- Work climate- union management, absenteeism in the organization,

Finally, conclusions will be drawn as to which style of leadership is most practiced in the selected firms and how the firm's effectiveness will be impacted due to the type of leadership style followed by the leader.

CONTRIBUTIONS

The leadership style appropriate for a certain circumstance and succeeding in organizational leadership through a leadership style are critical issues for any type of organization. Hence, the research project will have several contributions to various stakeholders. Primarily, it will contribute new knowledge and findings by empirically testing a model in an Ethiopian environment. As the business circumstances and scenarios in Ethiopia are different from the developed environments, several interesting findings will be there at the end of the research. A new leadership theory may be developed or the results may confirm the findings of the previous research efforts.

Secondly, it will contribute to the literature and it will also help bridge the gap between leadership theory and practice. In this regard, the findings will help the leadership practitioners to gain additional inputs to their leadership styles and thereby achieve their organizational objectives by properly influencing and motivating their subordinates. Thirdly, it will be an important reference in the academic environment for both instructors and students of leadership issues. As several new institutions are underway in Ethiopia, the academics will be one beneficiary. The student researcher will be one such beneficiary in this regard. Based on the findings, future trainings for parishioners and consultation sessions will be made as appropriate. The scope of the research will be on selected organizations (governmental, private as well as of various forms of operation) within the City Administration of Addis Ababa. The results of the study will be used to draw conclusions for an Ethiopian perspective answering the research question stated previously and testing the hypotheses listed above. However, leadership may be company and situation specific and this may reduce the generalizability of the findings. Some degree of respondent bias may also be expected as subordinates may frustrate to give their genuine opinions about their supervisors. Even if these limitations exist, the research will have several significant contributions listed next.

Finally, this research in a way will initiate additional research on the topic in the future. Expanding the scope of the research, in depth analysis in a specific industry or expanding with other leadership styles will be some potential research areas for the future interested groups.

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Appendix I Multifactor Leadership Questionnaire (MLQ)

This questionnaire was developed by Bass and Avolio (1989), to assess the leadership style followed by leaders and will be used in the organizations selected in Ethiopia.

THE PERSON I AM RATING...
1. Provides me with assistance in exchange for my efforts
2. Re-examines critical assumptions to question whether they are appropriate
3. Fails to interfere until problems become serious
4. Focuses attention on irregularities, mistakes, exceptions, and deviations from standards
5. Avoids getting involved when important issues arise
6. Talks about their most important values and beliefs
7. Is absent when needed
8. Seeks differing perspectives when solving problems
9. Talks optimistically about the future
10. Instills pride in me for being associated with him/her
11. Discusses in specific terms who is responsible for achieving performance targets
12. Waits for things to go wrong before taking action
13. Talks enthusiastically about what needs to be accomplished
14. Specifies the importance of having a strong sense of purpose
15. Spends time teaching and coaching
16. Makes clear what one can expect to receive when performance goals are achieved
17. Shows that he/she is a firm believer in 'if it ain't broke, don't fix it:'
18. Goes beyond self-interest for the good of the group
19. Treats me as an individual rather than just as a member of a group
20. Demonstrates that problems must become chronic before taking action
21. Acts in ways that builds my respect
22. Concentrates his/her full attention on dealing with mistakes, complaints, and failures
23. Considers the moral and ethical consequences of decisions
24. Keeps track of all mistakes
25. Displays a sense of power and confidence
26. Articulates a compelling vision of the future
27. Directs my attention toward failures to meet standards
28. Avoids making decisions
29. Considers me as having different needs, abilities, and aspirations from others
30. Gets me to look at problems from many different angles
31. Helps me to develop my strengths
32. Suggests new ways of looking at how to complete assignments
33. Delays responding to urgent questions
34. Emphasizes the importance of having a collective sense of mission
35. Expresses satisfaction when I meet expectations
36. Expresses confidence that goals will be achieved
37. Is effective in meeting my job-related needs
38. Uses methods of leadership that are satisfying
39. Gets me to do more than I expected to do
40. Is effective in representing me to higher authority
41. Works with me in a satisfactory way
42. Heightens my desire to succeed
43. Is effective in meeting organizational requirements
44. Increases my willingness to try harder
45. Leads a group that is effective

To be filled by the Leader

Use the following scales

0	1	2	3	4
Not at all	Once in a while	Sometimes	Fairly often	Frequently if not always

1. I provide others with assistance in exchange for their efforts
2. I re-examine critical assumptions to question whether they are appropriate
3. I fail to interfere until problems become serious
4. I focus attention on irregularities, mistakes, exceptions, and deviations from standards
5. I avoid getting involved when important issues arise
6. I talk about my most important values and beliefs
7. I am absent when needed
8. I seek differing perspectives when solving problems
9. I talk optimistically about the future
10. I instill pride in others for being associated with me
11. I discuss in specific terms who is responsible for achieving performance targets
12. I wait for things to go wrong before taking action
13. I talk enthusiastically about what needs to be accomplished
14. I specify the importance of having a strong sense of purpose
15. I spend time teaching and coaching
16. I make clear what one can expect to receive when performance goals are achieved
17. I show that I am a firm believer in 'If it ain't broke, don't fix it."
18. I go beyond self-interest for the good of the group
19. I treat others as individuals rather than just as a member of a group
20. I demonstrate that problems must become chronic before I take action
21. I act in ways that build others' respect for me
22. I concentrate my full attention on dealing with mistakes, complaints, and failures
23. I consider the moral and ethical consequences of decisions
24. I keep track of all mistakes
25. I display a sense of power and confidence
26. I articulate a compelling vision of the future
27. I direct my attention toward failures to meet standards
28. I avoid making decisions
29. I consider an individual as having different needs, abilities, and aspirations from others
30. I get others to look at problems from many different angles
31. I help others to develop their strengths
32. I suggest new ways of looking at how to complete assignments
33. I delay responding to urgent questions
34. I emphasize the importance of having a collective sense of mission
35. I express satisfaction when others meet expectations
36. I express confidence that goals will be achieved
37. I am effective in meeting others' job-related needs
38. I use methods of leadership that are satisfying
39. I get others to do more than they expected to do
40. I am effective in representing others to higher authority
41. I work with others in a satisfactory way
42. I heighten others' desire to succeed
43. I am effective in meeting organizational requirements
44. I increase others' willingness to try harder
45. I lead a group that is effective

Questionnaire to assess organizational effectiveness:

The components of this questionnaire were developed and used in the form of factor loading by Anantharaman and Chackoto assess organizational effectiveness. They were empirically tested to be valid. They have been modified in the form of a questionnaire and are to be used to assess organizational effectiveness in the selected organizations in Ethiopia.

Use the following scale:

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

No.	Statements to assess Managerial Effectiveness:	1	2	3	4	5
1	The organization responds to perceived threats from the environment					
2	The organization responds to perceived opportunities from the environment					
3	The managers participate in long range planning					
4	Long range planning is in written form					
5	The goals of the organization are quantified					

6	The goals of the organization are always achieved					
7	Long range plans are always implemented					
8	Rewards are given as a function of achieving goals planned					
9	Work unit objectives are clear to employees					
10	The company uses employee capabilities					
11	Employee rewards depend on work unit goals					
12	There proper cooperation among departments					
13	Employees are satisfied from work					
14	There is upward communication in the firm					
	Statements to assess organizational growth					
1	The organization achieves quantity of production planned					
2	The organization achieves quality of production planned					
3	The company is efficient in its production processes					
4	The company has significant market share					
5	The company is strong in its overall financial position					
6	The company shows growth in sales					
7	The company shows growth in profits					
8	The company shows growth in total assets					
	Statements to assess organizational flexibility					
1	The company has several markets to depend on					
2	The company has varieties of products					
3	The company has large customer base					
	Statements to assess morale and satisfaction of employees					
1	The company experienced several labor relations problems					
2	The company experiences several voluntary turnovers					
	Statements to assess organizational structure					
1	The company has rules and procedures in writing					
2	Company's rules and procedures are practically observed					
3	The company reviews departmental performance					
	Statements to assess suppliers					
1	Number of suppliers					
	Statement to assess environmental pollution					
1	The company seriously pollutes the environment					
	Statement to assess Downward communication					
1	There is proper downward communication within the firm					
	Statement to assess Societal value					
1	On average, the company pays attractive salary					
2	Tax contribution of the firm is significant					
	Statement to assess work climate					
1	There is smooth union management relations					
2	There is high experience of absenteeism in the firm					
3	Intra-organizational conflicts are experienced often					
	Statements to assess employee participation					
1	Employees fully participate					
	Statement to assess number of competitors					
1	The company has large number of competitors					