1-1-2006

Transformational Leadership and Cultural Values: Are They Related To Desired organizational Outcomes?

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Recommended Citation

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Globalization of the marketplace and the intense competition among multinational corporations makes attainment of organizational goals an imperative. Furthermore, an increasingly culturally diverse workforce challenges twenty-first century leaders to manage employees in ways to maximize desired organizational outcomes. This study investigates the relationships between cultural value variations, transformational leadership, and work-related outcomes. Managers at all levels of the organization will benefit from insights into what motivates workers to higher levels of performance.

INTRODUCTION

Researchers indicate that most people entering the U.S. workforce for the first time will be Hispanics, African-Americans, and Asians. A May 10, 2006 U.S. Census Bureau report indicates that as of July 1, 2005 almost 32 percent of the U. S. population is comprised of these three cultural groups, and Cox, Lobel & McLeod (1991) estimate that by 2050 the numbers will increase to over forty-five percent of the U.S. population. By comparison, the dominant white (non-Hispanic) group is projected to reach its population peak by the year 2020 and then decline relative to other groups. According to the U.S. Census Bureau, the Hispanic population (which may be of any race) increased from 22.4 million in 1990 to an estimated 42.7 million as of July 1, 2005 comprising 14.4% of the U.S. population. Similarly, the African-American population increased from 30.5 million in 1990 to an estimated 37.9 million as of July 1, 2005 representing 12.8% of the U.S. population. The Asian and Pacific Islander population increased from 7.5 million in 1990 to an estimated 13.2 million as of July 1, 2005 representing 4.5% of the population. This data suggests that leaders increasingly will be managing a more diverse workforce; that phenomenon will require, as Triandis (1994) suggests, that leadership research become more cross-cultural and globally oriented.

This study examines Bass' (1985) leadership model with the added measure of cultural values to determine if they are related to performance. The study also examines the potential moderating effects of cultural values on the relationship between transformational leadership and desired organizational outcomes.

LITERATURE REVIEW

This section examines previous research on the study constructs in this order: transformational leadership model, work-related cultural values, and desired organizational outcomes. In the 1960s and 1970s much of the leadership research focused on leader-subordinate transactions or exchanges (House, Woyke & Fodor, 1988). James McGregor Burns (1978) forged a new direction with transformational leadership wherein leaders effect major shifts in assumptions and attitudes and build commitment for organizational mission, objectives and strategies. Consequently, leaders not only influence subordinates' perceptions and attitudes but also empower them to participate in transforming the organization. Therefore, ideally, transformational leadership is a shared process at the various hierarchical levels and functional areas within an organization.

Burns (1978) suggested that transformational and transactional leadership were on opposite ends of one continuum. Bass (1985) augmented Burns' approach by depicting transformational and transactional leadership as two distinct dimensions. He posits that effective leaders display both transformational and transactional leadership behaviors. Transformational leaders build on transactional practices, which entail a series of leader-subordinate exchanges, to inspire employees (Yammarino, Spangler & Dubinsky, 1998). He developed the multifactor leadership questionnaire (MLQ) to assess transactional and transformational leadership, tested and refined the instrument in numerous organizations (Hater & Bass, 1988; Seltzer & Bass, 1990).

Leadership Dimensions

The four dimensions of transformational leadership are idealized influence (charisma), inspirational motivation, intellectual stimulation, and individualized consideration. Idealized influence refers to the leader's charismatic attributes and behaviors. Two subsets of idealized influence are: idealized behaviors displayed by

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Journal of Business & Leadership: Research, Practice, and Teaching (2005-2012), Vol. 21 [2006], No. 1, Art. 15
Journal of Business & Leadership: Research, Practice, and Teaching

the leader and idealized attributes perceived by subordinates (Bass, 1998). Idealized influence (charisma) is consistently identified as the most important dimension of transformational leadership (Avolio, Bass & Jung, 1995). Empirical studies indicate charisma accounts for the largest percentage of common variance in transformational leadership ratings (Bass, Avolio & Goodheim, 1987).

Inspirational motivation occurs when leaders motivate and inspire their subordinates by providing meaningful, challenging work (Bass & Avolio, 1994). Such leaders clearly and passionately articulate their vision and communicate organizational goals (Deluga, 1990).

Transformational leadership also entails intellectual stimulation of subordinates' ideas and values. This occurs when the leader encourages subordinates to open their minds and use their imaginations to discover new solutions to old problems. Consequently, subordinates develop and strengthen their capabilities for solving unexpected problems (Bass & Avolio, 1990).

Leaders exercise individualized consideration when they recognize subordinates' distinct differences and treat each one accordingly. Transformational leaders use individualized consideration as a more personal approach to communicate, mentor and coach subordinates ensuring individual development of talents and enhancement of their contributions to the organization.

Definitions of Culture

There is no comprehensive definition of culture as the various approaches depend upon the researcher's area of interest and academic discipline (Dorfman & Howell, 1988). Some researchers perceive cultures as systems that link people to their ecological environments. Cultural changes evolve over time as groups of people adapt to their environments by displaying behaviors conducive to their survival that reinforce their uniqueness as a people. Other researchers view culture as a system of shared symbols and meanings (Geertz, 1965). The theoretical framework set forth by Dorfman and Howell (1988), deals with institutions, roles, values and norms. Acculturation and socialization processes ensure that individual members of a society assimilate at an unconscious level the attitudes and behaviors that express their beliefs and values (Beres & Portwood, 1979).

Hofstede (1980) suggested that culture is the mental programming of groups in a given environment, and that processes of acculturation allow individuals to deal with various, multiple roles in society. One strategy for analyzing cultural contingencies of leadership is to study specific cultural dimensions to observe differences in behaviors and attitudes across diverse cultures (Dorfman, 1996). The literature on cultural dimensions suggests that one particular style of leadership may not always be the ideal. For example, in cultures where high power distance is the norm, characterized by a high tolerance and acceptance of unequal leader-subordinate power, an autocratic leadership style may be more effective than a participative leadership style. (Hofstede, 1980).

Cultural Values

The study assesses five cultural dimensions: individualism/collectivism, power distance, uncertainty avoidance, paternalism, and masculinity/femininity with scales developed by Dorfman and Howell (1988) for use at the individual level of analysis.

Hofstede (1980) used the term individualism/collectivism (IC) to describe the relationship between individuals and the groups to which they belong. At one end of the continuum is the "western" individualism, which perceives individuals as separate entities; at the other end is collectivism, which treats individuals as extensions of the various social groups to which they belong. The model proposes that people in more individualist cultures (i.e., U.S., Canada) refer to themselves as independent and autonomous, concerned only with their individual needs, interests, and pursuits. By contrast, people in collectivist cultures (i.e., Asia, Latin America, Africa) are more interdependent because each person's definition of himself/herself is situated in the group membership. Collectivist cultures place high value on relationships and on meeting the needs of the group (Bochner, 1994). These values support adherence to organizational goals and are positively related to transformational leaders' efforts to align subordinate needs and values with those of the organization (Avolio & Bass, 1988).

Hofstede (1993) defined power distance (PD) as the degree of inequality existing between a less powerful and a more powerful person. Work related PD refers to how much inequality people will tolerate or regard as proper, referring to the norms to which both leader and subordinates subscribe. There is a tendency of high PD individuals to behave submissively in the presence of a leader, a reluctance to disagree with him/her, and a preference for autocratic or paternalistic leaders. By contrast, low PD individuals (i.e., U.S., Canada) prefer a more participative leader. Employees from high PD cultures expect their leaders to be autocratic and paternalistic. Individuals from high PD countries are

more task oriented and less people oriented because the role of a manager in a high PD system is to tell people what to do, rather than to ask for their views. On the basis of Hofstede's descriptions, employees identifying ethnically with countries having high PD scores (i.e., Asia, Latin America, Africa) would exhibit more formal leader-subordinate relationships and prefer closer supervision.

Uncertainty avoidance (UA) refers to the extent to which a person feels threatened by uncertain or unknown situations. Hofstede (1980) proposes that the extent to which members of a culture prefer certainty and predictability causes them to perceive ambiguity as stressful. Cultures in which members prefer rules, structure, and job stability (i.e., Japan, Korea, Taiwan, and Thailand) are high on UA. Members of cultures low on UA (i.e., U.S., Australia, Hong Kong, India, Malaysia, Philippines, and Singapore) are more tolerant of ambiguity. Hofstede (2001) cautions against interpreting uncertainty avoidance as risk avoidance. Risk has a probability attached to it and focuses on a specific object or event; conversely, uncertainty has no object, event, or probability attached to it. Cultures in which members prefer rules, structure, and job stability are high on UA. Members of cultures low on UA are more tolerant of ambiguity. Perceptions of uncertainty and ambiguity have a strong correlation to some aspects of decisions making; thus, they influence organizational performance. Thus, the relationship between UA and leadership effectiveness is significant (Offermann & Hellmann, 1997).

Harbison and Myers (1959) introduced a dimension on a continuum from paternalism to pluralism based on qualitative evidence from studies on management processes in twelve countries. Leader-subordinate relations in pluralist countries (i.e., U.S., England) tend to be pragmatic; whereas, leader-subordinate relations in paternalist countries (i.e., Japan, Italy, France) are more emotional, with the potential for generating both very positive and very negative feelings between leaders and their subordinates. Hofstede (2001) suggests that Harbison and Myers' paternalism/pluralism dimension closely resembles the power distance dimension.

Bass (1998) describes paternalism as the degree of authoritarian leadership people will accept or endure. When paternalism is high in a cultural group, employees expect job security, and they expect their employers to take responsibility for them as persons, not just as employees. Cultural groups high on paternalism will generally have autocratic leaders and compliant subordinates, wherein leaders believe they have the responsibility to take an interest in employees' personal lives.

Hofstede (1993) describes masculinity/femininity as the degree to which gender roles are clear and distinct within a culture. Masculinity in a culture reflects distinct gender roles in which men are assertive and focused on material success, while women are nurturing, tender, modest and concerned with the quality of life. Conversely, femininity in a culture is characterized by gender roles that are not clearly defined and often overlap. Both men and women are nurturing and concerned with quality of life. Hofstede (2001) suggests that differences along the masculinity/femininity dimension affect the role of work in people's lives. The role of the leader in a masculine culture is to be assertive, decisive and aggressive. On the other hand, the role of the leader in a feminine culture is to seek consensus in decision making and to be more intuitive rather than decisive. Both men and women in feminine cultures have the same modest, nurturing values. In the masculine cultures women are assertive and competitive, but to a lesser degree than the men, so that a disparity exists between men's and women's roles and values. Conflict resolution in organizations differs along masculine or feminine dimensions. In masculine cultures (i.e., U. S., Australia) the tendency is for conflicts to be resolved by a good fight. In feminine cultures (i.e., Taiwan, Thailand, Malaysia, and Singapore) the tendency is for resolution of conflicts through negotiation and compromise (Hofstede, 2001).

Leadership in Context of Culture

Bochner and Hesketh (1994) observe that in the U. S. cultural diversity in the workplace has increased steadily since the end of World War II due to various factors, such as increased immigration from non-European countries and anti-discrimination laws. In addition, many Asian students who come to the U.S. to obtain advanced degrees have remained here attracted by the educational and economic opportunities, and pursued by companies who want to benefit from their expertise to enhance organizational performance. Greater diversity invariably affects work-related cultural values that in turn affect work performance and productivity. Hofstede's model suggests that immigrants' values with respect to power distance and individualism/collectivism dimensions may be closer to those of their countries of origin. The likelihood of identifying with the values of the country of origin are, however, moderated by such factors as when particular individuals migrated, the strength of their

original culture, and their degree of assimilation to their new environment.

There is some indication that transformational leadership principles may be universally applied across cultures; however, the enactment and degree of effectiveness of the model may vary from culture to culture (House, Hanges, Ruiz-Quintanilla, Dorfman, Javidan, Dickson, Gupta, et al., 1999). Leadership studies conducted by Hofstede (1980), Bass (1998), and Dorfman (1996) suggest that culture increasingly is recognized as a potential moderator of leader behaviors and a critical variable of leadership research.

Outcome Variables

The outcome variables assessed in Bass' (1985) Multifactor Leadership Questionnaire (MLQ) are

employee extra effort, leader effectiveness, and satisfaction with the leader. Extra effort measures the degree to which subordinates exert effort beyond the norm. Bass (1985) proposed that subordinates willingly exert greater effort when they work for transformational leaders. Leader effectiveness measures the effectiveness of leaders in their ability to achieve organizational goals. It involves meeting job-related needs of subordinates, thereby contributing to the success of the organization (Bass, Avolio & Atwater, 1996). Satisfaction with the leader measures how closely leaders meet expectations. It is a function of the relationship between subordinate expectations and actual experiences. Bass, et al. (1996) indicated that this dimension also refers to subordinates' satisfaction with their leaders' leadership styles.

METHOD

Research Design
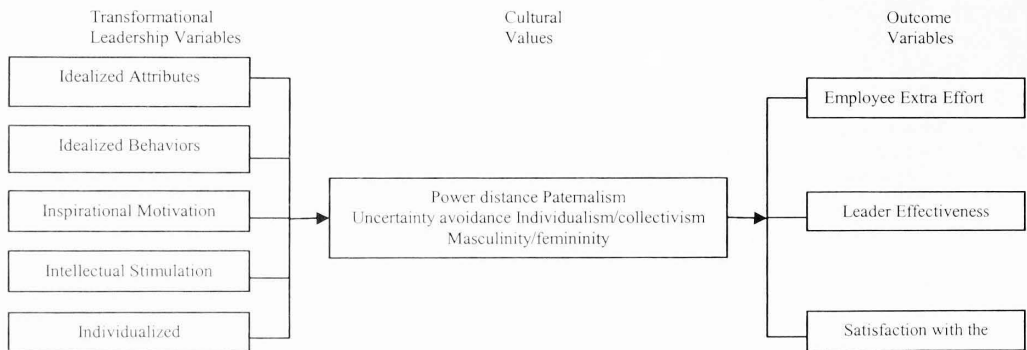
Hypotheses

This section presents hypotheses derived from the above research, describes the respondents, the measures with their psychometric characteristics, and concludes with data collection and analysis methods.

H₁: There is a positive relationship between transformational leadership and organizational outcomes (employee extra effort, perceived leader effectiveness, and satisfaction with leader).

H₂: Cultural values are positively related to desired organizational outcomes (employee extra effort, perceived leader effectiveness, and satisfaction with leader).

H₃: Cultural values moderate the relationship between transformational leadership and desired

organizational outcomes (employee extra effort, perceived leader effectiveness, and satisfaction with leader).

The multi-cultural sample consisted of nontraditional college students in undergraduate, graduate, and doctoral level programs at a private university in Texas on campuses in the three largest cities in the state. A composite sample of 602 respondents completed the surveys for a 63 percent response rate. Instructors distributed the questionnaires to the students as self-administered surveys. Students had the option of completing the surveys or declining to do so.

Measures

The Multifactor Leadership Questionnaire Form-5X Short Revised (Avolio, Bass, & Jung, 1995) assessed

transformational leadership and the desired outcomes. A revised version of Dorfman and Howell's (1988) cultural scale was used to measure the cultural values.

The MLQ, developed originally by Bass (1985) and refined by Bass and Avolio (1995), has been used in nearly 200 research programs, doctoral dissertations, and masters theses for over 15 years in domestic and international studies across diverse organizations in the public and private sector (Bass & Avolio, 1994). It has proven to be a useful tool for analyzing perceived leadership behaviors and their effects on subordinate extra effort, leader effectiveness and satisfaction with the leader (Bass, 1985; Hater & Bass, 1988; Seltzer & Bass, 1990). The instrument contains twenty items that measure five transformational leadership variables: two aspects of idealized influence (attributed and behavioral), inspirational motivation, intellectual stimulation and individualized consideration. Nine items measure outcome variables: employee extra effort, perceived leader effectiveness, and satisfaction with the leader. The MLQ employs a five-point Likert-type scale with the following format: 0 = not at all, 1 = once in a while, 2 = sometimes, 3 = fairly often, 4 = frequently or always (Avolio, Bass, & Jung, 1995). Higher scores indicate leader behaviors that are congruent with transformational leadership. Construct validity for the MLQ is well established. Item selection for the MLQ-5X was determined by partial least squares (PLS) analysis and confirmatory factor analysis (CFA) to identify the items that contributed the greatest variance to each dimension. Thus construct validity of the MLQ is CFA supported based on over ten years' worth of published research, including the original survey reported in Bass (1985) and Bass and Avolio (1990). Avolio et al. (1995) provide additional verification of MLQ validity and report consistently high reliability estimates including several fit measures and results of the competing factor/model solutions.

Dorfman and Howell's cultural scale (1988) comprises twenty-nine items that measure Hofstede's four cultural dimensions: uncertainty avoidance, individualism/ collectivism, power distance, and masculinity/ femininity. Dorfman and Howell added a fifth dimension of paternalism. Five items address uncertainty avoidance, six items measure individualism/ collectivism, six items measure power distance, seven items address paternalism, and five items measure masculinity/femininity gender roles. The cultural scale has been administered to various groups of immigrants, expatriates, and second-generation American participants. It utilizes a five-point Likert-type scale as follows: 1 =

strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, 5 = strongly agree. Higher scores indicate greater propensity for uncertainty avoidance, collectivism, power distance, paternalism, and more clearly defined gender roles (masculinity). Lower scores indicate a lesser propensity for uncertainty avoidance, power distance, paternalism, a more individualistic orientation, and less clearly defined gender roles (femininity). Dorfman and Howell (1998) and Olivas-Lujan, Harzing and McCoy (2004) demonstrated construct validity. Their factor analysis demonstrates that all scale items loaded on the expected factors, indicating that each scale measures distinct dimensions with no significant cross-loadings.

Data collection was accomplished by university instructors distributing questionnaires to students as self-administered surveys and returned to the researcher by the instructors. Since surveys were completed (or declined) during classes, no further contact with the subjects was necessary.

Data Analysis

Correlation coefficients and multiple regression were used to examine the relationship between cultural dimensions (individualism/ collectivism, power distance, uncertainty avoidance, paternalism, masculinity/ femininity), transformational leadership independent variables (idealized attributes, idealized behaviors, inspirational motivation, intellectual stimulation, individualized consideration), and the dependent variables: subordinate extra effort, leader effectiveness, and satisfaction with the leader. Correlation coefficients assess the strength of the linear relationship between the cultural factors, leadership factors, and outcome variables.

RESULTS

Demographic Data and Descriptive Statistics

Sample data indicates that women made up 70.1 percent of the respondents and 47.7 percent of managers, while men represented 29.9 percent of respondents and 52.3 percent of managers. African-Americans represented 17.6 percent of respondents and 6.1 percent of managers. Hispanic-Americans represented 36.9 percent of respondents and 17.4 percent of managers. Mexican-Americans (a subset of Hispanic-Americans) represented 29.1 percent of respondents and 9.9 percent of managers. White-Americans represented 41.2 percent of respondents and 73.3 percent of managers. Educational data reflected 2.5 percent of respondents were at the

doctoral level, 39.5 percent at the graduate level, and 58 percent at the undergraduate level. Data also reflected 24.4 percent of respondents were 30 years of age and younger, 32.7 percent were between 31 to 40 years of age, 26.1 percent were over 41 years of age, and 16.8 percent did not respond to the question. Only 5.1 percent of respondents received most of their education outside the U.S. 11.1 percent of respondents were born outside the U.S., and 20.4 percent had at least one parent who was born outside the country. Thus, the sample mirrors workforce diversity in the U.S. to some extent; however, Asians/Asian-Americans were not represented in this sample due to geographic constraints.

Descriptive statistics for transformational leadership, cultural scales, and outcome factors for all respondents are presented in table 1.

Table 1: Descriptive Statistics (N = 602)

	Minimum	Maximum	Mean	Std. Deviation
Transformational Leadership:				
Idealized Influence – Attributed	.00	4.00	2.51	1.03
Idealized Influence – Behavioral	.00	4.00	2.38	.97
Inspirational Motivation	.00	4.00	2.64	1.01
Intellectual Stimulation	.00	4.00	2.24	.95
Individualized Consideration	.00	4.00	2.33	1.04
Organizational Outcomes:				
Employee's Extra Effort	.00	4.00	2.40	1.19
Leader Effectiveness	.00	4.00	2.60	1.09
Satisfaction with the Leader	.00	4.00	2.57	1.18
Cultural Dimensions:				
Uncertainty Avoidance	1.00	5.00	4.04	.57
Collectivism	1.00	5.00	3.06	.57
Power Distance	1.00	5.00	2.21	.58
Paternalism	1.00	5.00	2.39	.68
Masculinity	1.00	5.00	1.86	.75

Table 2: Correlation Coefficients and Significance Values

		Cultural Dimensions					Outcomes		
		UA	ICL	PD	PA	MAS	EEE	LE	SL
	IIA	.044	.015	-.025	-.027	-.047	.818**	.839**	.833**
	IIB	.066	.034	-.009	.062	-.034	.714**	.6**	.719**
	IM	.096*	.016	-.023	.000	-.064	.740**	.762**	.723**
	IS	.018	.063	-.016	.020	-.034	.734**	.718**	.719**
	ICN	-.019	.028	-.034	-.028	-.038	.810**	.793**	.804**
	UA	1.000	.183**	-.005	.028	-.059	-.009	.026	.014
	ICL		1.000	.292**	.264**	.212**	.031	-.032	-.019
	PD			1.000	.258**	.448**	-.004	-.042	-.040
	PA				1.000	.346**	-.009	-.034	.001
	MAS					1.000	-.056	-.039	-.065

** Correlation is significant at 0.01 level
* Correlation is significant at 0.05 level

Correlation and Regression Results

Correlation coefficients shown above evaluate the relationship of both MLQ transformational dimensions and cultural variables to the outcome variables in the last three columns. The correlation matrix indicates strong and positive relationships between transformational leadership factors and the three outcome variables with coefficients ranging from .839 to .714 (p < .001). Cultural factors are not correlated to the outcomes. An interesting result was the moderately significant positive correlation between the transformational factor of inspirational motivation and the cultural dimension of uncertainty avoidance (r = .096, p = .019).

Transformational Factors:
IIA=Idealized Influence (Attributed)
IIB=Idealized Influence (Behavioral)
IM=Inspirational Motivation
IS=Intellectual Stimulation
ICN=Individualized Consideration

Cultural Dimensions:
UA=Uncertainty Avoidance
ICL=Individualism/Collectivism
PD=Power Distance
PA=Paternalism
MAS=Masculinity

Outcomes:
EEE=Employee Extra Effort
LE=Leader Effectiveness
SL=Satisfaction with Leader

Because of the positive intercorrelations of all transformational leadership dimensions, and to simplify interpretation of the regression results, the five dimensions are combined in further analyses. The regression results for the dependent variable, employee extra effort, are presented in table 3. A single regression equation tested for main effects (transformational leadership and cultural values) and the interaction terms (transformational leadership multiplied by each of the cultural values separately). Transformational leadership is positively related to extra effort, while none of the cultural values are. There are no significant interactions.

Table 3: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	616.694	11	56.063	150.381	.000
Residual	216.973	582	.373		
Total	833.666	593			

a. Predictors: (constant) uncertainty avoidance, collectivism, paternalism, power distance, masculinity, transformational leadership variables, INTRSFPA, INTRSFPD, INTRSFIC, INTRSFUN, INTRSFMAS
b. Dependent variable: employee extra effort

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	-7.63E-02	.645		-.118	.906
Transformational Leadership Variables	1.167	.240	.878	4.857	.000
Uncertainty Avoidance	-.166	.125	-.079	-1.325	.186
Collectivism	.106	.135	.051	.780	.436
Power Distance	.113	.144	.056	.786	.432
Paternalism	7.539E-03	.123	.004	.061	.951
Masculinity	-.113	.118	-.071	-.954	.341
INTRSFUN	2.395E-02	.048	.081	.499	.618
INTRSFIC	-3.20E-02	.052	-.085	-.613	.540
INTRSFPD	-2.19E-02	.058	-.044	-.376	.707
INTRSFPA	-1.21E-02	.047	-.029	-.258	.797
INTRSFMAS	2.772E-02	.046	.058	.606	.545

a. Dependent Variable: Employee Extra Effort

Table 4: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	523.629	11	47.603	160.734	.000
Residual	172.363	582	.296		
Total	695.992	593			

a. Predictors: (constant) uncertainty avoidance, collectivism, paternalism, power distance, masculinity, transformational leadership variables, INTRSFPA, INTRSFPD, INTRSFIC, INTRSFUN, INTRSFMAS
b. Dependent variable: leader effectiveness

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	-3.52E-02	.575		-.061	.951
Transformational Leadership Variables	1.236	.214	1.017	5.771	.000
Uncertainty Avoidance	.133	.112	.069	1.187	.236
Collectivism	-.372	.121	-.197	-3.082	.002
Power Distance	.219	.129	.118	1.699	.090
Paternalism	.101	.110	.063	.919	.358
Masculinity	-8.81E-03	.106	-.006	-.083	.934
INTRSFUN	-5.21E-02	.043	-.192	-1.217	.224
INTRSFIC	.111	.046	.324	2.395	.017
INTRSFPD	-.103	.052	-.226	-1.983	.048
INTRSFPA	-5.85E-02	.042	-.153	1.405	.161
INTRSFMAS	2.617E-02	.041	.060	.642	.521

a. Dependent Variable: Leader Effectiveness

The regression results for the dependent variable, leader effectiveness, are presented in table 4 above. Transformational leadership is positively related to leader effectiveness (p < .001) and collectivism is negatively related to it. There are two significant interactions: collectivism (t = 2.39, p = .017) and power distance (t = -1.98, p = .048). Both collectivism and power distance moderate the relationship between transformational leadership and subordinates' perception of leader effectiveness.

It should be noted that the regression results for the dependent variable, satisfaction with the leader, are presented in table 5 below. Transformational leadership and paternalism are positively related to the outcomes and power distance is negatively related to the outcomes. Therefore, there is a significant interaction between transformational leadership and paternalism (t = 2.85, p = .005). Paternalism moderates the relationship between transformational leadership and satisfaction with the leader.

Table 5: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	609.494	11	55.409	147.500	.000
Residual	218.629	582	.376		
Total	828.123	593			

a.   Predictors: (constant) uncertainty avoidance, collectivism, paternalism, power distance, masculinity, transformational leadership variables, INTRSFPA, INTRSFPD, INTRSFIC, INTRSFUN, INTRSFMAS

b.   Dependent variable: satisfaction with the leader

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
Constant	4.455E-02	.647		.069	.945
Transformational Leadership Variables	1.195	.241	.901	4.953	.000
Uncertainty Avoidance	-3.91E-02	.126	-.019	-.310	.756
Collectivism	-.293	.136	-.143	-2.156	.031
Power Distance	.138	.145	.068	.955	.340
Paternalism	.362	.124	.208	2.924	.004
Masculinity	-.182	.119	-.115	-1.533	.126
INTRSFUN	3.142E-03	.048	.011	.065	.948
INTRSFIC	8.481E-02	.052	.226	1.621	.105
INTRSFPD	-6.13E-02	.059	-.123	-1.048	.295
INTRSFPA	-.134	.047	-.320	-2.850	.005
INTRSFMAS	6.560E-02	.046	.138	1.429	.154

a.   Dependent Variable: Satisfaction with the Leader

Applying Statistical Tests to the Hypotheses

Results of this study indicate that transformational leadership is positively related to desired performance in a multi-ethnic sample, that some cultural values are related to organizational outcomes, and that some cultural values moderate the relationship between leadership and work-related outcomes.

H₁: There is a positive relationship between transformational leadership and desired organizational outcomes (employee extra effort, perceived leader effectiveness, and satisfaction with leader). Both Pearson correlations (table 2) and multiple regression results (tables 3-5) support the first hypothesis; there are positive relationships between transformational leadership factors and extra effort, leader effectiveness, and satisfaction with the leader. Thus, H_1 is fully supported.

H₂: Cultural values are positively related to desired organizational outcomes (employee extra effort, perceived leader effectiveness, and satisfaction with leader). There were no significant linear correlations between cultural values and the outcomes. The multiple regression results indicate that collectivism (table 4) is negatively related to leader effectiveness in the presence of the other independent variables. For satisfaction with the leader (table 5) collectivism is negatively related, and paternalism is positively related. Thus, there is very little support for H_2.

H₃: Cultural values moderate the relationship between transformational leadership and desired organizational outcomes (employee extra effort, perceived leader effectiveness, and satisfaction with leader). Three cultural values moderate the relationship between transformational leadership and two outcomes: leader

effectiveness and satisfaction with the leader/manager. For leader effectiveness two cultural values, collectivism (b = 2.39, p = .017) and power distance (b = -1.98, p = .048). For satisfaction with the leader/manager, paternalism interacts with transformational leadership (b = -2.85, p = .005). H_3 is only partially supported. Although the significant interactions were plotted, they showed only minimal moderating effects for the cultural values.

DISCUSSION

This study examined the relationship of transformational leadership and cultural values and the outcomes: employee extra effort, perceptions of leader effectiveness, and satisfaction with the leader among White, African-American and Hispanic-American managers in nontraditional university degree programs. Study results suggest that transformational leadership behaviors will result in employees' exceptional performance. There are strong positive relationships between transformational leadership and desired organizational outcomes. This demonstrates that this leadership model applies to an ethnically diverse workforce and lends support to its universal applicability.

Only a few (3 out of 15 possibilities) cultural values are related to organizational outcomes. For example, Collectivism is negatively related to both leader effectiveness (table 4) and satisfaction with the leader (table 5). These findings warrant further research, given that Hispanics were well represented in this sample, and they are a growing sector of the U.S. population. In addition, collectivism tends to be high in Latin American countries. Three cultural values interact with transformational leadership in relation to leader effectiveness (table 4) and satisfaction with the leader (table 5) as discussed above.

Given the relatively small number of African-American participants in this study, and the lack of Asian-American respondents, future research should sample larger numbers of these groups. Given large enough sample sizes, differences among the various ethnic groups in the U. S. in leadership dimensions and cultural values should be examined. This study did not examine differences among ethnic groups. The interactions associated with cultural values, specifically collectivism, may be related to ethnic group differences. This highlights the need for additional research among various U. S. ethnic groups.

This research approach could be important. It examins the moderating effects of work-related cultural values

within and among various ethnic groups on the relationship between leadership and desired organizational outcomes. This is vital for understanding workplace dynamics so that managers can adapt their leadership style (as situational leadership suggests) to work-related cultural values associated with the beliefs and values learned in the socialization process within their community. For Hispanics, further research would most likely indicate that even when living in the U.S. for several generations, they generally retain strong beliefs and values of their country of origin, in terms of collectivism, power distance and paternalism. This research has not been conducted.

The changing ethnic statistics in the U. S cited at the beginning of the paper, coupled with the above results, indicate the need for further study. In terms of application, the results indicate that leadership is viewed as more or less effective, depending to a small extent on the cultural values of employees. We did not have information on the managers who were rated by the respondents and their views of leadership and their cultural values. Therefore, part of the equation is missing: information on the interactions between a manager and one who is managed. We can conclude that it is important for leaders and managers, as well as employees, to become more aware of how beliefs and values affect behavior. Within every culture and each ethnic group there are varying degrees to which a "typical" pattern applies. For example, if the employees are members of a cultural group that is higher in paternalism and power distance, managers should consider using a more directive leadership style, wherein they tell subordinates what to do and how to do it instead of asking for their input. However, the manager must have the skill to observe the effects of his or her own leadership style and be willing to adapt and change it instead of following a "recognized norm" for an ethnic group. Thus, the results of this research point to new directions for more research, while also providing guidelines for managing an ethnically diverse workforce.

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