9 Discussion, conclusions and limitations

Transactional leadership factors have been discussed in the leadership literature for at least 50 years (Bass, 1990), little attention in the aggregate has been paid to assessing the transformational components, at least up to the last 20 years (Avolio, Bass & Jung, 1999) mostly in USA. Some attempts were carried out to analyze transformational leadership in different countries around the world and instruments were developed to assess the construct. In Latin America few studies exists over organizational psychology subjects. Some studies were carried out in Mexico on transformational leadership. In line of this a major target of this research was to analyze transformational behaviors within Bolivian organizations. The present investigation may be considered as an attempt to break new ground by applying approved concepts to the situation in Bolivia. It can also serve as a basis for further development of Spanish versions of the instrument. By applying the MLQ Spanish version, the reproducibility of the factor structure of the instrument of charismatic and transformational leadership could be examined. Many authors using the MLQ survey consistently raised the question whether the components of transformational leadership are independent factors of contingent reward leadership, and/or whether the latter must be viewed as a separate factor. Also, many authors argued that the components of transformational leadership can not be distinguished empirically. Avolio et.al. (1999) reported that the best model fit was achieved by the six factor model proposed by Bass (1985). Nevertheless consistent evidence was provided for low discriminant validity among the transformational and transactional contingent reward leadership scales. Specifically, by including two correlated higher-order factors to represent the transformational and transactional contingent reward leadership factors, the authors were able to reduce the latent correlations and enhance the discriminant validity between the transformational higher-order factor containing charisma, inspirational and intellectual stimulating leadership and the second higher-order factor containing individualized consideration and contingent reward. In Bolivian samples, an exact replication of the original factors proposed by Bass (1990) was not achieved as results have shown. Nevertheless the two higher order factors transformational and transactional leadership were maintained. Transformational higher-order factor contains charisma, inspiration, intellectual stimulation and individualized consideration, while transactional higher-order factor contains contingent reward and management by exception. Reli-
abilities of the transformational scales with the exception of MBE and laissez-faire were over the Nunnally (1978) cut-off criterion. Contrary to expectation, MBE correlates positively with the transformational scales and negatively with the laissez faire scale. Considering that the MBE items reflect the passive side of management of exception in the MLQ version used in this investigation, positive correlations to laissez-faire were expected but not fulfilled. Relationships to the MBE scale have been frequently turned out to be contradictory, and quite often the results were not significant (Geyer & Steyrer, 1998). In Molero’s (1994) results, MBE and laissez-faire (-) correlate negatively with charisma, and MBE passive and contingent reward II (negotiating leader) correlate positive. Probably MBE is a culturally conditioned component of the scale and should be treated as a special case of the whole scale. German studies report difficulties with the MBE active scale, too (Felfe, 2002). In line with the results of this investigation it is plausible to think that Bolivian employees are not able to perceive or recognize passive-avoidance behavior or an influential bias interferes with the sample. This is an aspect to be considered in future examinations.

In intending to replicate the original factors in the Bolivian sample, the factor contingent reward has been divided in two other factors, a reinforcing and a negotiating leader. These results were similar to Spanish samples of Molero, 1994. Bass’ studies do not report about this fact. Possibly, culturally conditioned aspects and speaking same the language play an important role. Therefore both aspects are still open to discussion. It is also remains to consider in future researches that the reliabilities of both scales MBE and Laissez-faire are low rated.

Generally, in this investigation it is remarkable, that the correlations between transformational scales are high and that the strong relationship to contingent reward stands out. This aspect indicates that the scales are less independent and a more discriminant validity of the scales is necessary. Moreover, individual consideration is not perceived as a separate factor. Probably, it is taken to be a weakness in leader behaviors since Bolivian employees are maybe more accustomed to autocratic leaders. Nevertheless, we recommend to enlarge the range of samples and include more layers of employees from different types of organizations.

The results of this investigation confirmed the assumption that: The first-order hypothesized structure of the version MLQ 5 will not be exactly replicated. The origi-
nal first order factors proposed by Bass (1990) and later on validated by Molero (1994) in Spanish samples, are not exactly replicated in the Bolivian sample. The results of this investigation also confirm the assumption that a poor model fit, as evaluated by CFA, had to be expected. Nevertheless CFA is more restrictive than an exploratory factor analysis, and therefore a small adjustment is not surprising. Nevertheless, considering the characteristics of the MLQ, the difficulties presented and also reviews in other studies, it is plausible to posit a differentiated factor structure, namely transformational and transactional leadership. A suitable factor structure however is not yet available. Although the two second order factors model in this investigation do not show fully adequate values, namely, .75 (GFI) and .70 (AGFI), and their indexes clearly invite to improvement, the results can be considered a viable approach based on concepts workable for further analyses and for supporting the proposed assumptions (see Tab. 8).

In contrast to the assumption that in Bolivia leaders tend to be perceived as transactional more than transformational, since the organizations of the sample are owned by families and more autocratic behaviors could be expected, the results show that Bolivian executives, like American ones, are perceived more transformational than their European (German and Spanish) counterparts. The difference between transactional and transformational behaviors in the Bolivian sample is slight, nevertheless also with respect to transactional behaviors, the perception of Bolivian executives is higher than in Spanish, German and American samples.

Summarizing, three aspects are relevant in regard of transformational leadership: (1) high interrelations are detected between transformational factors, and the independence of the scale contingent reward is under discussion, (2) in all the studies carried out, a clear differentiation between transformational and transactional behaviors is maintained, and finally (3) the augmentation effect has been confirmed.

Considering that the main objective of this investigation was the analysis of transformational behavior of leaders and its influence on commitment, the validated Spanish version of the commitment scale was also drawn on. The relevant fit indexes of the models were satisfactory.

The present study shows specific patterns of employees’ assessments and attitudes towards their organizations. In general, higher rates of transformational leadership
were found in big organizations. Differences between small and big organizations were not as significant as had been expected. Regarding the criterion extra effort no significant differences were found between small and big organizations, either, which underlines the importance of examining mean values as well as correlations. Apparently big companies correlate highly with extra effort, but this does not represent a significant difference to small companies.

Concerning the employees’ commitment, higher rates of affective and normative commitment show up in Bolivian organizations. Regarding continuance commitment, the results do not confirm the assumptions. Employees that accumulate investments in organizations and at the same time have few alternatives open to them to find another job, should show higher amounts of continuance commitment. As to Bolivia, where the general labor situation is instable, low alternatives of jobs are available, the unemployment rate is around a 45% (National Statistics Institute INE, 2003) and finally an elevated dissatisfaction rate occurs, it has been expected to find a high rate of continuance commitment in the sample of employees. That expectation was not fulfilled. Probably employees do not invest much in the companies where they work. Pay offs and benefits of the organizations may be not attractive enough to elevate continuance commitment of employees. Considering the position tenure average in the organizations (1 to 3 years) is plausible to think that employees due to the short time being in their companies, they are still in the early career stage and have not made big investments. A detailed analysis of the scale was carried out. The scale was divided in two subscales, namely continuance costs and continuance alternatives. A comparative mean analysis result shows a significant difference for the subscale continuance costs (p<0.01). It would follow that employees of the sample stay in the companies being linked by the costs implication of leaving their organization rather than by the lack of alternatives. The lack of alternatives then is not the main source of low continuance commitment. Two elements must be taken into account in future analysis: the reliability of both subscales, which do not reach the Nunnally criterion of .70, and the fact that the subscales are composed only of three and two items respectively. Besides, it is also important that the sample involves private industrial companies and that the employees all had a superior level of education. Probably they do not perceive the lack of alternatives as a real threat. Besides,
the education level, is more likely correlated to the affective dimension of commitment.

Affective and normative commitment showed high values. The reasons why employees stay in their organizations are mostly due to an affective and also clearly moral attachment. Employees stay in their companies because they identify themselves with the organizations and the emotional ties are stronger than any other. In view of the fact that few alternatives exists on the labor market in Bolivia, there is a small risk of employees leaving for more attractive offers. Thus changing tasks and/or conditions of work to increase affective commitment is not required. An active commitment management (as mentioned by Meyer and Allen, 1997) aiming to enhance continuance commitment in employees should focus on other aspects and factors as salary, position, and the perception of alternatives, nonvested pension plans, status, and use of organizational benefits.

Future analyses will have to consider that Bolivia is a strongly catholic country, norms of ethic and socialization are internalized through severe church education in school and family. This aspect contributes to explain the high normative commitment rate shown in the results. The development of clear hierarchical differentiations, in which the head of the company is the most important figure in the organizations also have to be considered. The relations are not at a horizontal level but of a remarkable vertical dimension. Results of this investigation also show a division of transactional leadership scale contingent reward in the two sub dimensions mentioned above (reinforcing leader and negotiating leader). This aspect is a confirmation of a differentiated perception of transactional leaders in Bolivian organizations. In this line it is plausible to think that participative leaders give way to autocratic ones in Bolivia. Respect for authority belongs to the cultural and organizational process as well as to family ties, and the internalization of these norms possibly develops an obligatory feeling to stay in the respective organizations. This aspect is very likely to influence employees and therefore high rates of normative commitment are shown in the sample.

The assumption that there is less relation between age, position tenure and affective commitment than between age, position tenure and continuance commitment, was partially confirmed. A multiple correlation showed higher values among age, position tenure and continuance commitment. A significant result, though, could be
shown only in the case of position tenure. Age is also highly correlated to both commitment dimensions (affective and continuance). It is to assume that the older the employees, the more affective and continuance commitment they show.

The assumption that the educational level correlates negatively with commitment, whereby the negative correlate for continuance commitment would come out higher than for affective commitment was confirmed. Finally, I expected that transformational leadership correlates higher with affective commitment than transactional leadership does, which was confirmed. By hierarchical regression analysis, the augmentation effect regarding affective and normative commitment was also confirmed. The analysis of the beta weights in the regression analysis let me confirm also that a significant influence of transformational leadership especially on affective commitment should be reported, whereas continuance commitment should be predicted by age and position tenure.

In the conclusion cultural aspects are described and analyzed.

9.1 Is Transformational Leadership a cultural specific phenomenon?

According to Bass (1997), broad supporting evidence exists to affirm that transactional-transformational leadership is a universal paradigm. The author bases his assertion of the universality of the transactional-transformational paradigm on the fact that evidence supporting the model has been obtained in many different countries. Transformational leadership correlates more positively with a variety of positive outcomes than transactional leadership does in countries as diverse as the United States, Canada, Japan, Taiwan, New Zealand, the Netherlands, and Austria (GLOBE research program, 1999). Studies were carried out in nearly all continents, and the robustness of the effects of transformational and charismatic leadership has been pointed out several times. There is also evidence that a preference for transformational leadership exists in different cultures. As a part of the “new leadership”, this kind of leadership, in order to achieve effectiveness, adds the role of the transformational leader to a relation that begins as a simple leader-employee transactional relationship (Bass, 1997). Theories of the neo-charismatic paradigm have been subjected to more than one hundred empirical tests. The empirical findings demonstrate that leaders described as charismatic, transformational, or visionary have positive effects on their organizations and followers, with effect sizes ranging from .35 to .50 for
organizational performance effects, and from .40 to .80 for effects on follower satisfaction, commitment and organizational identification (Den Hartog et al., 1999). Since 1980, general findings have been gathered which maintain that the best of leaders are both transactional and transformational. Transactional leaders work within the constraints of the organization, whereas transformational leaders change the organizations (Bass, 1985). Charismatic leadership has been strongly emphasized in the US management literature (Bass, 1985, Bass, 1990; Burns, 1978; Shamir, House & Arthur, 1993; Yukl, 1998). Charismatic/transformational leadership elevate the interests of followers, generate awareness and acceptance among the followers of the purposes and mission of the group, and motivate followers to go beyond their self-interests for the good of the group and/or the organization (Bass, 1985; Bass, 1997; Den Hartog, Van Mujien, & Koopman, 1997). By creating new visions, and mobilizing commitment to these visions, leaders can transform organizations. The GLOBE research program (1999), based on substantial evidence, proposed that attributes associated with transformational/charismatic leadership are universally understood as facilitating “outstanding” leadership.

Transformational leadership is a universal issue because the 21st century will be dominated by knowledge work and it requires more envisioning, enabling, and empowering leadership, all of which are central concepts of transformational leadership. The leadership must go beyond the transactional reward-punishment exchange relationship. Everywhere most business and industrial managers are more pragmatic and less idealistic than most leaders of social movements. Organizations, continually seeking benchmarks, and learn, change and become more alike. So do cultures. “It may not be politically correct to say so, but less developed cultures change as a consequence of the diffusion of ideas and practices from more developed cultures” (Bass, 1997).

As leadership is affected by the organizations and cultures, the globalization phenomena facilitate the extension of leadership approaches from the USA. In this line, Bass (1997) proposes to explain that the “United States provides important sources of communalities in the post industrialized world. English has become the world’s language of business and much of American management practices and management education have been adopted universally. United States dominates the worldwide entertainment industry. The master of business administration program has gone
global”. Bass also affirms that, based on his and other several studies using different samples, transformational leadership is relevant to individualistic and collectivistic societies. “Transformational leadership can be exhibited by samples ranging from housewives active in the community and students to Japanese CEOs, world-class leaders of movements, and presidents of the United States” (Avolio, Waldman, & Einstein, 1988; Avolio & Bass, 1994; Bass, Avolio, & Goodheim, 1987; Bass & Yokoichi, 1991 cited by Bass, 1997. In the working with teams its members can learn how to make a team more transformational. In regard to the contingencies theories in which the motivation of the subordinates and the structure of the situation are included, supportive evidence is mixed. Transformational leadership and transactional leadership may be affected by contingencies, but most contingencies will be relatively small in effect.

Bass’s postulations may be partially right. Nevertheless, many studies and criticisms have been expressed, thus some questions are still at a discussion level.

9.2 Transformational Leadership: management mode of the American domain?

Transformational leadership protagonists are convinced that a supervisor who manages his subordinates according to transformational leadership principles has more chances to change the attitudes, behavior and consciousness of the followers. The chances are better than for a leader who manages according to traditional leadership concepts.

As mentioned above repeatedly, a transformational leader persuades subordinates to pursue not only their own interests but also to get involved in higher, super ordinates, and collective goals, missions or visions. Transformational leaders impart the experience of strength and success to their followers. Bass (1997) recognizes that although some characteristics of transformational leadership appear to be universal with the overall patterns remaining unchanged, the level of perceived leadership in oneself and others can vary among the nationalities. The size of means, variances and correlations vary to some degree. For example, the impact of charismatic leadership on employees’ satisfaction was greater on American employees, for whom correlations of $r = .50$ and $r = .70$ were found, than on Mexican employees with correlations of $r = .29$ and $r = .57$ (Dorfman & Howell, 1988 cited in Bass, 1997). For American em-
ployees also higher correlations between contingent reward and the measures of satisfaction with work and with supervision $r = .48$ and $r = .73$ are valid by contrast with Mexican employees $r = .19$ and $r = .58$. Bolivian employees showed transformational and transactional leadership correlations in $r = .81$ and $r = .65$ with extra effort respectively.

Cultural groups may vary in their conceptions of the most important characteristics of effective leadership. As such, different leadership prototypes would be expected to occur naturally in societies that have differing cultural profiles (Bass, 1990). In some cultures, strong decisive action may be required in order to be seen as a leader, whereas in other cultures consultations and a democratic approach may be a prerequisite. It follows from such different conceptions, that the evaluation and meaning of the behaviors and characteristics of many leader also vary strongly in different cultures. For instance, in a culture that endorses an authoritarian style, leader sensitivity might be interpreted as weak, whereas in cultures endorsing a more nurturing style, similar sensitivity is likely to prove essential for effective leadership (Den Hartog et al., 1999). Leader attributes can universally be evaluated as positive, universally seen as negative, or be culture contingent. According to Bass (1997) arguments, attributes associated with charismatic/transformational leadership are expected to be universally seen as contributing to outstanding leadership.

Yukl (1998) points out that most of the research on leadership in the last 50 years was conducted in the United States, Canada and Western Europe. US management theories contain a number of idiosyncrasies not necessarily shared by management elsewhere: a stress on market processes, a stress on the individual, and a focus on managers rather than workers (Hofstede, 1993 cited by Den Hartog et al., 1999). For leadership theories developed in North America it is characteristic that they are „individualistic rather than collectivist, emphasizing assumptions of rationality rather than ascetics, religion, or supervision; stated in terms of individual rather than group incentives, stressing responsibilities rather than rights, assuming hedonistic rather than altruistic motivation and assuming centrality of work and democratic value orientation“ (House, 1995 cited by Den Hartog et al., 1999). Cross-cultural psychological, sociological, and anthropological research shows that many cultures do not share these assumptions. In this line, House (1995) argues that there is a growing awareness of need for a better understanding of the way in which leadership is represented.
in different cultures and a need for an empirically grounded theory to explain differential leader behavior and effectiveness across the world.

Jung, Bass, and Sosik (1995) argue that the centrality of work in life and the high level of group orientation among followers should promote transformational leadership and the high respect for authority, and the obedience in collectivistic cultures should enhance transformational processes.

Dorfman et.al. (cited in Bass, 1997) compared leadership in Western with leadership in Asian countries. They conclude that cultural universality obtains for supportive, contingent reward, and charismatic leader behaviors, whereas cultural specificity is pertinent to directive, participative and contingent punishment leader behaviors.

The universality of transformational/charismatic leadership proposition may be controversial.

The individual encouragement of followers is one of the ambitious tasks of transformational leadership. A transformational leader sets an example or model to subordinates, who can become proud of him/her, even want to emulate him/her. The leader recognizes the specific skills and needs of his/her subordinates. He/she encourages them to further development and to grow in their professional and personal areas. The development of human beings is more important than the daily trade.

The relationship between personal features and leadership success is empirically documented. Nevertheless for several situational aspects no causal effects were found.

The general labor market in Bolivia has special characteristics. Social levels are clearly differentiated. In the industrial organizations the majority of employees work in the lowest positions. Transformational leadership principles are not able to arrive at this levels. Considering the difficult conditions, the unfair distribution of salaries, and benefits it seems to be extremely difficult and hard to manage as a transformational leader in Bolivian companies. Transformational leadership principles can be implemented within a privileged group of employees who are the minority in the organizations. History and customs cannot be excluded from the analysis. As confirmed in this investigation, Bolivian employees differentiate transactional behaviors better, and therefore it seems plausible to think that they are also more familiar with such leaders. It is a cultural characteristic that could render difficult transformational
leadership behaviors since more autocratic leaders are expected by employees, and therefore individual consideration could be perceived as a weakness of the supervisors.

It is doubtful if, without minimal satisfactory job conditions being available, employees can pursue super ordinate organizational goals and go beyond their self interests.

As concerns a further option of cultural specificity, “The Great-Man Theory” shows many parallels with transformational leadership, which may prove problematic for the concept under discussion. In Germany there is a marked reluctance to the concept of the great man theory because of the memory for the bad experience with “Führern”. In the USA the idea of a superior leader personality is accepted with enthusiasm.

Several authors argue that the transformational leadership concept will soon be displaced by a new concept which integrates the suitable elements of transformational leadership but emphasizes situational and relationship structures.

Essentially this seems to be the case in Bolivia where situational elements play a major role. The multiculturalism of the country must not be underestimated. Traditions and cultural aspects have a strong influence on the labor and social ambit. A great man is not necessarily seen as a model to be emulated but rather as an autocratic powerful person not without a possible negative connotation. Therefore further studies will have to consider the dimension, content and coverage of the samples.

Besides, it must be also taken into account also that many expectations linked to the concept are not empirically justified: for example the expectations that followers can free unexpected performance reserves. Some observable leader skills are not learnable since what a transformational leader does follows too abstract principles and does not correspond with practical purposes. The concept should be supported with methodology and frameworks (Neuberger cited by Sonnenmoser, 2003). Concerning training programs, some aspects of transformational leadership can be learned like communication and argumentation skills. Only when the practical aspects of the theory are established and the dread of specific transformational leadership training is overridden, the concepts used will be attractive for organizations. Many authors find weaknesses in the concept in particular since concepts as teams, groups, employees
orientation, gratification and relationship between leaders and followers do not seem concise enough.

Training would fulfill a higher expectation in Bolivian organizations. Important issues have to be raised and solved before conceiving training programs. In conclusion I would like to say that this investigation can be considered as a contribution to the empirical Human Resources studies in Latin America, and the natural limitations imposed on it may be instrumental in envisaging future development of leadership measure instruments in Spanish versions.