

TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP AND PERFORMANCE OUTCOMES OF JAPANESE AND U.S. MANAGERS IN THAILAND

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ABSTRACT

This research was aimed to study the level of transformational and transactional leadership of the Japanese and U.S. managers working in Thailand and their leadership effectiveness as measured by the performance outcomes comprising job satisfaction, extra effort, and effectiveness. The multifactor leadership questionnaire (MLQ) was sent to 50 Japanese superiors, 50 U.S. superiors, and 500 Thai subordinate to measure the scores on transformational and transactional leadership and the performance outcomes as rated by the superiors and subordinates. The scores were analyzed in terms of descriptive statistics, and the hypotheses were tested by the Pearson's correlation (r-value), p-value, t-test, and the multiple regressions at the 0.05 level of significance.

It was found that transformational and transactional leadership of Japanese and U.S. superiors, as rated by superiors and subordinates, were positively correlated with the performance outcomes. Overall, the Japanese superiors' scores were significantly higher than those of their subordinates on transformational leadership but not on transactional leadership. The U.S. superiors' scores were not significantly different from those of their subordinates on both leadership styles. However, the U.S. superiors' scores were significantly higher than those of the Japanese superiors, and the scores of the subordinates of U.S. superiors were also significantly higher than those of the subordinates of Japanese superiors on both transformational and transactional leadership dimensions. Finally, the multiple regressions showed that most transformational and transactional leadership dimensions could explain the performance outcomes at approximately 47.7%.

Keywords: Leadership, transformational, transactional, performance outcomes, and MLQ.

INTRODUCTION

Thailand's economy is heavily dependent on international trade and foreign direct investment. Thailand's merchandise exports (\$68.9 billion in 2002) account for 55% of its GDP (Bank of Thailand, 2003). Foreign direct investment (FDI) is an important source of employment and new technologies and processes. The cumulative level of FDI in Thailand at the end of 2002 was estimated at \$32.5 billion (UNCTAD, 2005). Thailand's top trading partners in 2002 were Japan, the United States, Singapore, China, and Malaysia and the top three sources of FDI in Thailand were Japan, the United States, and Singapore (UNCTAD, 2005).

Although FDI inflows to the Southeast Asian nations had dropped significantly during 1998-2003, the United Nations Conference on Trade and Development (UNCTAD, 2005) reported a rebound of FDI in 2004, with a greater contribution from the services sector as well as the so-called South-to-South investment trend among developing economies. The upward trend is likely to continue in 2005 due to positive factors of world investment. In 2004, Thailand remained a popular investment destination ranking the 10th, with US\$1.8 billion in FDI, while China ranked the first with \$53 billion (UNCTAD, 2005). Figures at the Thailand's Board of Investment (BOI) also showed an upward trend of investment in 2004. The number of applications for investment promotion in the first 10 months was 1,049 projects, worth 482.5 billion baht, up from 768 projects for 256.8 billion baht in the same period of 2003. The total applications in 2003 were for 961 projects with a combined investment value of 304 billion baht.

For years, Japanese and U.S. companies have made considerable FDI in Thailand. During 2002-2004, Japan invested in 308 start-ups, with total value of \$2.7 billion, whereas the U.S. invested in 49 start-ups, with total value of \$783 million, in Thailand. Due to their huge presence in Thailand,

Japanese and the U.S. multinational firms have sent expatriate superiors to oversee their businesses. The leadership of these expatriates is thus important to the success of businesses. They must not only be able to successfully manage the internal environments they oversee through regulations of such functions as capital budgeting, project management, cost control, human resource management, etc, but also be adept at managing cultural differences that, in turn, influence leadership styles, norms, role expectations, and traditions governing the relationship among various members of society. Leaders of multinational enterprises have to respond effectively to the dynamics of their own organizational culture and the multicultural staff and the country in which they are based.

According to Fatehi (1996), cultural differences are strong determinants of effective leadership behavior in a society. He also argued that what constitutes a good leader in one culture may not constitute a good leader in other cultures. Hence, possible conflicts between foreign superiors and Thai staff might arise partly because of different perceptions of leadership styles. For instance, leadership styles that Japanese or U.S. superiors consider effective might not work for Thai subordinates due to differences in their perceptions. Consequently, this research will explore the differences between Japanese and U.S. superiors' perceptions and their Thai subordinates' perceptions of effective leadership styles.

Significance of the study

Leadership is crucial for the success of business since leaders, through their actions and personal influence, bring about change and affect organizational performance (Dubrin, 1998). There is a general agreement that good leadership is fundamental for effective organizational performance and that strong leadership positively affects the satisfaction and performance of individuals, teams, and organizations (Barling, 1996).

Thus, in an intensely competitive environment, effective leadership is seen as indispensable in enhancing the performance and competitiveness of organizations.

According to Bass' (1985) theory of transformational and transactional leadership, transformational leadership is seen as an effective leadership style, but the best leadership style seems to be a combination of both transformational and transactional approaches. Transformational leadership is thought to augment the effectiveness of transactional leadership; it does not, however, replace transactional leadership entirely as a leadership style (Waldman et al., 1990).

Bass (1985) developed the multifactor leadership questionnaire (MLQ) to identify the behaviors underlying the transformational and transactional leadership. The MLQ has been validated in various samples and across various cultures. Much of the variation in leadership behavior that has been observed using this instrument across samples and cultures seems to be related to specific thought processes, beliefs, implicit understandings, or behaviors that are present in one culture but not in other cultures (Bass, 1997).

During the past two decades, both transformational and transactional leadership have become major topics of research (Yulk, 2002). Although many different studies have been conducted on transformational and transactional leadership in different cultures, only a few studies have been conducted in the Thai culture. In addition, no transformational and transactional leadership studies have examined the performance differences between Japanese and U.S. superiors in Thailand. Therefore, this study will contribute to the existing literatures by examining the transformational and transactional leadership styles of these superiors and their performance outcomes.

Transformational and transactional leadership

With some related ideas, Burns (1978) provided the first comprehensive theory to explain the differences between transactional and transformational leaders. He noted that transformational leaders might recognize the follower's needs in terms of Maslow's (1954) need hierarchy. He believed that transformational and transactional leadership are at opposite ends of the continuum with transformational leaders recognizing that followers may have differing desires for satisfaction in the workplace.

For Bass (1985), transformational and transactional leadership are distinct but not mutually exclusive processes. He proposed that transformational leadership supplemented the effects of transactional leadership on the subordinates' effort, satisfaction and performance. Bass popularized the notion of transformational leadership, whereby a leader exercises a strong personal influence over the followers, transforming the followers' beliefs about the organization, raising him or her to a higher level of motivation, and inducing subordination of individual self-interests to super-ordinate organizational goals.

Yulk (1997) defined transformational leadership as the process of influencing major changes in the attitudes and assumptions of organizational members and building commitment for the organization's mission, objectives, and strategies. More recent studies on the subject of leadership have focused on transformational leadership that concerns the leader's effect on followers (Bass and Avolio, 1992). Followers of a transformational leader feel trust, admiration, loyalty and respect toward the leader, and they are motivated to do more than they originally expected to do (Yulk, 1997).

Transformational and transactional leadership behaviors are described in terms of two broad categories of behavior, each with specific sub-

categories (See Table 1). This taxonomy was identified primarily through factor analysis of data collected through a behavior description questionnaire called the multifactor leadership questionnaire (MLQ).

Table 1. Transformational and transactional leadership dimensions.

Transformational leadership	Transactional leadership
Idealized influence (charisma)	Contingent reward
Intellectual stimulation	Active management by exception
Individualized consideration	Passive management by exception
Inspirational motivation	

Source: Bass (1996).

Transformational leadership

Bass (1985, p.14) believed that the transformational leader could be described as "one who motivates us to do more than we originally expected to do." Similarly, Robbins (1996, p.329) defined transformational leaders as "leaders who inspire followers to transcend their own self-interest for the good of the organization and who are capable of having a profound and extraordinary effect on their followers."

Transformational leadership can be conceptually divided into four distinct factors: (1) idealized influence (charisma), (2) individualized consideration, (3) intellectual stimulation, and (4) inspirational motivation.

Idealized influence (charisma): Charismatic leadership is thought to be a central component of the transformational process. Charismatic leaders have extraordinary influence on followers. According to the theory, they create feelings in subordinates that exceed ordinary esteem, affection, respect, and trust. They vary greatly in their

pragmatism, flexibility, and opportunism in achieving their objectives. Charismatic leaders also appear at various levels in organizations.

Inspirational motivation: Inspirational leaders help followers feel more powerful by setting desirable goals and providing the means to achieve them (McClelland, 1985). According to Yukl and Van Fleet (1982, p.87), an inspirational leader "stimulates enthusiasm among subordinates for the work of the group and says things to build their confidence in their ability to successfully perform assignments and attain group objectives."

Inspirational leadership communicates a vision with fluency and confidence, increasing optimism and enthusiasm among subordinates to build their confidence in their ability to successfully perform assignments and goals. Inspirational leaders have the ability to influence subordinates to achieve subordinates' expectations and self-interests. They emphasize high expectations to subordinates, communicate important purposes in common ways and use symbols, images and vision to focus their extra efforts. According to Downton (1973), if subordinates are drawn to the leaders' objectives and goals, but not to the leader, the leader will be inspirational but not necessarily charismatic.

Intellectual stimulation: A transformational leader provides intellectual stimulation to help people use new ways of looking at old problems, and reason and evidence to support his/her opinions. Orientations are shifted, awareness is increased concerning the tensions between visions and realities, and experiments are encouraged by these leaders (Fritz, 1986). Though intellectual stimulation is often associated with charisma and inspiration, it is thought to involve some differences. Intellectually stimulating leaders foster in their subordinates creativity, rethinking and reexamination of assumptions underlying problems. Intellectual stimulation contributes to the independence and autonomy of subordinates and prevents

"habituated follower-ship," characterized by unquestioning trust and obedience (Graham, 1973). Followers become more effective problem solvers, and utilize innovative analysis and conflict resolution strategies for problems. Intellectual stimulation can move subordinates out of conceptual ruts by reformulating the problems that need to be solved. However, there is a difference between possessing task competence, knowledge, skill, ability, aptitude, and intelligence and being able to translate these qualities into action. This requires intellectual stimulation from a leader.

Individualized consideration: Interpersonal competence is fundamental to successful and effective leadership. While a leader can utilize idealized influence, inspirational motivation, and intellectual stimulation as manipulative tools to further his own ends without regard to followers' development, a leader who demonstrates individualized consideration recognizes and values diversity while providing each follower with specifically tailored opportunities for learning and development. Leaders should have the ability to diagnose situations and to understand the subordinates' attitudes, motives, and current levels of effectiveness. As Bass (1960, p.115) indicated "It is not enough for a leader to know how to get what followers want, or to tell them how to get what they want. The leader must be able to know what followers want, when they want it, and what prevents them from getting what they want.."

Transactional leadership

Burns (1978) described transactional leaders as leaders who exchange one thing for another, for example, jobs for votes or tasks for special rewards. Bass (1985) added that a transactional leader pursues a cost-benefit, economic exchange to meet subordinate's current motivational and psychic needs in return for contracted reviews rendered by the subordinates.

Schermerhorn (1988, p.514) described transactional leadership as "a leadership style whereby the leader exerts influence during daily leader-subordinate exchanges without much emotion."

Leadership is understood, here, as a transactional exchange of materials, and social and psychological benefits. The exchange is fair if "the leader gives things of value to followers such as a sense of direction, value, and recognition, and receives other things in return such as esteem and responsiveness". Fundamentally, there is a psychological contract between the leader and followers, which depends upon a variety of expectations and actions on both side (Hollander, 1987).

Therefore, transactional leaders identify and communicate the work that must be done by subordinates, and how to successfully complete the stated objectives that lead to the desired job rewards (Avolio et al., 1988; Avolio et al., 1991; Bass, 1990; Bass and Avolio, 1990, 1993). Transactional leaders use rewards and punishments. They always respond on the basis of an accurate diagnosis of the situational factors and the expectations. Transactional leadership is typically classified into two dimensions: (1) contingent reward and (2) management by exception.

Contingent reward: Contingent-reward leaders contribute to subordinates' effort and performance by clarifying the subordinates' expectations. They contribute directly to subordinates' satisfaction by giving them rewards that are contingent on their performance (Podsakoff and Schriesheim, 1985).

Management by exception: When a leader takes corrective actions and intervenes only when failures and deviations occur, he/she practices management by exception either actively or passively (Harter and Bass, 1988; Yammarino and Bass, 1989). The active practice of management by exception deals with monitoring and searching

for subordinates' deviations from standards and making suitable corrections. On the contrary, the passive practice of management by exception involves only reacting when deviations are brought to his or her attention (Avolio et al., 1988; Bass, 1990).

Although transactional leadership may work well in many situations, it has considerable limitations. Contingent rewards may sometimes fail because there are no clear differentiation between adequate function and inadequate performance. The impact on the subordinates' behavior, here, will depend on subordinates' perception of the supervisor's intentions. Whether the supervisor likes or dislikes the subordinate may also make a difference as relates to followers' performance (Bass and Avolio 1990, 1993; Podsakoff and Todor, 1985; Yammarino and Bass, 1989; Yammarino and Dubinsky, 1990; Yukl, 1989).

PURPOSE OF THE STUDY

The primary purpose of this study was to explore transformational and transactional leadership styles of Japanese and U.S. superiors and their performance outcomes as measured by employees' job satisfaction, work effort, and perception of leader effectiveness. The transformational and transactional leadership styles and performance outcomes were evaluated from both superiors' and subordinates' perspectives. The secondary purpose was to apply the MLQ in the Thai context.

RESEARCH QUESTIONS/HYPOTHESES

This study attempted to answer the following questions:

1. What are the levels of transformational and transactional leadership, and performance outcomes of Japanese and U.S. superiors as evaluated by superiors themselves?
2. What are the levels of transformational and transactional leadership, and performance

outcomes of Japanese and U.S. superiors as evaluated by their Thai subordinates?

3. Is there any significant difference between leadership styles of Japanese superiors and those of U.S. superiors in Thailand?

4. What are the relationship between transformational and transactional leadership of Japanese and U.S. superiors and the performance outcomes in Thailand?

The research questions can be used to develop the following null hypotheses:

H1o: Transformational leadership of Japanese superiors (as rated by Thai subordinates) does not correlate with their performance outcomes (as rated by Thai subordinates).

H2o: Transformational leadership of Japanese superiors (as rated by Japanese superiors) does not correlate with their performance outcomes (as rated by Japanese superiors).

H3o: Transformational leadership of U.S. superiors (as rated by Thai subordinates) does not correlate with their performance outcomes (as rated by Thai subordinates).

H4o: Transformational leadership of the U.S. superiors (as rated by U.S. superiors) does not correlate with their performance outcomes (as rated by U.S. superiors).

H5o: Transactional leadership of the Japanese superiors (as rated by Thai subordinates) does not correlate with their performance outcomes (as rated by Thai subordinates).

H6o: Transactional leadership of Japanese superiors (as rated by Japanese superiors) does not correlate with their performance outcomes (as rated by Japanese superiors).

H7o: Transactional leadership of U.S. superiors (as rated by Thai subordinates) does not correlate with their performance outcomes (as rated by Thai subordinates).

H8o: Transactional leadership of U.S. superiors (as rated by U.S. superiors) does not correlate with their performance outcomes (as rated

by U.S. superiors).

H9o: There is no statistically significant difference between the transformational leadership scores of the Japanese superiors and those of the U.S. superiors as perceived by the Thai subordinates of each group.

H10o: There is no statistically significant difference between the U.S. superiors' self-perceptions and the Japanese superiors' self-perceptions on transformational leadership.

H11o: There is no statistically significant difference between transactional leadership scores of the Japanese superiors and those of the U.S. superiors as perceived by the Thai subordinates of each group.

H12o: There is no statistically significant difference between the U.S. superiors' self-perceptions and the Japanese superiors' self-perceptions on transactional leadership.

H13o: There is no statistically significant relationship between transformational and transactional leadership dimensions and the performance outcomes.

RESEARCH METHODOLOGY

There were 927 Japanese and 382 U.S. foreign companies as shown in the book "The foreign companies in Thailand yearbook 2004: The No.1 source for corporate data on foreign subsidiaries, joint ventures, and associate companies in Thailand."

A total of 100 firms, 50 U.S. and 50 Japanese, were randomly selected from the book above so that they covered various industries. Then, the subjects (superiors and subordinates) were chosen using convenience-sampling method. The target ratio between a superior and subordinates was 1:5. Therefore, the samples comprised 50 U.S. superiors, 50 Japanese superiors, and 500 Thai subordinates. These samples were collected from October 1, 2004 to March 31, 2005.

The main data collection instrument for this research was the MLQ (Form 5x-Short)

questionnaire developed by Bass and Avolio in 1995 and revised in 2000. The questionnaire instructed respondents to judge how often their manager displays 45 items of behavior, using the five-point scale from 'not at all = 0' to 'frequently or always = 4'.

The MLQ scores are the average scores for the items on the five-point scale with assigning score: not at all = 0, once in a while = 1, sometimes = 2, fairly often = 3, and frequently or always = 4. The score can be derived by summing the item scores and dividing by the number of items that make up the scale.

There are 20 items comprising the transformational leadership dimension as follows:

Attributed charisma: The items include "Instills pride in me for being associated with him/her," "Goes beyond self-interest for the good of the group," "Acts in ways that builds my respect," and "Displays a sense of power and confidence."

Idealized influence: The items include "Talks about their most important values and beliefs," "Specifies the importance of having a strong sense of purpose," "Considers the moral and ethical consequences of decisions," and "Emphasizes the importance of having a collective sense of mission."

Inspirational motivation: The items include "Talks optimistically about the future," "Talks enthusiastically about what needs to be accomplished," "Articulates a compelling vision of the future," and "Expresses confidence that goals will be achieved."

Intellectual stimulation: The items include "Re-examines critical assumptions to question whether they are appropriate," "Seeks differing perspectives when solving problems," "Gets me to look at problems from many different angles," and "Suggests new ways of looking at how to complete assignments."

Individual consideration: The items include "Spends time teaching and coaching," "Treats me as an individual rather than just as a member of

a group," "Considers me as having different needs, abilities, and aspirations from others," and "Helps me to develop my strengths."

There are 12 items comprising the transactional leadership as follows:

Contingent reward: The items include "Provides me with assistance in exchange for my efforts," "Discusses in specific terms who is responsible for achieving performance targets," "Makes clear what one can expect to receive when performance goals are achieved" and "Expresses satisfaction when I meet expectations."

Active management-by-exception: The items include "Focuses attention on irregularities, mistakes, exceptions, and deviations from standards," "Concentrates his/her full attention on dealing with mistakes, complaints, and failures," "Keeps track of all mistakes," and "Directs my attention toward failures to meet standard."

Passive management-by-exception: The items include "Fails to interfere until problems become serious," "Waits for things to go wrong before taking action," "Shows that he/she is a firm believer in "If it ain't broke, don't fix it," and "Demonstrates that problems must become chronic before taking action."

There are 4 items comprising laissez-faire leadership as follows:

Laissez-faire leadership: The items include "Avoids getting involved when important issues arise," "Is absent when needed," "Avoids making decisions," and "Delays responding to urgent questions."

Outcome measures

There are three outcome measures on the MLQ Form (5x-Short): extra effort (3 items), effectiveness (4 items), and satisfaction (2 items). The items in each outcome measure are shown as follows:

Extra effort (3 items): "Gets me to do more than I expected to do," "Heightens my desire to succeed," and "Increases my willingness to try harder."

Effectiveness (4 items): "Is effective in meeting my job-related needs," "Is effective in representing me to higher authority," "Is effective in meeting organizational requirements," and "Leads a group that is effective."

Satisfaction (2 items): "Uses methods of leadership that are satisfying," and "Works with me in a satisfactory way."

RESULTS

Table 2 shows that the transformational and transactional leadership scores as rated by the Japanese and the U.S. superiors, and their Thai subordinates positively correlated with the performance outcomes at the 0.05 level of significance. Therefore, the null hypotheses were rejected.

Table 2. The correlation values (r-values) between transformational and transactional leadership scores and the performance outcomes.

Rated by	U.S. superiors		Japanese superiors	
	r	p-value	r	p-value
Subordinates				
Transformational	0.731	0.000	0.340	0.000
Transactional	0.675	0.000	0.257	0.000
Superiors				
Transformational	0.690	0.000	0.295	0.038
Transactional	0.739	0.000	0.352	0.012

Table 3 suggests that the Japanese superiors' self-perceptions of transformational leadership were

higher than their Thai subordinates' perceptions of transformational leadership with mean scores of 2.55 and 2.39 respectively. The results of the mean difference testing using the t-test showed a score of 3.069 and a p-value of 0.002, suggesting that there was a statistically significant difference between the Japanese superiors' self perceptions and their subordinates' perceptions of their transformational leadership skills at the 0.05 level of significance.

Regarding the components of transformational leadership, the results suggested that there were statistically significant differences between Japanese superiors' self perceptions and their subordinates' perceptions on idealized influence (behaviors) and

individualized consideration, with Japanese superiors rating these dimensions higher, but no statistically significant differences on idealized influence (attributes), inspirational motivation, and intellectual stimulation.

On the overall transactional leadership dimension, there was no statistically significant difference between Japanese superiors' self perceptions and subordinates' perceptions. Regarding the components of transactional leadership, however, there was a statistically significant difference on the management-by-exception (active) dimension with the significant level at 0.05, while Japanese superiors rating this dimension higher.

Table 3. The analysis of factors concerning self-perceptions among Japanese superiors and their subordinates was done in both dimensions of transformational leadership and transactional leadership.

Leadership dimensions	Japanese superiors		Subordinates of Japanese superiors		t-test	P-value
	\bar{X}	S.D	\bar{X}	S.D		
Idealized influence (attributes)	2.49	.50	2.36	.49	1.755	0.077
Idealized influence (behaviors)	2.65	.48	2.43	.48	2.981	0.003
Inspirational motivation	2.49	.50	2.45	.48	0.574	0.566
Intellectual stimulation	2.52	.58	2.37	.50	1.887	0.060
Individualized consideration	2.58	.53	2.36	.48	3.031	0.003
Transformational	2.55	.35	2.39	.32	3.069	0.002
Contingent rewards	2.20	.68	2.24	.51	-0.344	0.732
Management-by-exception (active)	2.57	.53	2.41	.50	1.968	0.050
Management-by-exception (passive)	2.30	.55	2.35	.53	1.237	0.217
Laissez-faire	2.30	.77	2.36	.59	-.557	0.580
Transactional	2.34	.35	2.30	.36	0.704	0.482

Table 4. The analysis of factors concerning self-perceptions among U.S. superiors and their subordinates was done in both dimensions of transformational leadership and transactional leadership.

Leadership dimensions	U.S. superiors		Subordinates of U.S. superiors		t-test	P-value
	\bar{X}	S.D	\bar{X}	S.D		
Idealized influence (attributes)	2.86	.55	2.74	.69	1.413	0.161
Idealized influence (behaviors)	2.86	.58	2.85	.67	0.138	0.891
Inspirational motivation	2.82	.57	2.75	.69	0.672	0.502
Intellectual stimulation	2.89	.45	2.65	.79	3.051	0.003
Individualized consideration	2.93	.52	2.77	.74	1.805	0.074
Transformational	2.87	.38	2.75	.59	1.888	0.062
Contingent rewards	2.77	.71	2.35	.89	3.616	0.001
Management-by-exception (active)	2.81	.49	2.78	.66	0.406	0.686
Management-by-exception (passive)	2.59	.73	2.52	.88	0.538	0.592
Laissez-faire	2.51	.81	2.63	.76	-1.033	0.302
Transactional	2.67	.42	2.57	.63	1.356	0.178

Table 4 shows that the U.S. superiors' self-perceptions of Transformational Leadership were higher than their Thai subordinates' perceptions of Transformational Leadership with mean scores of 2.87 and 2.75 respectively. The results of mean difference t-testing showed a score of 1.888 and p-value of 0.062, suggesting no statistically significant difference between superiors' self perceptions and their subordinates' perceptions on transformational leadership at the 0.05 level of significance.

Regarding the components of transformational leadership dimensions, the results showed a statistically significant difference between superiors' self perceptions and subordinates' perceptions on

intellectual stimulation, with the U.S. superiors rating themselves significantly higher, but no statistically significant differences on idealized influence (behaviors), idealized influence (attributes), individualized consideration, and inspirational motivation.

On overall transactional leadership, there was no statistically significant difference between the U.S. superiors' self perceptions and the subordinates' perceptions. Regarding the components of Transactional Leadership, however, there was a statistically significant difference on contingent rewards, with the U.S. superiors rating themselves higher, at the significant level of 0.05.

Table 5 shows that the U.S. superiors' scores of transformational leadership were significantly higher than the Japanese superiors' scores, with mean scores of 2.87 and 2.55 respectively. The results of mean difference t-test showed a score of 4.494 and p-value of 0.000, suggesting a statistically significant difference between these two groups of superiors on transformational leadership at the significant level of 0.05.

Regarding the components of transformational leadership dimensions, the results showed statistically significant differences on all dimensions, except idealized influence (behaviors), with the U.S.

superiors rating themselves significantly higher than their Japanese counterparts.

On overall transactional leadership, there were statistically significant differences between the U.S. superiors' scores and the Japanese superiors' scores, with the U.S. superiors rating themselves significantly higher with mean scores of 2.67 and 2.34 respectively.

Regarding the components of transactional leadership, the U.S. superiors rated themselves significantly higher than did the Japanese superiors on all dimensions except laissez-faire.

Table 5. The analysis of factors concerning self-perceptions among U.S. superiors and Japanese superiors was done in both dimensions of transformational leadership and transactional leadership.

Leadership dimensions	U.S. superiors		Japanese superiors		t-test	P-value
	\bar{X}	S.D	\bar{X}	S.D		
Idealized influence (attributes)	2.87	.55	2.49	.50	3.571	.001
Idealized influence (behaviors)	2.87	.58	2.65	.48	1.968	.052
Inspirational motivation	2.82	.57	2.49	.50	3.080	.003
Intellectual stimulation	2.90	.45	2.52	.58	3.581	.001
Individualized consideration	2.93	.52	2.59	.53	3.297	.001
Transformational	2.87	.38	2.55	.35	4.494	.000
Contingent rewards	2.77	.71	2.20	.68	4.084	.000
Management-by-exception (active)	2.81	.49	2.57	.53	2.399	.018
Management-by-exception (passive)	2.59	.73	2.30	.55	2.244	.027
Laissez-faire	2.51	.81	2.30	.77	1.328	.187
Transactional	2.67	.42	2.34	.35	4.250	.000

Table 6 shows that the scores of the subordinates of U.S. superiors on transformational leadership were significantly higher than those of the subordinates of Japanese superiors, with mean scores of 2.75 and 2.39 respectively.

Regarding the components of transformational leadership dimensions, the results showed that the subordinates of U.S. superiors rated their superiors significantly higher than did the subordinates of Japanese superiors on all transformational leadership dimensions.

On overall transactional leadership scores, there were statistically significant differences between the scores of the subordinates of U.S. superiors and those of the subordinates of Japanese superiors, with the subordinates of U.S. superiors rating their superiors significantly higher with mean scores of 2.57 and 2.30 respectively.

Regarding the components of transactional leadership, the subordinates of U.S. superiors rated themselves significantly higher than did the subordinates of Japanese superiors on all dimensions except contingent rewards.

Table 6. The perceptions of the subordinates of U.S. superiors versus those of the subordinates of Japanese superiors on transformational and transactional Leadership dimensions.

Leadership dimensions	Subordinates of U.S. superiors		Subordinates of Japanese superiors		t-test	P-value
	\bar{X}	S.D	\bar{X}	S.D		
Idealized influence (attributes)	2.74	.69	2.36	.49	7.159	.000
Idealized influence (behaviors)	2.85	.67	2.43	.48	8.020	.000
Inspirational motivation	2.75	.69	2.45	.48	5.695	.000
Intellectual stimulation	2.65	.79	2.37	.50	4.660	.000
Individualized consideration	2.77	.74	2.36	.48	7.464	.000
Transformational	2.75	.59	2.39	.32	8.449	.000
Contingent rewards	2.35	.89	2.35	.51	1.801	.072
Management-by-exception (active)	2.78	.66	2.41	.50	6.983	.000
Management-by-exception (passive)	2.52	.88	2.19	.53	5.053	.000
Laissez-faire	2.63	.76	2.36	.59	4.410	.000
Transactional	2.57	.63	2.30	.36	5.867	.000

Table 10. Perceptions of the subordinates of U.S. superiors versus those of the subordinates of Japanese superiors on the performance outcomes.

Performance outcomes	Subordinates of U.S. superiors		Subordinates of Japanese superiors		t-test	P-value
	\bar{X}	S.D.	\bar{X}	S.D.		
Effectiveness	3.03	.74	2.46	.45	10.451	.000
Satisfaction	2.91	.82	2.49	.63	6.459	.000
Extra effort	3.00	.83	2.46	.51	8.721	.000
Total	3.00	.71	2.47	.43	10.056	.000

The multiple regressions between transformational and transactional leadership dimensions and the performance outcomes

The multiple regression analysis between transformational and transactional leadership dimensions and the performance outcomes was performed in order to observe the effect of each dimension and the overall effect of both transformational and transactional leadership dimensions on the performance outcomes.

Table 11a, 11b, and 11c show the results of the multiple regression analysis between the transformational leadership and transactional leadership factors and the performance outcomes. From Table 11c, the multiple regression equation can be written as follow:

$$\text{PERFORMANCE OUTCOMES} = 0.374 + 0.081 \text{ BEHAVIOR} + 0.147 \text{ ATTRIBE} + 0.208 \text{ MOTIVAT} + 0.057 \text{ STIMULAT} + 0.155 \text{ CONSIDER} + 0.051 \text{ REWARD} + 0.126 \text{ ACTIVE} + 0.132 \text{ PASSIVE} - 0.029 \text{ FAIRE}$$

Where

- BEHAVIOR = Idealized influence (behaviors)
- ATTRIBE = Idealized influence (attributes)
- MOTIVAT = Inspirational motivation

- STIMULAT = Intellectual stimulation
- CONSIDER = Individualized consideration
- REWARD = Contingent rewards
- ACTIVE = Management-by-exception (active)
- PASSIVE = Management-by-exception (passive)
- FAIRE = Laissez-faire

From Table 11a, the adjusted coefficient of determination (adjusted R²) suggests that the performance outcomes can be attributable to the transformational and transactional leadership dimensions at approximately 47.4%. Table 11c shows that, of these dimensions, inspirational motivation has the highest beta coefficient. Regarding each dimension, however, idealized influence (behaviors), intellectual stimulation, contingent rewards, and laissez-faire are not statistically significant factors affecting the performance outcomes.

An analysis of variance (ANOVA) in Table 11b shows the F value of 60.853, which is large enough to conclude that the multiple regression model between the transformational and transactional leadership factors and the performance outcomes above were significant.

Table 11a. Regression model summary.

Model	R	R ²	Adjusted R ²	Std. error of the estimate
Regression	0.694	0.482	0.474	0.47309

Table 11b. Analysis of variance (ANOVA).

Model	Sum of square	df	Mean square	F	Sig.
Regression	122.578	9	13.620	60.853	.000
Residual	131.827	589	.224		
Total	254.405	598			

Table 11c. Multiple regression variables.

Independent variables	Unstandardized beta	Std. error	Standardized beta	t-test	Sig.
Constant	.374	.110		3.389	.001
BEHAVIOR	.081	.045	.076	1.807	.071
ATTRIBUTE	.147	.046	.139	3.168	.002
MOTIVAT	.208	.043	.193	4.896	.000
STIMULAT	.057	.043	.058	1.350	.177
CONSIDER	.155	.043	.154	3.604	.000
REWARD	.051	.036	.058	1.428	.154
ACTIVE	.126	.043	.115	2.953	.003
PASSIVE	.132	.038	.146	3.480	.001
FAIRE	.029	.033	-.031	-876	.381

DISCUSSION

The research findings revealed that the transformational and transactional leadership scores of both the Japanese and U.S. superiors generally ranged from sometimes (2.0) to fairly often (3.0), as perceived by the superiors themselves or by their Thai subordinates. Overall, the U.S. superiors rated themselves higher than did the Japanese superiors on all of the transformational and transactional leadership dimensions. Likewise, the subordinates of U.S. superiors rated their superiors higher than did the subordinates of Japanese superiors on virtually all the transformational and transactional leadership dimensions except on the laissez-faire dimension. On the performance outcomes, the U.S. superiors also rated themselves significantly higher than did the Japanese superiors, and the subordinates of U.S. superiors rated their superiors significantly higher than did the subordinates of Japanese superiors.

A comparison between the Japanese superiors' self perceptions and their Thai subordinates' perceptions showed that there were statistically significant differences between the superiors' self perceptions and subordinates'

perceptions on transformational leadership at the 0.05 level of significance, with Japanese superiors rating themselves significantly higher, but there was no statistically significant difference between these groups on the transactional leadership. In addition, there was no statistically significant difference between these two groups' perceptions on the performance outcomes.

A comparison between the U.S. superiors' perceptions and their Thai subordinates' perceptions showed that there were no statistically significant differences between superiors' self perceptions and subordinates' perceptions on both the transformational and transactional leadership at the 0.05 level of significance. In addition, there was no statistically significant difference between these two groups' perceptions on the performance outcomes.

Moreover, as the multiple regression was performed between both the transformational and transactional leadership dimensions and the performance outcomes, the results showed that the overall equation was significant but that such dimensions as idealized influence (behaviors), intellectual stimulation, contingent rewards, and laissez-faire were not statistically significant factors affecting the performance outcomes.

The results of hypotheses testing are summarized as follows:

1. Transformational leadership of the Japanese superiors (as rated by their subordinates) positively correlates with the performance outcomes (as rated by the Thai subordinates).
2. Transformational leadership of the Japanese superiors (as rated by the Japanese superiors) positively correlates with their performance outcomes (as rated by the Japanese superiors).
3. Transformational leadership of the U.S. superiors (as rated by the Thai subordinates)

positively correlates with the performance outcomes (as rated by the Thai subordinates).

4. Transformational leadership of the U.S. superiors (as rated by the U.S. superiors) positively correlates with their performance outcomes (as rated by the U.S. superiors).

5. Transactional leadership of the Japanese superiors (as rated by the Thai subordinates) positively correlates with the performance outcomes (as rated by the Thai subordinates).

6. Transactional leadership of the Japanese superiors (as rated by the Japanese superiors) positively correlates with their performance outcomes (as rated by the Japanese superiors).

7. Transactional leadership of the U.S. superiors (as rated by the Thai subordinates) positively correlates with the performance outcomes (as rated by the Thai subordinates).

8. Transactional leadership of the U.S. superiors (as rated by the U.S. superiors) positively correlates with their performance outcomes (as rated by the U.S. superiors).

9. There is a statistically significant difference between transformational leadership scores of the Japanese superiors and those of the U.S. superiors as perceived by the Thai subordinates of each group.

10. There is a statistically significant difference between the U.S. superiors' self-perceptions and the Japanese superiors' self-perceptions on transformational leadership.

11. There is a statistically significant difference between transactional leadership scores of the Japanese superiors and those of the U.S. superiors as perceived by the Thai subordinates of each group.

12. There is a statistically significant difference between the U.S. superiors' self-perceptions and the Japanese superiors' self-perceptions on transactional leadership.

13. There is a statistically significant

relationship between transformational and transactional leadership dimensions and the performance outcomes.

The findings from this research also raised some interesting questions regarding why the U.S. superiors consistently rated themselves higher than did the Japanese superiors and why the subordinates of U.S. superiors tended to rate their superiors higher than did the subordinates of Japanese superiors on both the transformational and transactional leadership dimensions. One possible reason for these findings may be that the differences between the American culture and Japanese culture may be so different that they easily impacted the results. Culture consists of the values, beliefs, attitudes, and behaviors of a group of people (Fatehi, 1996). It plays a predominant role in the way people think, learn, lead, follow, and communicate. According to Fatehi (1996), culture influences employee motivation, superior-subordinate relationships, authority, leadership behavior, and interpersonal relationships. Hofstede (1980) called the national culture as the "collective mental programming" which distinguishes one nation from another. Hofstede even argued that national cultures are important determinations of work-related values and attitudes.

The results that the subordinates of U.S. superiors rated their superiors on individualized consideration higher than did the subordinates of Japanese superiors might also be linked to the cultural differences between the two nations. According to Hofstede's (1983) cultural dimensions, American are more individualistic than their Japanese counterparts. These individualistic concerns of the U.S. superiors may have been demonstrated in more consideration for the individual Thai employees assigned to them. Again, this consideration for employees may have influenced the higher ratings; although this clearly needs to be tested further in the future.

CONCLUSION

Regarding the results of this study, the superiors may want to pay attention to those areas where the differences between their perceptions and subordinates' perceptions were statistically significant. Based on the findings, the Japanese superiors may want to pay attention to the idealized influence (behaviors), individualized consideration, and management-by-exception (active) dimensions of leader behaviors, while the U.S. superiors may want to pay attention to the intellectual stimulation and contingent reward dimensions. The reasons why there were significant differences between their perceptions and subordinates' perceptions on these dimensions should be explored. The observations noted may improve the effectiveness of their leadership in Thailand. For instance, on the contingent rewards dimension, the U.S. superiors might think that they provided rewards commensurate with their subordinates' performance, whereas the subordinates might consider those rewards too low for their performance, leading to lower job satisfaction. All of these ideas may be used diagnostically.

The positive correlation between the transformational leadership dimensions of the Japanese superiors and the U.S. superiors and their performance outcomes in Thailand supported Bass's (1996, 1997) arguments that transformational leadership is considered effective in many situations and/or cultures. On the other hand, the positive correlations between the transactional leadership dimensions of the Japanese superiors and the U.S. superiors and their performance outcomes in Thailand may have negated Burns' (1978) notion that transformational and transactional leadership are at opposite ends of the continuum.

The evidence from this research supported the view that superiors use both transformational and transactional leadership. The multiple regression analysis between the transformational and transactional leadership dimensions and the

performance outcomes showed significant explanatory power in the equation. Again, this supported Bass's (1985) "Augmentation effect" that transformational and transactional leadership are distinct but not mutually exclusive processes and that transactional leadership supplemented the effects of transformational leadership on the subordinates' extra effort, satisfaction, and effectiveness.

Using the scores of all samples combined, the multiple regression analysis between both the transformational and transactional leadership dimensions and the performance outcomes showed that inspirational motivation was the strongest predictor affecting the performance outcomes whereas laissez-faire was the only factor negatively affecting the performance outcomes. This suggests that superiors can influence the performance outcomes via inspirational motivation by communicating a vision with fluency and confidence, increasing optimism and enthusiasm among subordinates to build their confidence in their ability to successfully perform assignments and to achieve goals. In addition, inspirational leaders have the ability to influence subordinates to achieve subordinates' expectations and self-interests. Inspirational motivation managers emphasize high expectations on subordinates, communicate important purposes in common ways, and use symbols, images, and vision to focus their extra efforts.

Based on these multiple regression results, management, therefore, should place a high importance on inspirational motivation and management-by-exception (active) in further improving their workers' performance outcomes. Since both transformational and transactional leadership positively affect the performance outcomes, managers, therefore, may want to use both leadership styles at different times and in different situations to maximize their leadership effectiveness.

SUGGESTIONS FOR FUTURE RESEARCH

Since this research was conducted using certain samples in the Thai setting, the findings thus provided only limited implications. Future research could be performed by replicating this effort with different samples and in different settings to observe the value of the transformational and transactional leadership concepts as relates to various organizational outcome measures.

Studying cultural factors and the leadership behaviors associated with these cultural factors may add to the existing leadership frameworks. These scores may help us understand why consistently high scores were obtained for the U.S. superiors over those of the Japanese superiors. The demographical factors may also be explored in order to determine whether there are any significant variables affecting the superiors' leader behaviors and/or performance outcomes.

Different research methodologies other than the questionnaire survey, e.g., focus group, personal interviews, etc., could also be adopted to measure the transformational and transactional leadership styles of managers in Thailand. Finally, these other objective measures such as financial performance and operational performance may help to further explain leadership and organizational effectiveness. The present study seems to add to the existing body of information about leadership and what we know about it, and its effects on organizational performance. What seems to be needed now is greater integration of what we know at present, with more specific studies of the organizational effects (using different measures) of using different leadership styles (diagnostically) in different cultures with different demographic groups. The future is clearly exciting for the study of leadership.

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