



THE 7<sup>TH</sup> EDITION OF THE INTERNATIONAL CONFERENCE  
**EUROPEAN INTEGRATION  
REALITIES AND PERSPECTIVES**

**Transformational Leadership Type in  
Public and Private Organizations**

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**Abstract:** The issue concerning leadership is a very complex one, that is why taking into the account the plurality of styles already existent many times it was asked the questions: „What type of leadership is necessary?“. By asking this question, we are thinking of a person responsible with organizing or coordinating work or the ones hired to do this, to think of what people want, to solve the management problems in group. This study is intended as a comparison of the two types of leadership (transformational vs. transactional) in terms of employee performance in public and private organizations. To measure performance and chose two indicators: satisfaction and productivity. This study falls into the category of research studies the type of driving through subordinates with both theoretical and practical implications. The efficiency of this type of leadership has been demonstrated by studies especially in the political and military and very few studies have been made in industrial .Type of transformational leadership is better than transactional perceived as transformational leaders are closer to the needs of employees and continuously investigate these necessities. This paper presents a practical validity as advising managers to develop a transformational type of leadership, both public and private organizations, leads to better performance. Also open new avenues of research, among which we can mention: study the impact of organizational culture on the adoption of transformational type vs transactional type; decision-making mechanisms in the type of transformational leadership; initiate training programs to develop a transformational type of leadership.

**Keywords:** leadership; transformational; performance; productivity; organization

**JEL Classification:** L2; L21; L23; L25; M1; M12

## **1 Introduction**

Quality management in office by managers at any hierarchical level is an important measure of business success. It is estimated that the stake or measure quality of performance of this function lies in determining common and effective action of the employees in the objectives of the organization.

Low, Kroeck and Sivasubramaniam (1996) showed in their study that there is a strong positive correlation between transformational leader behaviors and objective measures of performance. In research conducted in the military (Gal, 1987) showed that involvement is the main concept in military motivation and there is a strong transformational leadership on all levels, more obedience is attributed to the punishment that correlates with the transactional style. Individual consideration, for example, as part of the transformational style, existing leadership at all levels, causes an increase in involvement. Eden and Shani (1982) in their study highlight the link between self-esteem of employees and transformational leaders. Thus, self-esteem of employees is high and reinforced by an implicit transformational leadership leads to obtain high performance. In contrast, transactional leadership induces stress and benefit the employee does not satisfy their interests. Joesting & Joesting (1972) presents the role model status on self-esteem high.

In terms of effort was a strong positive correlation between the type of transformational leadership and extra effort of subordinates (Mater & Bass, 1988, Howell & Avolio, 1993). Shamir, House & Arthur

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(1993) presented a study that explains how transformational leadership causes employees have high expectations in relation to the performance just by involving them in planning for and identifying and solving problems that may occur. Thus, people with high self esteem see the personal rewards far greater recognition of their performance (Pepitone, 1969) and choose their occupations according to their characteristics (Korman, 1966).

The leaders of industry, Varga (1975) showed that the need for assimilation is positively correlated with economic performance and their technical. When the need for assimilation is lower the subordinated tasks is not correlated with satisfaction. (Steers, 1975)

Research by Bass (1985) and Avolio (1990.1992) were based on comparison with the type of transformational transactional leadership and their impact on satisfaction, performance and efficiency. Previous studies have shown that contingent reward is positively related to performance and employee satisfaction (Podsakoff, Fodor & Huber, 1984). Negative contingent reward was positively correlated (Greene, 1976), negatively correlated (Bass & Avolio, 1990) or there was no significant correlation with employee performance.

Another category of studies indicate that the four components of transformational leadership are positive predictive factors of performance (Bass & Keller, 1992; Yammarino & Bass, 1990). Above issues be considered as a theoretical framework for research to support theoretical assumptions and research.

## 2. Methodology

### 2.1. The Objective of Research

This study is intended as a comparison of the two types of leadership (transformational vs. transactional) in terms of employee performance in public and private organizations. To measure performance and chose two indicators: satisfaction and productivity.

### 2.2. Research Hypotheses

To demonstrate the effectiveness of transformational leadership type to the type of transactional leadership has established the following specific hypotheses:

- HS1: satisfaction and productivity are significantly higher in transformational leadership than with transactional leadership irrespective of the organization.
- HS2: Transformational leaders have a level of significantly higher scores than level 2, private organizations from the public.
- HS3: The perception of transformational leadership type is higher than the type of transactional leadership.

### 2.3. Subjects of Research

Lot of subjects consisted of 160 employees, 80 employees in a public organization and 80 employees in a private organization. They were tasked to evaluate the eight leaders of the N = 2 level leaders 1 and N = 6 leaders of level 2. sex, group was formed so assessed (see Table 1).

Table 1. Numeric distribution of subjects

Leaders evaluate	Man	Woman	Total
Level 1	2	0	2
Level 2	2	4	4
Total	4	4	8

In terms of training, distribution lot of subjects was as follows (Table 2.) Share on gender was as follows: the total lot of subjects 67% women and 33% men.

**Table 2. Distribution lot of subjects, in terms of studies**

Type of organization	Secondary education	Higher education
Public	31%	69%
private	26%	74%

#### 2.4. Tools of Research

1. *Questionnaire LBDQ-XII (Leader Behavior Description Questionnaire)* (Stogdill, 1963). Use this tool to determine the specific type of management perception of the subjects of the samples set.
2. *Identification of TF leadership vs. TA Questionnaire* (Bass, 1990) This tool will clarify issues related to management type used by each leader. Loyalty coefficient is 0.84.
3. *Index of organizational reactions* (Smith, 1983). The tool highlights the behavioral and attitudinal reactions of employees to management type used by each leader.
4. *Rating Scale productivity*. This scale shows each employee opinion survey sample introduced on labor productivity in the two organizations.

#### 2.5. Experimental Design

In this study using a complex type of design, form: 2 (the leader) x 2 (type of leadership) x 2 (type of organization). Using this design were able to measure the effects of independent variables (the leader, the type of leadership, type of organization) on employee behavior (satisfaction, productivity) and the management dimensions (consideration, structuring initiative).

Manipulated variables in this study were:

- *independent variables (V.I.):* level of leadership - leaders at level 1 (top) and leader at level 2 (middle); type of leadership - transactional leadership (TA) and transformational leadership (TF); type of organization: - public organization and private organization;
- *dependent variables (V.D):* level of employee satisfaction; productivity of organization, indicators of perceived leadership: consideration and structuring initiative

#### 2.6. Working Procedure

Research was conducted in July 2011 in Constanta, the two organizations, one public and one private. Subjects were given to four types of questionnaires were applied directly and personally, thus avoiding non-answers. The research had a transversal, and the data once collected, were listed and subject to statistical processing program on Statistical Program for Social Sciences (SPSS 8.0 Windows). In this regard, we adopted a work plan consisting initially of grouping and tables and graphs plotting the frequency (absolute or percentage), followed by calculating averages and standard deviations for each sample and each type of leadership, and finally their correlational analysis was performed simple (Bravais-Pearson = r) regarding leadership dimensions (consideration and structuring initiative), performance indicators (satisfaction and productivity) and the components of transformational leadership vs. transactional type. It has also been applied to analysis of variance (ANOVA).

### 3. Results of Research

Desire to achieve comparability of results was necessary to identify the group of leaders of the transactional and transformational leaders. Thus, after calculating the overall sample (N = 160) of the mean (m) and standard deviation ( $\sigma$ ), the following data were obtained (Table 3.).

**Table 3. Means and standard deviation**

Type of leadership	mean	Std.deviation
LeadershipTF	52,5	8,2
Leadership TA	36,3	7,4

To share leaders in the two groups (TA and TF), in each of the two organizations have calculated the average (m) and standard deviation ( $\sigma$ ) for the eight leaders evaluate subordinates. To identify the type of driving environments were chosen higher values than those obtained in the general sample (N = 160) and the standard deviation were considered lower values than those obtained on the sample. For public organization to identify a sample:

- N = 3 TF leaders (one at 1:02 of level 2);
- N = 5 leaders TA (level 1 and 2).

To get more out transformational and transactional leadership distribution in the two organizations following tables present frequency and distribution diagrams of the two types of leaders.

To check if the type of transformational leadership differs from transactional, that perception of subordinates and in terms of performance, they started to statistical processing of data by ANOVA - test "F", yielding the following results (Table 4). To reveal how the components interact transformational vs. transactional leadership type of performance indicators, namely satisfaction and productivity, performed the statistical computerized Bravais-Pearson correlation coefficients for ungrouped data.

**Table 4 Processing ANOVA**

	Leadership effect	Level of leadership effect	Type of organization effect	The combined effect of the 3 V.I
Consideration	F(4,1)=9.92 p<0.03	F(4,1)=3.01 p<0.01	F(4,1)=6.07 p<0.01	F(4,1)=4.08 p<0.09
Structuring initiative	F(4,1)=13.93 p<0.02	F(4,1)=9.07 p<0.03	F(4,1)=5.48 p<0.01	F(4,1)=4.79 p<0.09
Productivity	F(4,1)=12.75 p<0.01	F(4,1)=2.1 p<0.02	F(4,1)=3.38 p<0.01	F(4,1)=3.39 p<0.01
Perception (scor LBDQ)	F(4,1)=23.59 p<0.00	F(4,1)=12.67 p<0.00	F(4,1)=5.54 p<0.03	F(4,1)=5.54 p<0.03
Satisfaction	F(4,1)=7.17 p<0.05	F(4,1)=3.7 p<0.05	F(4,1)=9.4 p<0.09	F(4,1)=12.2 p<0.05

### 3.1. Interpretation of Results

For data analysis and interpretation of information extracted from centralization applied psychological instruments is based on the concept of performance. This performance is considered from a dual perspective, as follows:

- In terms of personal satisfaction - individual goal;
- In terms of labor productivity - the organization's goal.

The second goal is achieved as a natural continuation of the first. In terms of perception management type results concluded that the account size strongly correlated with productivity ( $r = .770$ ,  $p < 0.01$ ) and overall satisfaction ( $r = .625$ ,  $p < 0.01$ ), these results explained by the fact that in an atmosphere of comfort, well being and employee productivity and satisfaction interest subordinates is high.

Transformational leaders enjoy greater consideration than transactional leaders  $F(4,1) = 9.92$ ,  $p < 0.03$  as establish their long-term goals aimed at productivity and focus on accountability by each employee. As regards the leaders, the results indicate that a level leader enjoy less consideration for the level 2. This can be explained by the fact that leaders of level 2 are more time interacting with employees than one level leader. This stands out better if only private organization for public organization.

Size structuring initiative achieved a high correlation with overall satisfaction and productivity. Higher productivity correlation is explained by the fact that leaders clarify their objectives clearly to achieve high performance and clear expectations are communicated to employees so they knew that the work will be actively involved.

Transformational leaders have a score higher in this dimension than transactional leaders as transformational leaders stimulate employees to be creative and innovative and urge them to always put questions, and they are leaders who capture the problems and see new ways to solve problems old.

In terms of leadership level, a level leaders have a score higher than level 2,  $F(4,1) = 9.07$ ,  $p < 0.03$  (as a level leaders are more involved in decision making and private organization to solve problems more than those of level 2). The results confirmed the first hypothesis as formulated specific productivity and overall satisfaction as indicators of performance are considerably higher for transformational leadership than transactional leaders.

Productivity is higher when driving transformational  $F(4,1) = 3.01$ ,  $p < .17$  because it involves active participation of leaders to achieve performance, designed for precise and perspective. No differences noted significantly between public and private organization. As the components of transformational leadership, charisma and intellectual stimulation correlated most strongly with productivity, because these two components are involved in this dimension. A transformational leader first concerns productivity in the background hovering satisfaction and employee motivation (Bass, Avolio, 1989). Transformational Leaders Level 2 to 1 score higher than a level because they are more directly involved in working with subordinates and monitoring quality of work.

Type of transformational leadership is better than transactional perceived as transformational leaders are closer to the needs of employees and continuously investigate these necessities. No significant differences were obtained regarding the leaders.

Overall satisfaction level of employees is higher for transformational leaders than for the transaction. This category of leaders shows special attention to the needs of individual employees for learning that they make for their own development. Individual differences are described in terms of necessities and desires are recognized and accepted these differences demonstrate leader behavior (Bass, 1990). Transactional leaders focus more on contingent rewards and management process in the form of a transaction - taking into account the interests of subordinates if they take account of the company (Chirica, 1996).

Individual consideration and inspiration motivation, as components of transformational leadership, satisfaction correlates more strongly with the other two components and the components of transactional leadership but slightly stronger contingent reward correlated with satisfaction. In terms

of level leaders, leaders of the level 1 and level 2 because no significant differences at every level, transformational leaders focus on personal development and motivation that develops in relation to the employee.

The results of this research has confirmed the first hypothesis formulated specific, the second hypothesis was partially confirmed. Like other research done so far has shown that transformational leadership for the type of performance measured in this study by two indices (productivity and satisfaction) is superior to that obtained for a type of transactional leadership.

Also, the results confirmed and the third assumptions made. Type of transformational leadership by its components (charisma, consideration, intellectual stimulation and inspiration motivation) is better perceived by employees as transformational leaders are more closely related they are interested in the relationships we establish with subordinates, investigating continuous needs and desires of employees and involve them in decision making, motivating them to efforts for the organization. No significant differences were obtained regarding perceived transformational leader in the two types of organization.

#### **4. Conclusions and Validity of Study**

This study falls into the category of research studies the type of driving through subordinates (Bass and Yamario, 1990, Nielsen and Campbell, 1993) with both theoretical and practical implications. The efficiency of this type of leadership has been demonstrated by studies especially in the political and military (Bass, 1989; House, 1977 Burns, 1978) and very few studies have been made in industrial (Giordo, 1998, Maher, 1997)

Transformational leadership, leadership as inducing changes to improve performance, stimulate employees intellectually by being creative, innovative and solve problems in the organization and tracking employee interests with those of the collective agreement, we conclude that the transaction is a senior management .

Transformational leaders enjoy greater consideration than transactional leaders, because they establish long-term goals, pursuing productivity and focus on accountability by each employee.

Overall satisfaction level of employees is higher for transformational leaders than for the transaction. This category of leaders shows special attention to the needs of individual employees for learning that they make for their own development. Transformational leaders focus on personal development and motivation that develops in relation to the employee.

Productivity is higher for transformational leadership in the private sector, because it involves active participation of leaders to achieve performance goals aimed at well-defined and perspective.

Type of transformational leadership is better than transactional perceived as transformational leaders are closer to the needs of employees and continuously investigate these necessities. This paper presents a practical validity as advising managers to develop a transformational type of leadership, both public and private organizations, leads to better performance. Also open new avenues of research, among which we mention:

- study the impact of organizational culture on the adoption of transformational vs. transactional type of leadership
- decision-making mechanisms in the type of transformational leadership;
- initiate training programs to develop a transformational type of leadership.

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