

How Transformational Leaders Lead in the Hospitality Industry

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The hospitality industry has undergone major changes over the last few years (Hartley - Leonard, 1993). A dynamic, changing environment may require a change-oriented, or transformational style of leadership (Tichy and Devanna, The Transformational Leader 1985). The purpose of this study was to test a process model of transformational leadership. Prior research in this area has examined relationships between transformational leadership and a limited set of dependent variables. Moreover, there has been little research on the process by which transformational leadership influences relevant outcome variables. The results showed that transformational leadership has a direct impact on perceptions of subordinate satisfaction with the leader and leader effectiveness, as well as an indirect effect on these variables through its impact on openness of communication, mission clarity, and role clarity.

Keywords: transformational, leadership, change, hospitality

Overview

Today more than ever, hospitality executives and managers are faced with significant challenges that require extraordinary insight and skill. Continuous and dynamic change has replaced years of a somewhat predictable and stable operating environment. Immense competition, a declining world economy, over-building, and an increasingly diverse work force are just a few of the many challenges that currently vex the industry (Dobyns and Crawford-Mason, 1991). The cumulative effects of these uncertain and turbulent conditions place great demands on the leadership ability of hospitality executives and managers. In order to effectively cope with these conditions, hospitality leaders may be required to adopt a change-oriented, or transformational style of leadership.

In recent years there has been growing interest and development in the area of transformational leadership. Indeed, several books (e.g. Bass and Avolio, 1994; Chemers and Ayman, 1993) and research studies (e.g. Seltzer and Bass, 1990; Hinkin and Tracey, 1994) have demonstrated the importance of this construct. However, even though the recent theoretical and empirical insights have been valuable in providing a better understanding of this type of leadership, there is still much to be learned. The purpose of this study is to increase our understanding of the process of transformational leadership and its importance for the hospitality industry.

Transformational leadership

Burns (1978) was one of the first to define transformational leadership. He proposed that the leadership process occurs in one of two ways, either transactional or transformational. Transactional leadership is based on bureaucratic authority and legitimacy associated with one's position within the organization. Transactional leaders emphasize the clarification of tasks, work standards, and outcomes. Specifically, Burns argued that a transactional leader tends to focus on task completion and employee compliance, and these leaders rely quite heavily on organizational rewards and punishments to influence employee performance.

In contrast, Burns characterized transformational leadership as a process which motivates followers by appealing to higher ideals and moral values. Transformational leaders are able to define and articulate a vision for their organizations, and their leadership style can influence or “transform” individual-level variables, such as increasing motivation, and organization-level variables, such as mediating conflict among groups or teams.

More recently, Bass and his colleagues (1985,1990; Bass and Avolio, 1989,1994; Seltzer and Bass, 1990) developed a theory of transformational leadership that is a culmination of earlier work by Burns (1978), House (1977), Conger and Kanungo (1987), and others. According to Bass and Avolio (1994), transformational leadership is comprised of four primary dimensions. The first dimension is idealized influence. Idealized influence is described as behavior that results in follower admiration, respect and trust. Idealized influence involves risk-sharing on the part of leaders, a consideration of follower needs over personal needs, and ethical and moral conduct. The second dimension is inspirational motivation. This dimension is reflected by behaviors that provide meaning and challenge to followers’ work. It also includes behaviors that articulate clear expectations and demonstrate commitment to overall organizational goals, and arouse a team spirit through enthusiasm and optimism. The third dimension is intellectual stimulation. Leaders who demonstrate this type of transformational leadership solicit new ideas and creative problem solutions from their followers, and encourage novel and new approaches for performing work. The fourth dimension is individualized consideration. This is reflected by leaders who listen attentively and pay special attention to follower achievement and growth needs.

Bass and Avolio argued that transformational leaders engender feelings of trust, loyalty, and respect from followers by: (1) generating awareness and acceptance of the purpose and mission of the organization, (2) inducing them to transcend their own self-interest for the sake of the organization, and (3) activating their higher-order needs. The clear vision provided by a transformational leader inspires followers by giving their work meaning and making them feel a part of the enterprise. It helps people determine what is good or bad, important or unimportant in the organization, and serves to enhance the

speed and quality of decision making, increase initiative, and broaden employee discretion (Bennis and Nanus, 1985). Similar to Burns (1978), Bass and Avolio also discussed transformational leadership as a contrast to traditional, or transactional leadership. Bass and Avolio argued that these styles of leadership are not deemed to be mutually exclusive, however, and the same individual may vary his or her leadership style at different times or in different situations.

Although theoretical development and discussion have been fairly extensive, empirical research on transformational leadership has been somewhat limited. Results examining the relationships between transformational leadership and various individual and organizational outcomes have been limited to a small number of contexts and limited number of variables. The results from field studies have shown significant relationships between transformational leadership and ratings of leader effectiveness and follower satisfaction with the leader (Hater and Bass, 1988; Seltzer and Bass, 1990). Another finding that has been supported in several case studies is that transformational leadership frequently occurs during organizational crisis or major organizational change. It is at this juncture that the leader convinces others that the old ways of doing things are no longer effective and he/ she is able to alter the direction of the organization by redefining the mission (Roberts, 1984; Tichy and Devanna, 1986). Results from interview data suggest that the vision must be reinforced by the behavior of the leader in order to be effective (Bennis, 1984; Schein, 1985). To maintain their credibility and the trust and respect of followers, a leader's actions must be consistent with their words.

In one of the only hospitality-specific studies, Hinkin and Tracey (1994) compared transformational and transactional leadership and examined the effects of these leadership styles on a number of individual and organizational outcomes within a hotel management company. Results from their study showed that transactional leadership was not significantly related to transformational leadership, nor was it related to any of the dependent variables under consideration. However, they did find that transformational leadership had a direct impact on perceptions of openness of communication, role and mission clarity, subordinate satisfaction with the leader, and ratings of leader effectiveness. This

study was important not only because it showed that transformational leadership was relevant for the hospitality industry, but that transformational leadership had an influence on a broad range of individual and organizational outcome variables.

The initial evidence cited above supports the validity and relevance of the transformational leadership construct. However, it is also evident that a comprehensive understanding of this leadership construct has yet to be realized. The theoretical work cited above indicates that transformational leadership involves an influence process that affects a number of individual and organizational variables, including follower commitment to individual and organizational goals, cooperation among individuals and work groups, and the organization's culture and collective identity—not simply follower satisfaction with the leader and perceptions of leader effectiveness. Moreover, transformational leadership appears to be an influence process that has both a direct and indirect impact on various individual and organizational variables. The following discussion presents a model that describes the ways in which transformational leadership may influence a number of key variables.

Process model of transformational leadership

As noted above, a few studies have found a significant relationship between transformational leadership and subordinate satisfaction with the leader and leader effectiveness measures. However, very little research has addressed the process by which transformational leadership influences other relevant outcome variables. It has been proposed that transformational leaders formulate a vision, develop commitment to it from internal and external stakeholders, implement strategies to accomplish the vision, and embed their values in the culture of the organization (Yukl, 1994). While the ability to accomplish the goals that are defined by the vision may be a function of the situation, success may also be due to a leader's ability to clearly articulate the vision (Bennis and Nanus, 1985; Tichy and Devanna, 1985; Conger and Kanungo, 1987). Transformational leaders must be able to effectively communicate their vision, and the vision must be understood and accepted by the followers. This would require an environment of open communication characterized by trust and involvement (Bass, 1985; Yammarino,

1994). Bass (1985) has pointed out that transactional managers clarify organizational responsibilities by focusing on meeting role requirements in exchange for rewards, while transformational leaders focus on making sure that subordinates understand where they are going and support them in their efforts to achieve high levels of performance. This understanding and acceptance of the vision, coupled with an open flow of communication should lead to a clear understanding of the mission of the organization and one's role in the organization, as well as positive perceptions of the leader.

Another issue that is relevant for understanding the transformational leadership process is the relationship between satisfaction and effectiveness outcomes. All of the research cited above has treated these variables separately. However, the literature on performance ratings suggests that followers' perceptions of satisfaction with their leader may have a direct influence on their perceptions of the leader's effectiveness. For example, DeNisi et al. (1984) proposed that an individual's final rating or assessment of performance is preceded by a cognitive process in which the rater makes judgements about a variety of influences on the ratee's performance, including external influences on performance and the extent to which current indicators of performance are consistent with past examples of the ratee's performance. In addition, Guion (1983) argued that evaluative ratings of performance may be influenced by interpersonal relationship factors. That is, the rater may take into consideration his or her interpersonal relationship with the ratee before making a final decision about the ratee's performance.

With respect to the transformational leadership process, it can be argued that perceptions about the interpersonal relationship between the follower and leader would include follower perceptions of satisfaction with the leader. Using Guion's (1983) argument, these perceptions of satisfaction would subsequently influence perceptions about the effectiveness of the leader. While performance and effectiveness are distinct constructs (cf. Borman, 1991) it is reasonable to apply the propositions supported by DeNisi et al., and Guion to the ways in which followers form satisfaction and effectiveness perceptions about their leader. Therefore, it is proposed that a follower's perceptions of satisfaction with the leader will influence the follower's perceptions of the leader's effectiveness.

It appears that transformational leadership has both a direct and indirect impact on a number of key outcome variables: follower perceptions of openness of communication, mission clarity, role clarity, satisfaction with the leader, and leader effectiveness. Based on the arguments presented above, the following hypotheses were developed and tested within this framework:

Hypotheses 1a, 1b, 1c, 1d: Transformational leadership will have a direct impact on follower perceptions of openness of communication, mission clarity, role clarity, leader satisfaction, and leader effectiveness.

Hypotheses 2a, 2b: Transformational leadership will have an indirect impact on mission clarity and role clarity through its influence on openness of communication.

Hypotheses 3a, 3b: Follower perceptions of mission clarity and role clarity will directly influence their satisfaction with the leader.

Hypothesis 4: Follower satisfaction with their leader will impact evaluations of the leader's effectiveness

The hypotheses are illustrated in the process model of transformational leadership presented in Fig. 1.

This study extends previous research in this area in several ways. This is the first study to address the relationships among transformational leadership and multiple outcome variables in a simultaneous manner. Most studies have considered only the bi-variate relationships between leadership and satisfaction and effectiveness outcomes. In addition, even though Hinkin and Tracey (1994) addressed multiple outcomes of transformational leadership, they did not fully consider the complex nature of the leadership-outcome relationships. Rather, the authors examined each of the transformational leadership-outcome variable relationships separately and made inferences about the process by which leaders exert their influence.

In addition, the current study specifically examines the linkages among the satisfaction and effectiveness outcome variables. As described above, these two variables have been considered as independent outcomes of transformational leadership. However, the work by DeNisi et al. (1984) and Guion (1983) suggests that perceptions of satisfaction may influence evaluative judgments about effectiveness. This study explicitly tests this linkage.

Finally, the results from this study may be some of the most generalizable to date. Many of the empirical studies of transformational leadership have used small samples from one organization (cf. Chemers and Ayman, 1993). As demonstrated below, the study is quite representative of one of the largest segments of the hospitality industry.

Method

Sample

The participants in this study included 291 lower- and middle-level managers from 47 diverse lodging properties located across the US. The average age of the respondents was 38, and 50% were females. Most of the individuals (62%) had been in their current job longer than one year, and most (74%) had at least some undergraduate college experience. The managers represented all major functional areas within most U.S. lodging properties.

Procedure

Questionnaires were administered directly to 214 of the participants. An additional 140 questionnaires were sent to the participating organizations through the mail. Of these, 77 useable questionnaires were returned (56% response rate). There were no significant differences between the two groups of respondents on any of the data used in this study. Therefore, all analyses were based on a total sample of 291 cases.

All participants responded on a voluntary basis and were assured that their individual responses would remain confidential. The referent leaders for this study were the participants' direct supervisors

who held upper-management positions, such as department heads, general managers, and regional vice-presidents in their respective organizations.

Measures

Transformational leadership. Four scales from Form 5-X of the Multifactor Leadership Questionnaire (MLQ) developed by Bass and Avolio (1989) were used. The scales included idealized influence, inspirational motivation, intellectual stimulation, and individual consideration. The items asked respondents to indicate how frequently his/her immediate supervisor demonstrated the leadership behavior described. Each scale had 7 to 10 items. The response choices ranged from (1) not at all, to (5) frequently, if not always. A sample item from each scale is listed below:

1. Idealized influence: "Talks to us about his/her most important values and beliefs".
2. Inspirational motivation: "Expresses his/her confidence that we will achieve our goals".
3. Intellectual stimulation: "Emphasizes the value of questioning assumptions".
4. Individual consideration: "Treats me as an individual rather than just a member of a group".

Although this is a relatively new version of the MLQ, previous research using this measure has shown adequate reliability and predictive validity (e.g. Chemers and Ayman, 1993; Hinkin and Tracey, 1994).

Openness of communication. The five-item openness of communication measure developed by O'Reilly and Roberts (1976) was used. These items asked respondents to indicate the extent to which they agreed with statements regarding communication in their organization. An example item was, "Communication in this hotel is very open". The response choices ranged from (1) strongly disagree, to (7) strongly agree.

Mission clarity. The four-item mission clarity measure developed by Hinkin and Tracey (1994) was used. This measure was based on the work by Thompson and Strickland (1981). The items asked respondents to indicate the extent to which they agreed with the following: the organization has a well-defined mission, the goals of this organization are communicated effectively, the overall purpose of this

organization is clearly understood, and the strategic plan of this organization is well defined. The response choices ranged from (1) strongly disagree, to (5) strongly agree.

Role clarity. The six-item role clarity measure developed by House and Rizzo (1972) was used. The items asked respondents to indicate the extent to which several aspects of their job were understood. An example item was, “I feel certain about how much authority I have”. The response choices ranged from (1) very false, to (7) very true.

Satisfaction with the leader. A three-item version of the supervisor satisfaction scale from the Minnesota Satisfaction Questionnaire (MSQ) (Weiss et al., 1967) was obtained from 133 participants. The items asked respondents to rate the extent to which they were satisfied with their leader. An example item was “On my job, this is how I feel about the praise I get for doing a good job”. The response choices ranged from (1) very dissatisfied, to (5) very satisfied. The remaining 158 participants responded to the 9-item supervisor satisfaction scale from the Job Description Index (JDI) (Smith et al., 1969). Similar to the MSQ, the JDI items asked respondents to rate the extent to which they were satisfied with their leader. An example item was “I am—with the way my supervisor provides help on hard problems”. The response choices ranged from (1) very dissatisfied, to (5) very satisfied.

These two similar yet distinct measures were used to examine whether different measures of leader satisfaction would yield any differences in the relationships considered in this study. The internal consistency reliability estimates for both measures were similar (MSQ, 0.84; JDI, 0.93), the correlation between the two was quite high (0.95; $P < 0.01$), and the pattern of correlations between satisfaction and the other variables examined in this study were almost identical. As such, both measures were assumed to assess the same underlying satisfaction construct and were treated synonymously.

Effectiveness. A six-item effectiveness measure used by Hinkin and Tracey (1994) was used. The items asked respondents to rate the effectiveness of the leader on the following dimensions: technical competence, interpersonal skills, procedural justice, organizational influence, communication, and goal

clarification. These items reflect leader effectiveness along a single, broadly defined construct (cf. Campbell et al., 1970). The response choices ranged from (1) highly ineffective, to (7) highly effective.

Analyses

Descriptive statistics and internal consistency reliabilities (Cronbach's alpha) were computed for all scales. Then, a correlation analysis was conducted to examine the interrelationships among the variables. Finally, a structural equations analysis was conducted to test the hypotheses and the goodness of fit of the proposed model. There were two primary reasons for using a structural equations analysis to test the relationships among the variables in this study. First, a structural equation's analysis is an excellent tool for simultaneously examining the relationships among a set of variables, such as those presented in the process model of transformational leadership (Bollen, 1989). Second, although the hypotheses and model can be tested using multivariate regression or path analyses, neither of these techniques provides a direct assessment of the overall fit of the proposed model. A structural equations analysis provides information that describes not only the strength of the relationships among the variables, but also provides a direct assessment of fit of the hypothesized relationships.

Results

The means, standard deviations, internal consistency reliability estimates (Cronbach's alpha), and inter-correlations among all the measures are shown in Table 1. All internal consistency estimates were adequate, ranging from 0.75 to 0.91.

The overall pattern of correlations is consistent with prior research and the proposed model. The results show that the four dimensions of transformational leadership were significantly positively related to all of the outcome variables. In addition, mission clarity, role clarity, and openness of communication were all positively related with leader satisfaction and leader effectiveness. Table 1 also shows that the four dimensions of transformational leadership are highly interrelated. This particular result will be addressed in some detail in the discussion section.

To test the process model of transformational leadership, a structural equations analysis was conducted using LISREL VII (Joreskog and Sorbom, 1989). A structural model was examined using the four dimensions of transformational leadership as indicators of a single underlying leadership construct, and single-measure indicators of the remaining variables. The fit of the model was evaluated using the sample variance-covariance matrix as input and a maximum likelihood solution.

The overall chi-square was statistically significant ($\chi^2 = 76.35$, $df = 22$; $P < 0.01$). Typically a non-significant chi-square, which demonstrates no statistical difference between the observed and predicted pattern of relationships, is desirable. However, because chi-square is extremely sensitive to sample size, this finding was not considered problematic (cf. Bollen, 1989). In fact, the other indicators of fit were quite supportive of a good fitting model. The overall Goodness of Fit Index was 0.95, the Comparative Fit Index was 0.98, and the Root Mean Square Residual for the predicted minus observed correlation matrices was 0.03. Moreover, all standardized path coefficients were significant ($P < 0.01$), except for the path between mission clarity and leader satisfaction. The four path indicators associated with the underlying leadership construct were also significant, and the residuals for all measures were low, suggesting that each measure was a good indicator of the respective construct. The values for all standardized path coefficients are shown in Fig. 2.

Discussion

The results from this study support previous research which has shown that transformational leadership has a direct impact on perceptions of leader satisfaction and effectiveness. More importantly, this study extends previous research by showing the mediating effects of openness of communication and role clarity on the relationship between transformational leadership and follower perceptions of satisfaction with their leader and leader effectiveness. This finding is especially important in that it provides some additional detail about the ways in which transformational leaders influence follower perceptions.

The support for the process model suggests that one reason followers are satisfied with a transformational leader, and subsequently view their leader as effective, is that the leader is able to articulate and clearly describe the followers' role in accomplishing the vision. This finding also supports a situational or contingency model of leadership. It appears that the effectiveness of a transformational leader may be contingent on the ability to effectively communicate the followers' role in fulfilling the overall organizational goals and objectives. This contingency perspective is consistent with the theoretical propositions of Tichy and Devanna (1986) and the work by Yukl (1994).

The findings also highlight the importance of examining multiple outcomes of transformational leadership and the ways in which transformational leaders exert their influence. It appears that transformational leaders can influence a broad range of follower perceptions, and that these perceptions may in turn influence follower behavior and performance which contribute to the overall success of an organization. As transformational leaders articulate their vision and clarify individual roles in accomplishing desired objectives, followers gain an understanding of where the organization is going and what they must do to help accomplish the leader's vision. If followers acquire an understanding of the "big picture" and have positive perceptions about their leader, they may then develop increased levels of motivation which subsequently impact job performance, team work, and other important outcomes. Thus, the current results offer a starting point for additional research. Additional outcomes such as follower motivation and performance, as well as antecedents of transformational leadership, should be examined in order to provide a more comprehensive understanding of this influence process.

Although the findings are encouraging and provide some important insights, there are two important limitations that should be noted. First, the relationships among the variables may be somewhat inflated due to a single-source bias. However, given that the results fully support prior theory and research and are consistent with the proposed model, we are confident that additional research using independent data sources and alternative methods will yield similar results. Second, this study was conducted using

only US managers. This limits the generalizability of the results. As such, the model should be examined using data collected from hospitality managers around the world.

Another result that requires some attention is the high correlations among the four dimensions of transformational leadership. While the four measures were found to be good indicators of the underlying transformational leadership construct, the correlational results demonstrate a great deal of overlap and perhaps redundancy among the measures. Bass and Avolio (1994) provided a conceptual distinction among these four dimensions. However, the empirical results suggest that the measures do not adequately distinguish and assess the proposed dimensions. Additional work appears necessary to more clearly operationalize and distinguish among the dimensions of this leadership construct.

Conclusion

It is unlikely that the hospitality industry will become any more stable or less complex in the future. As such, transformational leadership, exemplified by the ability to create and communicate a vision and adapt the organization to a rapidly changing environment, may be the most crucial type of leadership in the years to come. The challenges of the international business environment, rapid technological change, and increased work force diversification reinforce the importance of transformational leadership as a means to survive and excel in this dynamic and ever-changing industry.

Table 1. Means, standard deviations, internal consistency reliability estimates, and intercorrelations for all measures.

		Mean	SD		1	2	3	4	5	6	7	8
1.	II	3.30	0.87	0.88	---							
2.	IM	3.45	0.89	0.91	0.91	---						
3.	IS	3.13	0.79	0.88	0.83	0.84	---					
4.	IC	3.19	0.98	0.91	0.84	0.87	0.81	---				
5.	OC	5.09	1.21	0.80	0.45	0.44	0.34	0.43	---			
6.	MC	3.78	0.75	0.80	0.41	0.39	0.33	0.38	0.38	---		
7.	RC	5.38	0.99	0.75	0.50	0.48	0.43	0.50	0.49	0.36	---	
8.	LS*	3.59	0.97	0.84	0.70	0.72	0.62	0.75	0.43	0.40	0.55	---
9.	LE	5.18	1.28	0.90	0.76	0.79	0.72	0.83	0.38	0.42	0.53	0.77

*Only the results for the Minnesota Satisfaction Questionnaire measure are reported.

Note: All correlations are significant at $p < 0.01$

II = Idealized Influence

IM = Inspirational Motivation

IS = Intellectual Stimulation

IC = Individualized Consideration

OC = Openness of Communication

MC = Mission Clarity

RC = Role Clarity

LS = Leader Satisfaction

LE = Leader Effectiveness

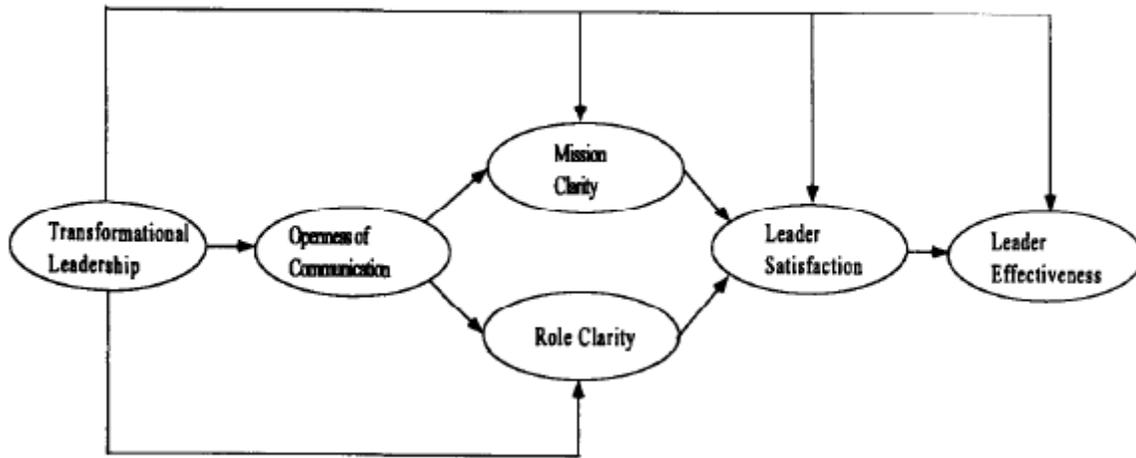


Figure 1.

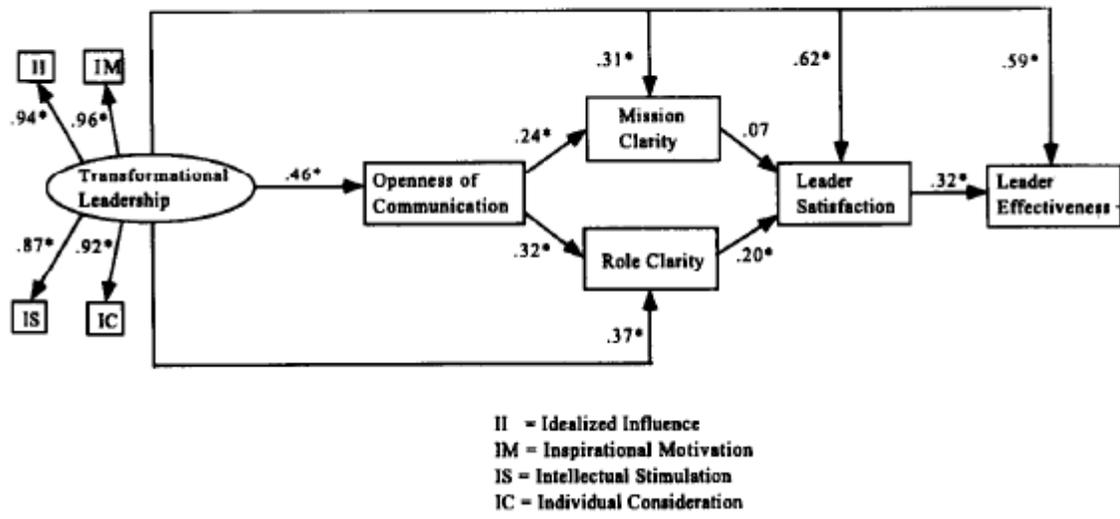


Figure 2.

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