

# The Relationship Among Transformational Leadership, Supervisory Trust, Performance and Turnover Intentions

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**Abstract-** Prior research has shown the importance of transformational leadership. It is related to a variety of employees' attitudes and behavior including supervisory trust and job performance. However, much of this research has not examined individual aspects of transformational leadership behavior. This study involving a sample of 369 salespeople found that some of the four transformational leadership behaviors are related to supervisory trust and performance. Theoretical and managerial implications are discussed.

**Key words:** *transformational leadership, supervisory trust, job performance*

## I. INTRODUCTION

An essential element of leadership is to motivate followers to reach a higher level of achievement [3]. While various theories of leadership exist, research has found that transformational leadership has been the most prominent leadership theory during the last 30 years. Transformational leadership has been the dominant leadership theory because of the vast number of studies showing its positive relationship to a variety of employees' attitudes [17].

A central aspect of transformational leadership theory is that the actions of the leader will motivate followers to perform at a higher level. However, several issues need to be addressed to fully understand the relationship between transformational leadership and employees' performance. First, research has produced mixed results regarding the proposition that transformational leadership leads to higher performance [5]. Second, does transformational leadership lead directly to higher performance or is the relationship mediated by other variables? Third, as envisioned by Bass [3] and Podsakoff et al. [30] transformational leadership is comprised of four types of behaviors. However, in some studies the constructs used to measure the four types of transformational leadership behaviors have been summated to form one scale [14], [25], [28], [34]. Summating the scales does not allow for examining how each specific aspect of transformational leadership influences performance.

Do all aspects of transformational leadership lead to higher performance? Or do certain aspects of transformational leadership increase employees' performance?

The purpose of this study is to extend prior research by examining each aspect of transformational leadership and their relationship to salespersons' supervisory trust, and performance. Support for the hypothesized relationships is provided in the literature review.

## II. LITERATURE REVIEW

### *Transformational Leadership*

Although research has investigated various forms of leadership within a sales force context, research has generally concentrated on transformational leadership [13], [34], [21], because of its positive association with employees' attitudes and behavior. From an organizational perspective, transformational leadership began when Bernard Bass published his book *Leadership and Performance Beyond Expectations*. According to Bass [3], transformational leadership differs from transactional leadership where the supervisor sets performance expectations and then punishes or rewards employees based on their ability to meet performance goals. The transformational leader motivates "followers to transcend their own-self interests for the sake of the team, the organization, or the larger polity" [35]. A key difference between a transactional leader and a transformational leader is the ability of the transformational leader to focus on followers' psychological needs [5]. By addressing psychological needs, followers will focus their efforts on behalf of the group or organization rather than on their self-interests. Bass [3] proposed that the transformational leader uses four primary behaviors to enhance followers' performance. First, transformational leaders articulate a shared vision and establish high expectations that inspire, challenge, and motivate followers. Second, transformational leaders treat each person uniquely attending to his or her needs (individualized

consideration). Third, transformational leaders serve as a role model (idealized influence) creating a climate of trust between followers and themselves. Fourth, through intellectual stimulation transformational leaders encourage followers to question the *status quo*. These four behaviors will entice workers to achieve higher performance.

### *Supervisory Trust*

Trust has been studied for many years [9], [12], because of its importance for sustaining organizational effectiveness [24]. Trust has been linked to employees' level of effort, organizational citizenship behavior, organizational commitment, and turnover intentions [12]. In addition, trust in an organization's leaders is related to sales and profits [10], [31].

Robinson [33] defines trust "as one's expectations, assumptions, or beliefs about the likelihood that another's future actions will be beneficial, favorable, or at least not detrimental to one's interests." The origin of trust is Blau's [4] work on social exchange theory. Blau [4] defined social exchange as "the voluntary actions of individuals that are motivated by the returns they are expected to bring and typically do in fact bring from others" [4]. People develop normative expectations based on prior exchange relationships [4] creating a reciprocal relationship between the two parties [15]. Trust is a central aspect of social exchanges and involves making a commitment to the other party [4].

The relationship between the employer and employee also can be viewed as an exchange relationship [4]. The employer exchanges salary and promotional opportunities in exchange for the employee's work. A reciprocal relationship will form between the employer and employee as long as both parties benefit from the relationship. However, severe undesirable consequences can occur if the trust is broken [12]. For example, if subordinates do not trust their supervisor, they will not concentrate on value producing activities, but rather on protecting themselves [23].

Research has reported a significant association between transformational leadership and trust. For example, in their meta-analysis, Dirks and Ferrin [12] reported a correlation of .72 between transformational leadership and trust. However, research has reported mixed results when examining individual aspects of transformational leadership and trust [29]. One of the purposes of this study is to

examine each one of the four transformational behaviors and their relationship to supervisory trust. Overall, the literature supports a positive relationship between transformational relationship and trust.

**H<sub>1</sub>:** Transformational leadership is related positively to salespersons' trust with their sales manager.

### *Performance*

Performance has been a major focus of sales force research for many years [6], [7], [36]. It has been called a central focus of interest to sales force management [32]. A central aspect of transformational leadership is that the actions of the leader will motivate employees leading to higher performance [3]. Generally, research has reported a positive relationship between transformational leadership and individual performance [37]. However, two issues remain with prior research. First, similar to the situation that exists between transformational leadership and supervisory trust, prior research often has not looked at individual aspects of transformational leadership and their relationship to performance. Second, is the relationship between transformational leadership and performance direct or indirect through trust? Research has shown that trust mediates the relationship [1], [18]. Mackenzie et al. [21] in a study of salespeople reported that two aspects of transformational leadership behavior were related directly to performance (individualized support and intellectual stimulation) while core transformational behavior and intellectual stimulation were related indirectly to performance through role ambiguity. These results indicate that some aspects of transformational leadership are related both directly and indirectly to performance while one transformational leadership behavior (high performance expectations) was not related either directly or indirectly to performance. Testing a specific hypothesis is difficult given the inconsistent research results. Therefore, a research question will be posed rather than stating a specific hypothesis.

**R<sub>1</sub>:** What is the relationship between transformational leadership and salespersons' job performance?

Supervisory trust has been linked to both job performance [8], [12], [22] and turnover intentions [11], [27]. When salespeople perceive that their sales manager approaches his/her job with professionalism and trusts and respects decisions made the sales manager, salespeople will perform at a higher level.

Consequently they will have a lower intention to leave the organization.

H<sub>2</sub>: Supervisory trust is related negatively to salespersons' turnover intentions.

H<sub>3</sub>: Performance is related negatively to salespersons' turnover intentions.

### III. METHODS

#### *Sample Characteristics and Procedure*

This study is part of a larger study investigating salespersons' attitudes and job outcomes. A similar procedure as employed by Miao and Evans [26] was used to obtain respondents. A list of sales managers (600) was purchased by a company specializing in direct mailing lists. The procedure used to obtain respondents was as follows:

1. An introductory letter was sent stating the purpose of the survey and asking the sales managers to encourage their salespeople to participate in the study. The sales managers were asked to provide the number of salespeople they managed and were sent that number of questionnaires to distribute. The questionnaire was coded for two reasons. First, performance data were collected from the sales manager for each salesperson. Thus, a way was needed to match each salesperson with performance information as supplied by the sales manager. Second, an effort was made to check for non-response bias. Although the sales managers were asked to have each of their salespeople complete the survey, some salespeople chose to not participate. A second questionnaire was sent to the salespeople who did not respond to the first request in order to increase response rate and to determine non-response bias. The sales managers were informed that responses from their salespeople would not be available to ensure confidentiality for the salespeople. However, they were given results for the overall study. The salespeople were asked to return the survey to the researchers to ensure confidentiality. The salespeople were informed that the questionnaire was numbered so that performance data could be matched to each salesperson. Performance and demographic data were collected for all salespeople, which enabled us to check for non-response bias and to ensure confidentiality for the salespeople who chose to not participate.

Forty-eight surveys were returned as undeliverable. These names were removed from the sample. A total of 146 sales managers agreed to participate in the study (24.3 percent).

2. Two weeks later the questionnaire accompanied with a cover letter was sent to the sample of 146 sales managers to distribute to their salespeople. The number of questionnaires sent to each sales manager was based on the number of salespeople they managed.
3. A total of 383 surveys were returned from the salespeople from both mailings. This number represented 68.7 percent (557 questionnaires) of all the surveys mailed. Fourteen surveys were deleted because of missing data, which made the sample to be 369. No statistically significant difference was found regarding performance ratings and demographic data for respondents and non-respondents.

The demographic profile for the sample of 369 salespeople is as follows: the average age of the salespeople was 35.6; they had an average of 11.2 years of sales experience and had worked for their present company an average of 7.7 years; about 72 percent were male (266); 329 (89.2%) worked for companies with more than 20 employees. Most of the salespeople (338) worked in a variety of manufacturing and services industries.

#### A. Measures

*Performance* was measured using three items from the scale used by Low et al. [20] ( $\alpha = .91$ ). The three items were measured on a scale ranging from 1 (needs improvement) to 5 (outstanding). All of the other items were measured on a five point scale ranging from (1) strongly disagree to (5) strongly agree. *Transformational leadership behaviors* were measured using the transformational Leadership Behavior Inventory developed by Podsakoff et al. [30] and used by MacKenzie et al. [21]. The transformational Leadership Behavior Inventory is comprised of four scales measuring core transformational leader behavior (three items,  $\alpha = .93$ ), high performance expectations (three items,  $\alpha = .83$ ), supportive leader behavior (four items,  $\alpha = .87$ ), and intellectual stimulation (four items,  $\alpha = .84$ ). *Supervisory trust* was measured using six items from a scale developed by Robinson [33] ( $\alpha = .90$ ). *Turnover Intentions* was measured using three items developed by Konovsky

and Cropanzano [19]. The scale ranged from (1) very unlikely to (5) very likely.

### B. Statistical Analyses

The data were analyzed using structural equation modeling (SEM) with the LISREL 8 program [16]. A confirmatory factor analytic (CFA) model was first tested to determine if the items loaded on their respective scales. Second, the model and hypotheses were tested. The items were used as indicators of the latent variables. Traditional goodness of fit measures were used to assess the fit of the model – goodness of fit index (GFI), adjusted goodness of fit index (AGFI), normed fit index (NFI), and root square mean of approximation (RMSEA). Values above .9 for GFI, AGFI, NFI,

### B. Structural model

The next step in analyzing the data was to test the hypothesized model. The results indicated a good fit by most indices ( $\chi^2 = 429.5$ ,  $df = 262$ ,  $p = .00$ ,  $GFI = .88$ ,  $AGFI = .85$ ,  $NFI = .96$ ,  $RMSEA = .052$ ). According to  $H_1$ , a transformational leadership style is related positively to supervisory trust. Partial support was found for the first hypothesis. Three of the four transformational leadership dimensions were related positively to supervisory trust: core transformational leadership behavior ( $\beta = .42$ ,  $t = 5.21$ ), high performance expectations ( $\beta = .14$ ,  $t = 2.22$ ), and individualized support ( $\beta = .20$ ,  $t = 2.55$ ). Support was found for both hypotheses two and three. Supervisory trust was related negatively to turnover intentions ( $\beta = -.28$ ,  $t = 3.96$ ) and performance was related negatively to turnover intentions ( $\beta = -.23$ ,  $t = 3.16$ ).

The research question examined the relationship between transformational leadership and performance. Two of four transformational leadership dimensions were related directly to performance: individualized support ( $\beta = .51$ ,  $t = 5.59$ ) and core transformational leadership behavior ( $\beta = .34$ ,  $t = 3.41$ ).

## V. DISCUSSION AND IMPLICATIONS

This study tested a model consisting of transformational leadership, supervisory trust, performance, and turnover intentions among a sample of salespeople. The results of this study have several important implications. First, this study shows the importance of examining each type of transformational leadership behavior individually rather than summing the four measures into an overall measure of transformational leadership. The

indicate a good model fit. A value below .05 for RMSEA indicates a very good model fit.

## IV. RESULTS

### A. Confirmatory factor analysis model

The correlation matrix, means, and standard deviations appear in Table 1. The first step in analyzing the data was to conduct a confirmatory factor analysis (CFA) of the variables. The fit indices indicated a good model fit ( $\chi^2 = 398.12$ ,  $df = 254$ ,  $p = .00$ ,  $GFI = .88$ ,  $AGFI = .85$ ,  $NFI = .96$ ,  $RMSEA = .049$ ). The loadings estimates ranged from .62 to .93 for all of the scales.

results show that certain aspects of transformational leadership are related to both supervisory trust and performance. With respect to the relationship between supervisory trust and transformational leadership only three of the four measures of transformational leadership, core transformational leadership behavior, high performance expectations, and individualized support were related positively to supervisory trust. These results support the findings regarding the relationship between transformational leadership style and supervisory trust. However, not all aspects of transformational leadership are related to salespersons' increased trust in their sales manager.

A second theoretical implication is the relationship between transformational leadership and performance. Two measures of transformational leadership, core transformational behavior and individualized support, were related positively to increased performance by the sales force. Therefore, higher performance can result from a sales manager who utilizes a transformational leadership approach where respect and consideration is shown for the feelings of the salespeople. In addition, a sales manager who articulates a vision and serves as a role model for salespeople can influence their performance. However, at least with respect to this group of employees, setting high performance standards and stimulating salespeople intellectually do not lead to increased performance.

## VI. LIMITATIONS AND FUTURE RESEARCH OPPORTUNITIES

Several limitations need to be mentioned along with research opportunities. First, additional

research needs to be undertaken to confirm the results reported here. Some of the facets of transformational leadership behavior styles were not related significantly to supervisory trust and performance. Future research needs to ascertain if these aspects of transformational leadership style are important factors related to supervisory trust and job performance using samples of other employees. Perhaps these results are specific to salespeople. Does a sales manager's leadership style influence a salesperson's job performance directly? Future research needs to examine this question. While this

study examined transformational leadership behavior, future research should include other styles of leadership (e.g. transactional leadership or leader-member exchange) in a model investigating the relationship between leadership and ethical work climate. In conclusion this study has made an important contribution to the existing body of knowledge by showing how certain aspects of a transformational leadership style influences salespersons' trust in the sales manager and their performance.

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**Table 1**

Correlation matrix, means, and standard deviations

Core leader behavior							
Performance expectations	.43						
Supportive leader behavior	.65	.32					
Intellectual stimulation	.54	.47	.53				
Performance	.23	.28	.47	.24			
Supervisory trust	.64	.41	.54	.44	.40		
Turnover Intentions	<u>-.23</u>	<u>-.18</u>	<u>-.26</u>	<u>-.18</u>	<u>-.34</u>	<u>-.37</u>	
Means	10.5	10.2	13.8	12.9	10.9	20.8	6.7
Standard deviations	2.4	2.7	3.2	3.3	2.8	5.5	2.8