Executive Leadership Attributes Relating to Transformed Organizational Human Resource Services:
A Study of Transformational Leadership

by

Kathleen K. Roth

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EXECUTIVE LEADERSHIP ATTRIBUTES RELATING TO TRANSFORMED ORGANIZATIONAL HUMAN RESOURCE SERVICES

A Study of Transformational Leadership

A Dissertation

Submitted to the
Faculty of the Argosy University/Sarasota
in partial fulfillment of
the requirements for the degree of
Doctor of Business Administration

by

Kathleen Karol Roth

November, 2003

Abstract of Dissertation Presented to the
Graduate School of Argosy University/Sarasota
in Partial Fulfillment of the Requirements for the
Degree of Doctor of Business

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2003

Chair: Dr. Pete Simmons
Member: Dr. Prosper Bernard
Member: Dr. Kathleen Cornett

Department: School of Business

This study explored the relationships between the transformational leadership attributes of Human Resource (HR) executives and the Internet-based transformed HR services they provide. In general, this research addressed the question whether HR executives, who are more transformational in leader style, are more likely to be successful in transforming their respective HR services.

Senior HR executives of Fortune 1000, Forbes 257 and other high performance organizations responded to an online survey regarding their relevant organizational roles, HR experience levels, Information Technology (IT) experience levels, education levels and their involvement levels during their Internet-based system implementations. The primary data came from their assessments of the impact of their Internet-based HR information systems and also self-reports of their individual leadership style using the MLQ-5X instrument.

A total of 58 senior HR executives responded to the survey, representing an overall 4.8% response rate from the 1,219 prospective executives. Participating senior HR executives represented public, private and not-for-profit organizations in a variety of industries.

Survey respondents reported high transformational (TF) leadership and low transactional (TA) leadership scores. Female participants reported higher TF scores than their male counterparts, although not significantly so. A positive and significant relationship was found between respondent's TF scores and their Transformed Human Resource Function (THRF) scores, lending further validity to the transformational leadership concept.

In general, the respondents reported positive results from implementing Internet-based HR information systems: increased accessibility to HR program information, increased timeliness of HR actions, increased HR data accuracy, and improved HR decision making capability.

Associations were also noted between specific components of transformational leadership and the THRF scores. Differences between levels of executive involvement, executive IT experience, executive HR experience, and executive gender relevant to the THRF were also explored. Practical implications (specifically as relates to HR selection and HR roles) and recommendations for future research are provided.

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DEDICATION

To my parents

John Wesley Roth and Carolyn DeKeith Cook Roth

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I would like to express my gratitude and sincere appreciation to the many colleagues, friends and family members who provided me encouragement and support throughout my doctoral studies.

I must first extend my gratitude to my committee members and especially my committee chair, Dr. Pete Simmons, for their commitment to excellence, their unending support, and their enthusiasm for the subject. The committee's dedication to the integrity of the academic process was an inspiration and their scholarly mentorship was incisive.

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Many devoted and tireless colleagues contributed to my career as a teacher, professional military officer, company owner, and of late, as a management consultant. Seniors, subordinates and co-workers made lasting impressions on me and for that, I am eternally grateful. It was through these relationships that I learned about the significance of effective leadership and the importance of an organization's workforce. Most importantly, I deeply appreciate my former colleagues for providing me an opportunity to practice leadership. The lessons I learned from them about connecting with people will remain with me always.

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CHAPTER ONE: THE PROBLEM

Organizational leaders are confronted daily with a myriad of decisions that must be made to ensure organizational survival. The recent demise of companies such as Enron and Worldcom emphasizes how critical the leadership factor is to the success of an organization.

Much has been written about the leadership role of the CEO and the importance of a competent, trusted leadership team. However, not enough is known about what specific leader attributes this leadership team should have. For example, there is a significant body of literature on the changing role of the HR professional as a strategist, organizational architect and change agent (Caldwell, 2001; Ulrich, 1997; Ulrich & Beatty, 2001). However, the literature falls short of addressing the HR executive as an organizational leader and identifying HR leadership characteristics. Additionally, with the exception of limited discussion by Bass and Avolio (1994), the HR executive literature does not specifically address transformational leadership relevant to HR leaders. Given the importance of the HR function in today's organizations, it would seem important to know more about what specific leader attributes the HR professional must have to be effective in the current business environment.

Several questions emerge relevant to the exploration of HR executive leadership. For example, does the leadership style of the HR leader matter in an organization? Additionally, is it critical to have a HR transformational leader to successfully lead a transformational business activity of the HR function? Conversely, can executives that do not demonstrate transformational leadership attributes effectively transform the HR function?

This study explored these important questions and addressed the potential need for future HR executives to be 21st Century transformational leaders.

Problem Background

Several researchers argue that survival in today's business environment requires strong leaders who question old assumptions and stimulate new perspectives and ways of doing business (Bass, 2000; Quinn, 1996). Hersey, Blanchard and Johnson (1996) posit that this organizational renewal, or transformation, mandates a different way of operating - mainly a change in employee behavior patterns. They further suggest that organizational transformation involves a change in the organization, as a whole. "A transformation starts beyond the current organization in that it deals with changes in the external environment, it includes realignment of the mission, strategy, structure, and systems, and it requires re-creation of the culture and behavior processes of the organization as a whole" (Hersey, et al., 1996, p.521). The success of transformed organizations is thought by some to be related to its executive leadership (Bass & Avolio, 1994; Schein, 1992; Yukl, 2002).

An integral part of the organizational leadership team is the HR executive. The concept of the HR leader as a full strategic partner has been a topic of examination for over a decade (Losey, 1997; Rothwell, Prescott, & Taylor, 1998; Ulrich, 1997; Ulrich & Beatty, 2001). Implicit in this concept is a shift in the role of the HR leader. Most of HR literature scholars agree that this shift and emerging role is linked to the changing business environment (Pfeffer, 1997; Ulrich, 1997; Walker, Reif, Gratton & Swiercz, 1999). While the new role for HR leaders will still include the traditional job of workforce maintenance activities, many scholars and practitioners argue that the competencies of the future HR leader go well beyond recruiting and personnel management activities (Schuler & Jackson, 1999; Ulrich, 1997; Ulrich & Beatty, 2001). Accordingly, the 21st Century HR leader must shape business strategies (Walker et al., 1999), lead and synergize change (Caldwell, 2001), champion employee commitment and participation (Harel & Tzafrir, 1999), and be essentially an organizational architect (Ulrich & Beatty, 2001). These changing roles and changing business environments have been highlighted in a variety of studies.

As important as the HR function is to an organization's success, it is surprising to find that there is a dearth of empirical studies on HR leader characteristics. What is known today about future HR leaders is mainly a reflection of what HR leaders and their senior executives believe to be the HR leadership competencies of the future. Most of this research has involved self-reporting of current and future knowledge, skills, and abilities (KSAs).

While HR professional competencies are imperative, it is also important for the HR leader to foster organizationally congruent leadership behaviors. As a strategic partner and leadership team member, the HR leader plays a key role in the organization maintaining a competitive position in the marketplace. However, how important HR leadership attributes are for an organization is not known and suggest the need for exploration.

Given the organizational success of Fortune 1000, Forbes 257 and other high performance companies, it would appear that HR executives of these companies would provide a robust research environment in which to study HR leaders. Specifically, research that explores potential relationships between leader attributes and the implementation of transformational business activities, such as an Internet-based HR information system, may provide insights about the need for transformational HR leaders. It is within this area of inquiry that this study is focused.

Literature Review

The leadership literature reveals a wide range of examinations, from great-man theories to interaction theories focused on psychoanalysis, role attainment, and paths to goals (Stogdill, 1974). Bass (1990) categorized five theoretical streams - personal and situational theories (Argyris, 1964; Bennis, 1961; Blake & Mouton, 1978; Hersey & Blanchard, 1982; House, 1974; Jennings, 1960; Maslow, 1965; McGregor; 1966), interaction and social learning theories (Bass, 1960; Fiedler, 1967; Homans, 1950; Stogdill, 1959), interactive processes theories (Davis & Luthans, 1979; Fiedler & Leister, 1977; Hollander & Julian, 1969; Yukl, 1971), perceptual and cognitive theories (Bass, 1976; Calder, 1977; Pfeffer, 1977; Quinn & Hall, 1983; Vroom & Yetton, 1974), and hybrid theories (Bass, 1985; Burns, 1978; Johnston, 1981). Transformational leadership theories appear to reside within the hybrid category.

Transformational leadership theories emerged during the late 1980s and early 1990s. These leadership theories signified a theoretical paradigm shift and directional change to second-order effects of leadership and alternate approaches to motivation (Bass, 1985; Bass, 1990; Conger, 1999; Yukl, 2002). These emerging leadership theories were strongly influenced by the seminal work of Burns (1978) on leadership. Burns was the first to characterize transactional and transformational leadership (Tracey & Hinkin, 1998). He contrasted both dimensions of leadership from a political perspective and viewed leadership as either transactional or transformational - but not both.

Of the transformational leadership theories influenced by Burns, the leadership theory advanced by Bass in 1985 has the most empirical research completed (Yukl, 2002). Bass' research on transformational leaders is extensive and is considered by many as the "most comprehensive theory of the dimensionality of transformational and transactional leadership" (Tejeda, Scandura, & Pillai, 2001). By operationalizing Burns' concept, Bass more clearly differentiated between transactional and transformational leadership. Unlike Burns, Bass argues "conceptually and empirically, we find that leaders will exhibit a variety of patterns of transformational and transactional leadership. Most leaders do both in different amounts" (Bass, 1985, p.22). This idea of leadership, as espoused by Bass, that leaders possess both transactional and transformational behaviors, is an important distinction. It views leadership not as an either/or dimension, but as a multifaceted dimension.

One aspect of this multifaceted approach is the view espoused by some academics that transformational leaders do more than establish an exchange of agreements with followers – they "behave in ways to achieve superior results" (Bass & Avolio, 1994, p. 3). This leadership behavior, according to Bass and Avolio, is manifested in one or more behavioral constructs. Each of the constructs included in the transformational model has its origins in major streams of leadership research. According to Bass and Avolio (1994), transformational leadership is comprised of four behavioral constructs – idealized influence (formerly referred to as charisma), inspirational motivation, individualized consideration, and intellectual stimulation. Definitions of these constructs have been refined since Bass' introduction of his transformational leadership perspective in 1985. The enhancements were the result of subsequent research studies and psychometric refinements of the primary measurement tool – the Multifactor Leadership Questionnaire (MLQ). These components are discussed in greater detail in chapter two.

Another aspect of this multifaceted approach to leadership is the suggestion that executives, through their leadership behaviors, have considerable influence on organizational outcomes (Farkas & Wetlaufer, 1998; Heifetz & Laurie, 1998;Yukl, 2002). While executive leadership influence is a topic of continual examination, research findings support the premise that organizational leader behaviors and the influence the leader behaviors have on organizational members (first and second order effects) are integral to the study of effective organizations (Bass, 1985). Given Burns' original definition of transformational leadership (as sometimes moral agents and influencers) and its implication for organizational performance, it is important to have a full understanding of the concept and its implication for executive selection.

Significant attention has been directed toward executive leader characteristics during the last decade. Some researchers posit that executive leader characteristics can predict organizational outcomes (Hambrick & Mason, 1984), influence strategy (Miller & Toulouse, 1986), affect organizational culture (Deal & Kennedy, 1982), correlate with technological innovation adoption (Quinn, 1985), and contribute to effective leadership (Schein, 1992). While there is scholarly disagreement relevant to the importance of the chief executive (Farkas & Wetlaufer, 1998; Katz & Kahn, 1978; Peters & Waterman, 1982; Pfeffer, 1977), there is considerable agreement on the positive effects of transformational leadership on organizations (Bennis & Nanus, 1985; Hambrick & Mason, 1984).

As part of the literature on transformational leadership and organizational impacts, there is some research partially addresses the relationship between transformational leadership and informational technology (Avolio, Kahai, & Dodge, 2001). Avolio et al., explored potential impacts of technology on leadership as well as leadership impacts on technology. Their discussions of *e*-leadership seem to support Quinn's (1985) view that there is a relationship between transformational leaders and the use of technology.

Many emerging technologies during the last forty years were intended to streamline corporate information and increase competitive positioning (Davenport, 2000; Norris, Hurley, Hartley, Dunleavy, & Balls, 2000; O'Leary, 2000). This emergence of information technology has significantly impacted how organizations function and compete in global markets (Norris et al., 2000; Poston & Grabski, 2000; Varian, Litan, Elder, & Shutter, 2002). Similarly, information technology has been viewed as the "largest single influence on organizational architecture and design" (Gerstein, 1992, p.5). Many changes have occurred during the last two decades resulting in technological advances leveraged by businesses of all sizes and industries. Business process reengineering of the 1980s, extension of enterprise resource planning (ERP) systems in the 1990s, and the Internet have all combined to become the cornerstone of the e-business transformation in the 2000s. These new technologies have brought many new choices to 21st Century organizations.

One of the most notable information technologies to emerge in the last decade is the Internet and the World Wide Web (WWW). During the last decade, significant reengineering of automated human resource applications, along with the advent of Enterprise Resource Planning (ERP) systems, enabled organizational leaders – including HR business units - to have greater technological capability (Walker, 2001). However, it was not until the emergence of web-based technology, including the HR information portal, that it became realistic for HR to leverage technology in a truly transformational way (Walker, 2001).

There has been significant growth of HR self-service, web-based applications. Towers Perrin, a renowned HR consultancy, reported in their 2001 HR service center survey of approximately 100 companies, that there are three major reasons why companies engage in implementing web-based, self-service applications. According to the Towers Perrin survey (2001), the top three reasons are to reduce HR costs, to increase efficiencies and effectiveness of the HR function (including accuracy of data), and to transform HR to a more strategic asset for the firm. It follows then, that these three objectives are good measurements, and perhaps the best measurements, of a successful deployment of HR web-based, self-service applications.

Another Towers Perrin survey, conducted in November 2001 with approximately 200 companies, provides additional insight into the success of these web-based systems. The survey entitled ‘Web-based Self-service: The Current State of the Art’ reveals some interesting facts about how companies measure and perceive their successes. For example, the survey revealed that most companies (63%) use both qualitative and quantitative methods to assess success rates. “Common measurements include things like accuracy of information, timeliness, rate of responsiveness, reductions in workload, changes in the frequency, duration or nature of calls to the service center and so on" (Towers Perrin, Web-based Self-service survey, 2001, p 2.). For example, in the HR service center survey, 90% of surveyed companies reported significant impact on accuracy of training courses enrollments; 81% accuracy on the significant impact of merit reviews, and 73% accuracy significant impact on family status changes. Similarly, in the same survey, companies reported work reduction (and assumed cost reduction) in the same HR functions. A significant impact on training course enrollments was realized by approximately 56% of the surveyed companies; 46% realized significant reduction of workload impacts in annual merit reviews, and 27% realized significant impacts of work reduction associated with family status reviews. These statistics, albeit limited to these surveys, seem to reflect an element of success for deployments of web-based HR applications. They also imply that these web-based HR applications are working for a large number of firms. A representative sample of these successful firms is discussed in chapter two.

The need for total transformation of the HR function is purported by many academics and HR practitioners (Beatty, 2001; Losey, 1997; Rothwell et.al, 1998; Ulrich, 1997; Ulrich & Beatty, 2001). This transformation includes a radical change in HR operations away from transactional-based cost centers to more value-added, strategically linked organizations. Central to transforming HR through the use of technology is enabling the organization to provide timely, accurate, and accessible HR information to its employees. Technology, such as web-enabled HR portals and employee self-service capability not only provide the employee with greater visibility of individual and