

**An exploration into employee perceptions of the dyadic relationship with their leader within a retail SME in Edinburgh.**

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**A thesis submitted in partial fulfilment of the requirement of Edinburgh Napier's University Degree of Doctor of Business Administration.**

**March 2012**

## **Abstract**

“Probably the most important and strategic resource of SMEs is their employees” (Analoui & Karami, 2003b:204). A critical review of the literature on leadership in Small to Medium Enterprises (SMEs) suggests the relationship between the individual employees and leader can play a pivotal role in motivation. The dominant literature around leadership tends to be leader-centric, perhaps due to the leader being the object of study (Menzel & White, 2011). However the leader does not have the ultimate say on how he is viewed by his employees; he cannot force them to think in particular ways. The best he can hope to achieve is to influence their thought processes. Therefore a leader has to be cognisant of his actions and how it impacts on the perception of his employees.

This thesis explores the important role of the dyadic relationship between a leader and his employees, from the perspective of the individual employee. The research was completed in five phases between April 2009 and December 2011. The literature research highlights psychodynamic components and ‘trust’ as key concepts in the leader/employee dyadic.

The data collection methodology included the use of critical incident technique with the addition of direct and snapshot observation. Data was collected from two branches of Edinburgh retailer, Hi-Fi Corner, the subject of the study. Transactional Analysis, a theory of communication and personality, is employed as a lens to analyse the data (Stewart & Joines, 1987). This involved analytic triangulation using the employees’ ‘ego states’, ‘stroke economy’ and ‘life-positions’ perspectives.

The data analysis successfully highlights leader behaviours that could be negatively interpreted by the employees and potentially damage the trust relationship between them. The data analysis was augmented by 'snapshot observation' giving context to the study.

The methodology employed within this thesis provides valuable insights not only to the exploration of leader/employee dyadic relationships but also recommends potential routes for improvement.

This thesis concludes with an 'hypothesis on probation' (Peirce, 1958); that a leader's perspective held by his employees in a retail SME in Edinburgh may be improved by adopting certain behaviours, specifically, those associated with 'authentic leadership', a promotion of 'trust' combined with 'LMX leadership'; the consideration of employees as individuals. This thesis calls this behaviour set, 'Authentic-LMX'.

Potential improvements to the researched business, and others in similar contexts, may be achieved through application of the thesis findings. The dissemination of these results and methodological processes, plus further potential research generated from this thesis, offer a valuable contribution to practice, academia, consultancy and to the wider business community.

## **Acknowledgments**

I would like to thank all the members of my DBA cohort, and the Faculty Director, Dr Lois Farquharson and to Edinburgh Napier University's lecturers who taught in the DBA modules. Their patience with my 'difficult' questions and group support has been a great source of encouragement. Many thanks also to my wife Hazel, and my daughter Kirsty for their tremendous understanding during the invariable highs and lows of my DBA journey. Completion of this thesis would not be possible without the support of my supervisors Prof Sandra Watson and Dr Jackie Brodie, whose patience and guidance have been invaluable. I would like to thank my examiners, Dr Janice Macmillan and Prof Jeff Gold who have suggested valuable contributions to this thesis. This study could not have been undertaken without the cooperation of Hi-Fi Corner's employees, the researched organisation, who have my sincere thanks. I especially want to thank my son, Struan Mackenzie, the business leader during the time of study, who became the subject of this thesis. This thesis could not have been completed without his understanding and support.

Thank you all for your inspiration.

**I'm Ok, You're Ok**

**Colin Mackenzie**

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## Declaration

I declare that this Doctorate of Business Administration thesis is my own work and that all critical and other sources (literary and electronic) have been properly acknowledged, as and when they occur in the body of the text.

A handwritten signature in black ink, appearing to read 'P. M. A. L. G.', written in a cursive style.

Signed:

Date: 21/05/2012

### 1.0. Overview and background.

There are many theories concerning leadership and motivation (Miner, 1978;Naylor, 2004). This often causes confusion in knowing which theory or theories that a business should implement in order to maximise one of its valuable assets, its employees (Singla, 2010). Many small to medium enterprises (SMEs) can “become stuck in a fight for survival with short term measures of success” and leadership under these circumstances “can be severely limited” (Awotwe-Bosumafi & Gold, 2006:1). There is some evidence suggesting the encouragement and development of employees can be achieved within SMEs via a leadership based on relationships and, by improving the perceived influence of the leader on followers, there are opportunities to improve motivation (Isaac, 2001;Soriano & Martínez, 2007).

This Doctor of Business Administration (DBA) thesis explores the relationship between a business leader in a retail SME and his employees in an effort to explain important perspectives in the leadership role as viewed by the employees. This thesis also examines the literature in order to propose appropriate changes in leadership behaviour that may improve the employees’ perception of their leader and their consequential motivation, within an SME retailer in Edinburgh. This research gives sense-making explanations to the transactions between business principal and employee that interfere with, or promote, the leader/employee dyadic relationship. From observations derived from the research this thesis proposes an initial “hypothesis on probation” (Pierce, 1958:238) that outlines an assumption that the

thesis aim can be progressed by analysing the data using Transactional Analysis. Data analysis is employed as the first retroductive step. From this analysis and the results of the literature review a second 'hypothesis on probation' is developed. The second and final retroductive step within this thesis is a set of recommended leadership behaviours aimed at improving leader-employee relationships in a retail SME in Edinburgh.

### ***1.1. Background to the researched organisation.***

The author was asked in 2009 to prepare a plan for the amalgamation of three hi-fi retail SMEs. These organisations comprised of twenty-three branches throughout England and were not connected to the author's business. Although these organisations shared many similarities, a difference in leadership approach existed between them. One of the business principals had, or what appeared to have had, a laissez-faire attitude to staff. Another seemed autocratic and the remaining owner, while having a consensual approach, relied on staff motivation primarily through sales commission. In the recession of 2009, the businesses found themselves under pressure; both in sales and in profitability. The author felt that none of the existing leadership behaviours were particularly effective for the trading position of the companies, or for their potentially combined entity. The forward strategy for the amalgamated group was dependent on 'motivation by commission'. The author thought this represented an over-reliance on a single motivational method and was concerned that the employees may not see this as an attractive proposition. This view was evolving as the U.K. economy was going into recession in late 2009, with the distinct potential of static or even reducing sales. The author felt there must be more effective ways of leading and motivating staff.

These thoughts and feelings led to various conversations around leadership between the researcher and his son, who is the leader of Hi-Fi Corner, the researched organisation. Hi-Fi Corner shares many of the characteristics of the three larger amalgamated organisations. Examples of leadership and motivation found in various hi-fi businesses were discussed. These conversations ultimately focussed on Hi-Fi Corner, an independent high fidelity retailer, based in Edinburgh. The author and his son agreed that the possibility of research could offer opportunities for business improvement. The author's son is new to the field of leadership and welcomed the opportunity of benefitting from the study's outcomes. Therefore, Hi-Fi Corner, with the researcher's unparalleled opportunity of access, was selected as the subject organisation.

## ***1.2. Definitions.***

The use of "his" within this thesis should be construed as gender-neutral pronoun and interchangeable with "her" except in the specific case of Hi-Fi Corner when it refers to a male. 'Small to Medium Enterprise (SME), business 'leader' and 'dyadic' are defined. These are followed by definitions of other key terms used within this thesis.

### ***1.2.1. Small to Medium Enterprise.***

The subject of this research is a Small to Medium Enterprise (SME). An SME is defined in this thesis as a 'business' or 'firm'. There are a variety of different ways or approaches to define an SME. The United Kingdom Companies Act (1985) uses a combination of employee and financial criteria in the definition of an SME.

The reporting and audit requirements for SMEs differ from larger organisations as they have preferential capital allowances against corporation tax. This highlights the importance of the term. The criteria for employment are presented in Table 1.

	<b>Employees</b>
<b>Micro Firm</b>	0-9
<b>Small Firm</b>	10-49
<b>Medium Firm</b>	50-249
<b>Large Firm</b>	250+

**Table 1- SME as defined by the Companies Act, 1985**

Although the now defunct British Enterprise and Regulatory Reform suggested “there is no single definition of a small firm” (BERR, 2009). BERR suggests defining SMEs in terms of the number of employees.

The definition of an SME used in this thesis is the European Commission definition, a “small firm having fewer than 250 employees, with a maximum turnover of £22.8M and balance sheet of £11.4M” (BERR, 2009).

The European Commission uses a combination of financial measures, employment measures and independence criteria (See Table 2).



	<b>Micro Firm</b>	<b>Small Firm</b>	<b>Medium Firm</b>
<b>Turnover</b>	NA	Max 7m euros	Max 40m euros
<b>Balance Sheet</b>	N/A	Max 5m euros	Max 27m euros
<b>Employees</b>	Max 10	Max 50	Max 250
<b>Independence</b>	N/A	25%	25%

**Table 2- EU measures of SME -source European Commission**

For many SMEs, this is the vital measurement as it determines their eligibility for grants funded and monitored by the EU. The independence criterion refers to the maximum percentage that may be owned by one, or jointly owned by several, enterprises not satisfying the same criteria. In other words, if a large firm owned more than 25% of a smaller firm, it would not qualify as an SME even if it met the financial and employment criteria.

To qualify as an SME, both the employee and independence criteria must be satisfied, and either the turnover or the balance sheet total criteria.

Therefore the researched organisation can be defined by BERR as a “small firm” and by the Companies Act 1985 as a “micro firm”. For the purposes of this thesis the researched company can be defined both as a ‘micro firm’ and as a ‘SME’.

### ***1.2.2. Definition of ‘Leader’.***

A ‘leader’ has been variously defined as; “captain” , “conductor” “chief” or “one at the head of an organisation” (Rost, 1991:39). In this thesis the ‘leader’ is defined as the

'head of the organisation'. When used in relation to the researched organisation 'leader' also means 'business principal', which can be used as a synonym.

### ***1.2.3. Definition of 'dyadic'.***

A 'dyad' is 'something' consisting of two parts; dyadic is the adjective from the noun (Soanes & Stevenson, 2008). In this thesis the 'something' is the 'individual relationship between the employee and the leader' (i.e. the dyad). Therefore the definition of 'dyadic' in this thesis refers to the one-to-one relationship between the leader and his employee.

### ***1.2.4. Definition of 'perspective'.***

Russell's (1953) simple definition of perspective is "all particulars which have a simple (direct) spatial relation to the given particular". He asserts this definition does not take into account perspectives that are not visible or happen over time. The definition proposed here is less specific but does allow for the temporal and potentially apparently unperceived particulars. The meaning of the word 'perspective', when used in this thesis in relation to the leader-employee dyadic, is defined as "All particulars of the leader which create an impression on employees".

### ***1.2.5. Other key terms.***

A number of definitions and key terms used in this thesis have evolved from the literature review in Chapter 2. These include; 'trust', defined as "... a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another" (Rousseau, Sitkin, Burt &

Camerer, 1998). The term 'leadership' and 'management' are interchangeable within this thesis. Despite the academic dispute whether there should be a difference in these terms, the author regards the business leader in the research SME business as both a 'manager' and 'leader' (Lepsinger, 2010;Zaleznik, 1977).

Other relevant terms include 'motivation'. Dörnyei (2001:10), defines motivation as "the direction and magnitude of human behaviour". Throughout this document references have been made to 'reflection'. The basic definition of 'reflection' can be compared in some instances to 'revelation' or 'intuition' and is not in itself a route to knowledge (Hospers, 1990). However when reflection is used in this thesis, it refers to a form of 'systemic' reflectivity associated with 'systemic reflexivity'. This involves presuppositions and methods that leads to 'epistemic reflexivity' (beliefs and assumptions) and 'hyper-reflexivity' (the ability to examine and deconstruct our own praxis) (Coghlan & Brannick, 2005). Within this thesis reflection is connected with critical thought and can be defined as "the process of stepping back from an experience to carefully and persistently ponder its meaning to the self through the development of influences" (Seibert & Daudelin, 1999:20).

### ***1.3. The research aim and objectives.***

The aim of this research is to identify recommendations for leadership behaviours to improve the perspective of the leader held by his employees.

The research objectives are:

- To critically review the literature in leadership, motivation, and the dynamics of the dyadic relationship between a leader and his employees.

- To explore and understand the relationship between leader and employees from the employees' perspective. This will be achieved through collecting and analysing data and through the use of qualitative methods (Crabtree & Miller, 1999; Yin, 2003).
- To provide recommendations to the leader of the researched organisation that should improve the perspective of the leader held by his employees.

The completion of this aim and these objectives make a valuable contribution to practice by offering a set of leadership behaviours for this business to consider. Contributions to academics, consultants and other organisations are also expected as the methodology and findings may have wider application within similar businesses in comparable contexts.

#### ***1.4. Motivation for undertaking the study.***

The author entered the specialist high fidelity retail business on leaving school and has subsequently been involved with a number of SMEs. He retains ownership of Hi-Fi Corner, which he joined in 1978 and purchased in 1985. The author is interested in expanding his knowledge of business, both academically and in practice. He has previously undertaken consultancy assignments with Yorkshire Business Link and has advised a number of businesses in matters regarding leadership, continuous improvement and events management. Being active in the field of SMEs, and with a strong interest in the researched subject, the author believes this study will enhance his potential contributions to practice. It is accepted that personal motivation may not, in itself, present an adequate justification for undertaking research. However, the researcher believes the contribution to

knowledge and practice, the benefits to the specific business of this study to which he has unparalleled access, combined with the potential for a transfer of methodology offer a compelling rationale and justification for undertaking this research.

### ***1.5. Background of the researched business.***

The business involved in this study is Hi-Fi Corner, a specialist high fidelity retailer. The company's original store at 1 Haddington Place, Edinburgh has a long history in the audio business and previously traded as Nicholson's Gramophone Saloon in the 1920's. In the 1950's the business was acquired by a BBC engineer who operated the business as 'Hi-Fi Corner'. It was sold in 1971 to a successful entrepreneur and to a hi-fi enthusiast. In 1975, after a disagreement, the employees and executive directors resigned without notice. The author was then employed as a replacement manager and became Managing Director in 1977. The Falkirk store was added in 1978 and another store in Rose St, Edinburgh in 1980. After achieving a significant growth in turnover and profits the author purchased the company in 1985. The business has experienced periods of expansion and contraction but continues to specialise in high quality music reproduction equipment for enthusiasts and early technology adopters. The business has been utilised as a vehicle for the author's business diversification.

### ***1.6. Importance of the research.***

This research is important in a number of areas. For example, it is important in the context of the stakeholders. These include the company being researched, the

author, the practitioner and academic community and to the wider influence this research brings in the understanding of SMEs.

### ***1.6.1. Importance to the researched organisation.***

The researched organisation, Hi-Fi Corner Limited, is a specialist audio-visual retail business operating from three branches. Two of the company's branches are located in Edinburgh, Scotland. A pilot study was undertaken in October 2009 on the company's third branch in Falkirk, Scotland.

This thesis is about examining the inter-personal relationships as perceived by the employee. "In employee relations, perception is as important as reality" (McConnell, 1994:75). It is, in effect, the employees' reality. Improvements between leader and employee relationships can give rewards and meaning to employees (Janssen, 2004). The dyadic approach to leadership forming a major constituent of this thesis differs from a group approach. The group approach suggests all employees are highly similar in perceptions and reactions and can be dealt with by their leader as a single entity conceptually and operationally (Vecchio, 1979). However a uniform attitude towards employees is not always accepted as a method of encouraging investment by the employee in his relationship with the leader (Dansereau, Graen & Haga, 1975). Therefore, this thesis argues that within many SMEs, including the researched organisation, the singular relationship between the leader and his individual employee is important (Sadler, 2001; Graen & Uhl-Bein, 1995). The author suggests this research not only offers opportunities for the business leader to achieve a greater understanding of his employees but also may improve his perception in the eyes of his employees.

### ***1.6.2. Importance to academics and consultants.***

It is accepted that the research strategy adopted in this thesis may be considered introspective due to it being a single case. However, there are arguments that single case studies are suitable under certain circumstances (Yin, 2003). The case may have unique access which can yield a revelatory power of explanation or it may be representative (Yin, 2003). This thesis argues this research provides evidence supporting these justifications. For example, unique access was available to the researcher. This revealed explanations of relationships previously unknown between the leader and follower. There are many SME businesses, within and without, the same field as the researched business. Therefore, it can be argued there are likely to be similar contextual opportunities for the appropriate transfer of methodology or findings.

### ***1.6.3. Importance in the context of SMEs and business.***

The importance of the methodological approach employed within this thesis is not limited to academics or individual practitioners. In similar contextual situations the methodology may be useful, not only to SMEs, but also to smaller discrete business units within larger organisations. This is achieved by revealing the perception of the existing relationships between the business principal and his/her employees. The results of this type of research should allow for the adoption of suitable strategies to alter leadership behaviours in order to create a positive leader perception held by the employees.

The potential for contribution can be placed in context to the business sector value. According to the Federation of Small business (2009) there are 4.7 million small

businesses in the United Kingdom (U.K.). Of these businesses 97% of firms employ less than 20 people and total 13.5 million are employed in small firms. In the UK half a million people start up their own business each year and the Federation claim 64% of commercial innovation is contributed to the economy by small firms.

The British Retail Consortium (BRC) states retail businesses accounts for £287 billion in 2009 and in September 2009, 2.8 million people were employed in retailing; 11% of the total U.K. workforce. Despite strong growth in internet sales, in 2009, only 4% of retail business was conducted in that medium.

The Department of Business, Enterprise and Regulatory Reform (BERR), now called the 'Department of Business, Innovation and Skills' (BIS), tables of Standard Industrial Classification (SIC) codes suggest there are 55,150 specialist retail stores in the UK in 2007. Of these there were 6209 retailers of electrical and household appliances, television and audio equipment. This suggests retail SME study is important to both SMEs and to the economy and there could be substantial opportunities for this research to be applied.

### ***1.7. The scope, boundary and approach of this thesis.***

This scope of this thesis is to examine the key leadership and motivational theories considered relevant by the author to achieve the thesis aim. This is not a positivistic research project and is not intended for generalisation of the results. It is an interpretative study designed to produce practical suggestions for the researched company; however, the methodological process has wider-potential applications and implications for further research.



### ***1.7.1. Thesis approach.***

A thesis approach was chosen over a portfolio of journals as the author believes this route provides an holistic approach to recommending solutions for the practical problem outlined. This thesis identifies the aim and objectives of the study, explains the philosophical assumptions employed, outlines the research design and details the method of data collection and analysis. It also presents the results while outlining the study limitations and ethical considerations. It concludes with a discussion, reflection and suggestions for practice.

### ***1.7.2. Thesis shape.***

This thesis is in six chapters, **Chapter 2** presents the literature review. It outlines the definitions used, the literature review strategy and introduces the main topics of investigation. This review also identifies gaps in the literature as well as inferences guiding the thesis development including the first 'hypothesis on probation'.

The author's research paradigm is outlined in **Chapter 3**. The author's ontology, epistemology and axiology are made explicit. The choice of qualitative methods undertaken in this research is argued on the basis of the subject under study and commensurate with the author's research paradigm. The author presents his case for a pragmatic outcome as a workable research approach. This chapter also details methodology, data gathering and analysis methods. It describes the abductive inference approach used in this study. It outlines the data gathering methodology including; an online open question Critical Incident Technique (CIT) questionnaire and Direct Observation (DO). Contextual support to the data and conclusions is given via Snapshot observation (SO). Data Analysis is explained via the use of

Transactional Analysis (TA). Chapter 3 also discusses the efficacy of the methods based on the pilot study and the ethical considerations.

**Chapter 4** gives an explanation of the analytical methods and on the findings from the data. It details the primary and secondary analysis from the Critical Incident Technique questionnaire results and analyses the data from the Direct Observation. This chapter concludes with an identification of needs drawn from the analysis.

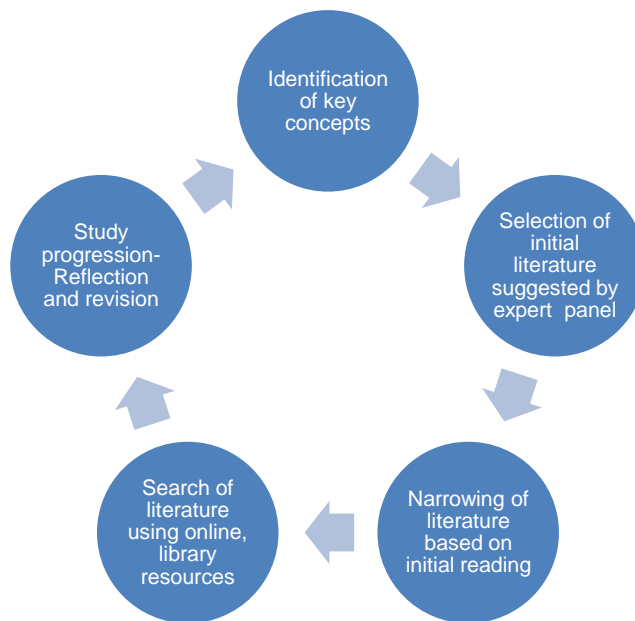
In **Chapter 5** there is a discussion on the research findings. From these suggestions emerge a set of leadership behaviours. These are considered appropriate for practice and provide a second 'hypothesis on probation'. This thesis concludes in **Chapter 6** with a reflection on its quality; its contributions to practice and academia and a summary. This thesis concludes with an identification of potential limitations and suggestions for further research.

**2.0. Introduction to the literature review.**

This critical literature review addresses the key themes relevant to this thesis. This chapter outlines the review process. It introduces relevant and important themes to the area of study. It also illustrates how academic literature has informed the study and provides a contribution to the research.

**2.1. The literature review process.**

The literature review process is a variation of the Deming wheel or Shewart cycle, an iterative cycle of research and reflection. The initial stages are illustrated in Figure 1.



**Figure 1- The literature Review Cycle**

This cycle involved evaluation and planning, literature search, reflection and further research. The general area of academic study placed the research within the area of

'entrepreneurship'. Specifically key themes of 'leadership' and 'employee motivation' evolved from the review.

The initial literature review was based on consultations from a panel of experts from Edinburgh Napier University (Appendix 1). Using a wide range of resources the search involved; suggestions from the expert panel, journals, academic books, and online electronic searches with keywords such as, 'leadership' and 'motivation'. The search was extended to include, 'small to medium enterprise(s)', SME, 'Edinburgh' and associated mixed phrases. A period of critical evaluation and reflection was undertaken. This enable this thesis to identify appropriate key themes identified from those already identified. This led to a more in-depth search. As the review process continued it became apparent that the psychodynamic nature of personal relationships was relevant to the leader's perception by his employees. The research expanded into an examination of how these relationships can be identified. The next section introduces the main and sub-themes of literature in the relevant areas.

### ***2.1.1. What is leadership?***

The 'business principal' in the thesis can be considered a 'leader'. It is therefore relevant to define the state or qualities associated with 'leadership'. A review of the literature concludes there is no agreement on one unified theory (or model) of leadership. Indeed, Stodgill (1974), perhaps to make a point, claims there are almost as many definitions of leadership as persons attempting to define the concept. For Burns (1978), leadership is about leaders inducing followers to act for goals representing the motivations, values, wants, needs and expectations of both leaders and followers. Mumford (2009) suggests definitions of leadership may be framed as person-focussed, role-focussed or processed-focussed. Person-focused definitions

revolve around the traits and skills which makes leaders. Role-focussed definitions centre on behaviours or actions and process-focussed definitions on the influences occurring between individuals. Definitions can be narrow, such as influencing followers to achieve goals (McCauley & Van Velsor, 2004) or be wider, such as proposed by Jago (1982:315):

*“Leadership is both a process and a property. The process of leadership is the use of non-coercive influence to direct the activities of an organised group towards the accomplishment of group objectives. As a property leadership is the set of qualities or characteristics attributed to those perceived successfully to employ such influence”.*

There have been criticisms of the various definitions of leadership;

*“Vague definitions of leader “types” have long been popular in literature, but they are often simple stereotypes with limited utility for increasing our understanding of effective leadership”* (Yukl, 1999:305).

Yukl (2006) also comments researchers normally define leadership around aspects exciting them the most, based on their individual interest. The literature can appear to be egocentric with a variety of different leadership definitions (Dunning & Cohen, 1992). This thesis does not attempt to define the general concept of ‘leadership’ with a self-serving implication.

Therefore the definition for this thesis of leadership is Yukl’s own description:

*“Leadership is the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives”* (Yukl, 2006:26).

This thesis revolves around the dyadic relationships in a retail SME in Edinburgh.

### **2.1.2. Leadership and entrepreneurship.**

This research revolves around understanding the dyadic relationship between leader and his employees from the employees' perspective. The field of study is placed within the discipline of entrepreneurship. The author explored the literature to discover whether an SME leader can be envisaged simply as an entrepreneur or a leader.

An 'entrepreneur' can be defined as a person who brings relationships into existence for mutual advantage (Linstead, Fulop & Lilley, 2009) regardless of academic arguments as to whether small business owners are just solo self-employed individuals (Cuervo, Alvaro & Domingo, 2007). Entrepreneurship takes in a variety of forms including micro, small and medium as well as large businesses (Matlay, 2005). The qualities of entrepreneurship are not limited to the creation of new businesses. It can include maximising the 'process of opportunities' within or beyond an organisation or its available resources (Stevenson & Jarillo, 1990). It may be that an SME leader may not necessarily be considered an entrepreneur (Bannock, 2005). However, it can be said in participating in this thesis the business leader of the researched organisation is happy to consider innovative business practices and potential new strategic dimensions. These aspects may be classed as entrepreneurial (Carland, Hoy, Boulton & Carland, 1984). Other literature brings together leadership and entrepreneurship. Vecchio (2003) makes the argument that those claiming leadership is not within the field of entrepreneurship are looking at the economic reasons and are not taking into account various behavioural domains. These behaviours are examined by Cogliser and Brigham (2004) who reflect on the mutual overlapping concepts such as visioning, influencing, leading in the context of

creativity and planning. Jensen & Luthans (2006) go as far as suggesting that entrepreneurs are 'authentic leaders'. However it appears reasonable to assume that there can also be a dark side of entrepreneurship based on the particular traits of those involved (Vries, 1985). Entrepreneurial leadership may contain persistence in problem solving and creativity as well as attention to motivation and team spirit (Baycan,Nijkamp & Stimson, 2011). This attention of the entrepreneurial leader to 'motivation' and to the 'team' is relevant to this thesis. The connection of entrepreneurs to leadership combined with associated behaviours supports the case for this study being placed in the general field of entrepreneurship.

### ***2.1.3. SME firms and leadership***

Gold, Thorpe and Mumford (2010) suggest there is a growing awareness by the UK government of the importance of having high quality management and leadership within the SME sector. Validiserri & Wilson (2010) conclude that leadership in SMEs influence organisation profitability (based on employee effectiveness) and organisational success (based on employee satisfaction). They also suggest that a laissez-faire style of leadership can contribute to organisational failure. Therin and Dalglis (2003) further suggest that in comparison to large businesses, leaders in smaller organisations may be operate below 'ideal' in terms of self-awareness and feedback. While this may support an argument that SME leadership behaviour should involve greater self-awareness it should be treated with caution as 'soft generalisations' can often be met with counterexamples (Bowell & Kemp, 2010). Retail SME leadership, according to Kanatabutra (2006), requires the ability of a store leader to encourage emotional commitment and the development of a suitable vision as this can determine organisational effectiveness and success. If this is the

case this thesis argument is strengthened. The development of a positive leader perspective held by his employees can be considered as a key step in the emotional commitment process (Harper, 2008). It seems a reasonable assumption that a negative perception of the leader will not encourage such commitment.

Leadership behaviours are considered important in SME business according to Perrin & Grant (2001:6). Important characteristics include getting the 'best from people', 'clear communication' and 'motivation'.

Many SMEs have a simple hierarchical structure and have a heavy reliance on the leader or are influenced by the personal habits of the owner (Hankinson, Bartlett & Ducheneaut, 1997; Reynolds, Savage & Williams, 2000). This can lead to some interesting challenges as SME leaders have intolerance for matters not directly relating to their experience and a high ego that does not readily recognise new ways (Taylor, 2007). SMEs can also differ from larger firms, potentially lacking in organisational planning and in some technical expertise, although some practices can simply emerge (Reynolds et al., 2000). From a strategic and administrative perspective SMEs may be viewed as organic and can be seen as an extension of the owner or leader's personality (Lawrence, 2010). This is echoed by Cruz-Cunha (2010:343) "... the business represents their lifestyle representing their life and dreams". Leadership may also be influenced by mutual ownership or connection by family members (Cruz-Cunha, 2010). While a leader in a larger organisation may be looking for career progression sometimes the leadership in an SME has been formed by an individual for a number of reasons, e.g. personal freedom, income, seeking to overcome prejudice or language difficulties (Price, 2004). This thesis argues that it is difficult to maintain that internal personal motivations are the primary reason for the differences between SME leadership and larger firms. Motivations can be varied and



complex between all forms of leaders in different business contexts. The importance of employee fit with the SME business leader could be construed from Tansky and Heneman's (2006) contention that research suggests that employees in smaller firms are more likely to be selected as person-fit for the job rather than role-fit. In fact, it may be that SMEs have less formal HR practices (Armstrong & Armstrong, 2011). It is also reasonable to assume that in some cases alternative leadership skills are required for larger organisations due to differing larger-scale organisational challenges. When entrepreneurial firms grow too large for personal relationships they must evolve into a clearly defined organisation (Price, 2004). It could be argued this requires either additional or a different skill set from the leader. While some SME business leaders are content to constrain their business to a specific size in order to keep control this does not apply to all SMEs (Price, 2004).

SMEs are often considered as an homogenous group of business entities however it is possibly more appropriate that they should be considered as a heterogeneous group with differing objectives and needs (Cruz-Cunha, 2010). For example, some young entrepreneurial SMEs may be in a rapid growth phase. This can mean that the social contract between employees remains unfixed to accommodate future demands of the company (Scheer, 2009). It can therefore follow that leaders and employees may have different motivational needs. However, regardless of the business phase of the SME, the literature infers that the leader's relationship with their employee is important (Kelloway & Cooper, 2011). This is not only important due of the relative physical proximity of the leader to his employees but also because this human resource can play a significant role in SME strategy (Analoui & Karami, 2003a).

A conclusion that be inferred from the SME leadership literature is that the leader's

influence within an SME can very be significant. The leader's relationship with the employee is a key component for success. It suggests that analysis and understanding of the leader/employee relationship is therefore important.

## ***2.2. Leadership theories reviewed.***

Leadership theories have been classified in an effort to identify variables which impact on organisations. Leadership theories have been categorised within the literature. These include a variety of areas, for example, addressing traits and behaviours, focus on contingencies or environmental influences or those dealing with transactional encounters and theories emphasising cognitive processes (Chance & Chance, 2002). A number of significant categories are reviewed here.

### ***2.2.1. Traits.***

Many early leadership theories revolve around the behavioural characteristics and traits of the 'Great Man'. This supposes leaders to be born great. Definitions of leader types can be viewed as simplistic stereotypes and have limited utility in expanding our understanding of effective leadership (Yukl, 1999; Morphet, Johns & Reller, 1982). Great Man theories are also criticised as they tend to ignore women. Some research concludes women, as leaders, have greater self-actualisation needs, but there is generally thought to be no significant differences between the sexes (Donnell & Hall, 1980). Research has attempted to show the value of other traits. For example, Fiedler (1967) concluded successful leaders were more perceptive and more psychologically distant than their subordinates. Ghiselli (1971) highlighted the importance of intelligence and decisiveness combined with an ability to supervise.

'Charisma' is one trait often mentioned in the literature (Conger & Kanungo, 1998; House, 1976). Charismatic theories depend on attribution based follower perceptions of (their) leader's behaviour. The ability to articulate and formulate an inspirational vision has been associated with charismatic leadership and by behaviours promoting the impression that the leader, and by implication their goals, are extraordinary (Conger, Kanungo & Sanjay, 2000). However, Bass (1993), compares the difference between 'charismatic' and 'inspirational' leaders by highlighting that charismatic leaders are a substitute for the follower's ego ideal, whereas inspirational leaders symbolise and represent it. Conger et al. (2000:762) expressed the view, "Collective identity is related to charismatic leadership, especially through subscales of vision and its articulation and sensitivity to member needs". Another important aspect of charismatic leadership, according to Conger and Kanungo (1998), is the personal approval of the employee by the leader. House (1971) defined a charismatic leader as one with a tendency to dominate, with a strong conviction in their beliefs, an ability to appeal to others and with needs for achievement, affiliation and power. Neocharismatic leadership (Winkler, 2009) has been used to describe an approach melding charisma with transformational leadership (Bass, 1998) and includes visionary leadership (Bennis & Nanus, 1985). The difficulty with charismatic and neo-charismatic leadership is the potential dependence on the employees should the leader leave the group (Bryman, 1992). As well as difficulties understanding the value of traits, there is some debate about the desirability and effectiveness of a charismatic leader by the stakeholders, especially if there is an overabundance of a leader's self-efficacy (Maccoby, 2000; Sankowsky, 1995; Yukl, 1999). Yukl (1999) claims it is one of the most speculative leadership theories while Patterson (2003), as well as illustrating some

potential ethical difficulties associated with aspects of charismatic style, concludes it is not 'charisma' but 'character' which is a critical measure of leadership excellence. While the building blocks of a leader may include 'traits' it would appear to be exceptionally challenging to define with certainty those traits required for leadership. Even if an individual has the potential to have the traits there is no certainty they will be suitably developed or applied.

### ***2.2.2. Behaviourist models.***

Stodgill's (1957) early research into leader behaviour shaped group interaction to include 'structuring' and 'consideration'. An explanation of management behaviour was espoused by Blake and Mouton (1964) who proposed a 'Managerial Grid' (see Appendix 2). The five main sections of this grid include: Impoverished management, where concern for production and people is low. Authoritarian management, where the focus on production is high but concern for people is low. Middle of the road management is about leaders who believe in compromise and will only take decisions if supported by subordinates. Country Club management looks after people in the anticipation of achieving voluntary co-operation whereas Team management is about the explanation of tasks and decisions collectively agreed. Team management was Blake and Mouton's preferred option as they claim it to be the most effective form of management as it showed a high degree of consideration for production and people. Although these explanations are interesting, Roecklein (2006) surmises that leader behaviour theories, while having made an impact on leadership thinking, have not been consistently supported by empirical research and they are generally descriptive of situation, rather than prescriptive. As most

leadership takes place in a setting it would seem sensible to examine the integration of behaviours to context.

### ***2.2.3. Contingency and environmental models of leadership.***

It can be argued that a flexible approach to leadership is required depending on the circumstances. Fiedler's (1967) 'Contingency theory' advocates managers who are unable to alter their style, depending on the situation, may not achieve the same success as those who have greater flexibility. Fiedler concludes that successful leadership depends on three factors; the leader-member relations, the task structure and the leader's positional power. The 'leader-member relations' can be explained as the degree of follower's participation, their willingness to support, accept and give their loyalty to the leader. The 'task structure' refers to how the group tasks are organised and structured and the 'leader's positional power' is how the individual leader may exert different levels of power and influence depending on the organisational structure. In effect, leadership style may have to suit the circumstances between a dynamic or routine environment. Leader-member relations share some characteristics with transformational styles of leadership, and this ability of changing style due to circumstances was explored by Vroom and Yetton (1973) who suggested a model of 'situational leadership' to support the leader in deciding the level of employee participation in problem solving.

A modification of Situational Leadership theory, proposed by Hersey and Blanchard (1982), advocates the amount of direction a leader gives should be founded on the employee's maturity and is based on a continuum involving four styles: autocratic, persuasive, consultative and democratic. Hersey and Blanchard's definition of maturity includes a desire for achievement and an acceptance of responsibility, and

they purport leaders should vary their style through, telling, selling, participating and delegating. This theory supports a repertoire of contrasting styles from highly directional to supportive behaviour.

The assumption in the situational models is if participation increases so does decision acceptance. In turn, this increases effectiveness and commitment. Similar thoughts were also expounded by Likert (1961), who strongly supported participative management. This facet is shared with the 'Servant-Leader' leadership; a model promoting listening, empathy, awareness, healing, persuasion, conceptualisation, foresight and stewardship (Greenleaf, 1977; Greenleaf, Beazley, Beggs & Spears, 2003). However, the expression "Servant Leadership" does not sound bold and forceful and it is possible this type of leadership may be construed as being weak or passive (Dyck, 2010). Servant leadership has also been criticised as open-ended and idealistic (Reinke, 2004). Wallace (2007:118) suggests *"Without having a sound, unified worldview that justifies use of servant leadership; one falls prey to the reality that, ultimately, the reason is either utilitarian/pragmatic or situational."*

#### **2.2.4. Transactional leadership.**

Reward or punishment contingent on the job is a style often associated with Transactional Leadership (Burns, 1978). Although it can be difficult to be precise about leadership definitions, Transactional Leadership tends to be more of a telling style, a behaviourist perspective based on contingency (Yukl, 2006). Burns (1978:19) defines Transactional Leadership as "when one person takes the initiative in making contact with others for the purpose of an exchange of valued things..." It may involve values; however, those values are related to the exchange process. Transactional Leadership is very relevant to this thesis; a form of transactional

leadership is employed when retailers use commission as a reward (Coker, 2000); each sale is instant feedback and the pay cheque at month-end is a form of appraisal. Bass (1985:28) criticises Transactional Leadership by saying even trained managers do not use it effectively due to:

*“Time pressures, poor appraisal methods, doubts about efficacy of positive re-enforcement, leader and subordinate discomfort with the method, and lack of management skills”.*

However financial rewards fulfil certain needs. Both Maslow and Murphy (1954) and Alderfer (1972) suggest the ‘primary needs’ revolve around basic existence needs, and financial reward fulfils these (see Chapter 2.4: §2.4.2 and §2.4.3). Even if base needs are met, financial rewards can sometimes be used to allow employees to obtain other ‘higher’ needs (Villere, 1981). For some, money is a measure of success (Ghiselli, 1971). The danger of an over-reliance on contingent reward is the possibility people will become mercenary and individual performance may not reflect corporate performance (Villere, 1981). During a time of uncertainty, when rewards may be withdrawn or unattainable, there can be negative re-enforcement (B’Enabou & Tirole, 2003). Employees may react with game play, defensively or with hostility if contingent rewards are not accomplished (Bass, 1985). Yukl (1999) claims Transactional Leadership fails to make a strong connection with the leader-subordinate exchange and suggests that it is just a collection of ineffective behaviours.

The original motivation behind this thesis is whether leadership based exclusively on a transactional exchange (i.e. money) is ideal leadership behaviour. This is given mixed views by the academic literature (Mosley, Pietri & Megginson, 1996).

Hertzberg (1959) saw lack of a financial reward as a cause of dissatisfaction while

Kohn (1998) suggests it is 'behaviourist dogma'. Pfeffer (1998) concludes that while people do work for money, they also work for trust and meaning in their lives. Deci (1975) suggests that if rewards are seen as controlling they may be demotivational. A reasonable conclusion from the literature would be to suggest the success of a transactional exchange depends on people's personal circumstances. This includes the satisfaction of the employees' particular needs, method of remuneration and their perception of equity. Care needs to be given to the implementation of a reward/exchange system as a successful organisation needs the cooperation of all employees, not just independent and discrete performances (Steers, Porter & Bigley, 1996). Despite the potential difficulties of financial reward, "... leaders and employees must rely on transactions in order to perform tasks and achieve organizational objectives; transactional exchanges will continue to exist. What is changing is how leaders and employees choose to interact with each other" (Barrow & Mirabella, 2009:53).

#### ***2.2.5. Transformational and LMX Leadership.***

Transactional leadership might be considered as perhaps an essential, but narrow, method of leadership and Situational theory as a "one-way street" (Roeckelein, 2006:351). Both could be regarded as giving little recognition to a reciprocal relationship between leader and follower. On the other hand, Transformational leadership is more reciprocal, with the leader and follower having an influence on each other (Burns, 1978). The author suggests a reciprocal effect may be important in SMEs. This may be due to the principal's relative proximity to his employee as leadership is composed of "relationships, contacts and situations" (Popper & Zakkai, 1994:7).



Transformational Leadership, as defined by Bass (1985), primarily focuses on what leaders must do to achieve the desired impact on their followers. It includes; trust, admiration, loyalty, and respect towards the leader. Yukl (2006) adds that it involves: individualised consideration, inspirational motivation, intellectual stimulation and idealised influence. Attempts are made to create motivation in followers by making them aware of task outcomes and persuading them to transcend limit rewards and achieve results for the greater good.

Within the Transformational Leadership group of theories is Leadership-Member Exchange (or LMX theory) (Northouse, 2007). LMX attempts to explain the interaction and relationship between individuals (as members of a group of followers) and the leader. How 'employees group' depends on the 'exchange relationship' quality (Beomcheol & Thomas, 2005). According to LMX theory, the participation of employees may require explicit attention to context or as Bernerth, Armenakis, Feild, Gilles & Walker, (2007) suggest, it may relate to the employees' perceptions of the exchange. The relationship between the leader and the follower can include such elements as trust (Bass & Bass, 2008). Bernert et al.(2007) as well as highlighting the importance of organisational results by LMX, also suggest practitioners or leaders should attempt to identify the influences on the development of their employees' perceptions of LMX in order to maximise the exchange. Winkler (2009) suggests LMX has undergone several stages of development from the original vertical dyadic linkages. A second stage focusses on the linkage effects, a third stage discusses the leader-member exchange mechanisms development and a fourth expands the idea to networks and groups. A potential drawback of LMX theory revolves around the existence of the 'out group'. These are employees who are being excluded or excluding themselves from the relationship with the leader,

thereby the traditional view of LMX does not involve the whole organisation (Dansereau et al., 1975).

There is now some overlap between theorists between the differing forms of leadership (Yukl, 2006) and according to Mullins (1993:279), many see Transformational Leadership as almost equal to “charismatic, visionary or inspirational”.

The early narrow definitions of Transformational Leadership inferred a poor exchange between leader and follower; however, alternative models suggest a movement towards a form of positive psychological contract. Patterson (2003) views Transformational leadership as leaders focussing on the organisation and does not provide sufficient explanation for altruistic or follower focussed behaviour.

#### **2.2.6. Authentic leadership.**

There is a growing awareness of importance of emotional effects of leaders on followers, and of symbolic leadership Yukl (2006). According to Wong and Cummings (2009a:523) the conceptual and theoretical origins of authentic leadership include humanistic “positive psychology”, “positive organizational behaviour”, “transformational leadership” and “ethical and moral perspectives”.

Authentic Leadership is defined by Gardner et al., (2005:4) as:

*“Those who are deeply aware of how they think and behave and are perceived by others as being aware of their own and other’s values/moral perspectives, knowledge, and strengths: aware of the context in which they operate: and who are confident, hopeful, optimistic, resilient and of high moral character”.*

Gardner et al. (2005) also claim Authentic Moral Leadership offers higher power, latitude greater and trust in the leader. Walumba, Wang, Wang, Scaubroeck & Avolio

(2010), claim a correlation with 'authentic leadership' and the leader's 'self-awareness':

*"A truly effective authentic leader is one who encourages his or her followers to not only be more engaged with their work but also themselves be more open, ethical, and self-aware."* (Walumba et al., 2010:911)

This suggests an interpersonal relationship dimension to authentic leadership. The potential problem with this, highlighted by Duigan and Bhindo (1997), is possible cynicism with leaders in organisations and they say 'authentic relationships' are required for 'authentic leadership'. Wagner (1996:172) states, "trust is essential if people are to be 'intimate' and intimacy is the "authentic sharing of feelings". While Yammarino et al. (2008) suggest that at the dyadic level, authentic leadership operates as a form of individualised leadership. They go on to discuss the potential effectiveness of this behaviour set, while simultaneously warning about the methods of measuring authentic leadership in case of self-selecting bias.

Criticism of Authentic Leadership comes from Wong and Cummings (2009a), they maintain it is not well defined in an organisational context. They are concerned with the assumption of an authentic leader's true self is, in effect, an ethical self. It does not explain how leaders manage situations where their followers' values differ from their own. However, they conclude by saying, "it holds promise for explaining the underlying processes by which authentic leaders and followers influence work outcomes and organizational performance" and "a few studies have shown positive relationships between authenticity and trust" (Wong & Cummings, 2009a:538).

Authentic Leadership may have an impact on the perceptions of employees, their work attitudes and performance in small firms (Jensen & Luthans, 2005). The next level of development in Authentic Leadership is, as Avolio (2007:25) contends,

exploring the “cognitions, attributes, behaviours and contexts in which leaders and followers are dynamically embedded and interact over time”. This combination of factors has led the author into exploring the psychodynamic relationship between the leader and the employee, specifically how the behaviour of the leader impacts on the employee.

### ***2.2.7. Psychodynamic Leadership Approach.***

The psychodynamic approach can be traced back to the ideas of Freud and Jung and deals with the unconscious motives impacting on perceptions and relationships (Northouse, 2007;Winkler, 2009). The term ‘psychodynamic’ refers to “a broad lineage of models focussing on the role of the unconscious processes in human behaviour” (Cox,Backirova & Clutterbuck, 2010). The psychodynamic leadership approach makes use of various hypotheses and models employed in psychology. It is possible people gain their initial experiences with leadership from a young age, possibly with their parents (Stech, 2007). Psychodynamic relationships are based on the child’s shaping and upbringing and the process of socialisation including experiences of leadership and followership (Berne, 1964). This “inner script” people possess is what potentially drives leaders and followers (Kets de Vries, 1997:257). The psychodynamic relationship can be complex. For example, projective identification (Ogden, 1992) describes the projection of unwanted feelings onto another person may also have the reverse effect, i.e. the projection of the ideal self onto the leader (Winkler, 2009).

Leader types based on the psychodynamic approach have been described by Maccoby (2000) as; authoritarian, narcissistic, narcissistic-coercive and erotic-narcissistic (those who seek love and attention). It could be debated these

descriptions are no more helpful in understanding leaders as earlier leader 'traits'. Another view of leadership, involving follower perceptions, is the socio-cognitive approach (Avery, Bell, Hilb & Witte, 2004). Socio-cognitive leadership attempts to explain perceptions of leadership in terms inference (how the leader's actions impact on the employee) or on recognition (how the follower's previous experienced of his leader shapes his perception)(Avery et al., 2004). Leader attributions are given by employees dependent on the inferences or recognitions. They relate to the perceived outcomes of events or interactions between the employee and the leader. A number of theories and approaches attempt to give understanding to the these processes, for example; Cognitive Behaviour, Gestalt, Transpersonal, Positive Psychology and Neuro-Linguistic Programming (Cox et al., 2010).

Some of these processes attempt to give understanding to interrelationships by an explanation of personality. Personality can be described generally as summations of various parts, units or integrative definitions stressing the organisation of the constituent factors and hierarchical definitions (Abbott, 2001). The organisation of personality can be emphasised as a vertical format rather than simple horizontal organisation (McVhunt, 1944). There is some literature focussing on the trait nature of personality (Adler, 1929; Cattell, 1950; McCrae & Costa, 2004). Adler (1929) believed a person's childhood influences their adult experiences, whereas Allport (1938) identified what he saw as 'cardinal trait' shapes purporting to dominate an individual's behaviour. He thinks this may be rare as most people do not exhibit a single dominant theme shaping their lives. Allport's 'central trait', the building blocks found within each person, is not as powerful as cardinal traits while 'secondary' traits are characteristics seen only in particular circumstances. Trait theory was further developed by McCrae and Costa (2004) who produced a condensed five factor

model of traits. These include 'extraversion, openness, consciousness, agreeableness and neuroticism' (Schneider & Smith, 2004). Allport's trait theory can share the same problem to the trait theory of leadership, namely, that it is better at describing people than understanding them. Neither does it say much about how thoughts and feelings motivate human behaviour (Bernstein & Nash, 2009). Even Eysenck's biological trait theory (1967), defines traits into dimensions of 'introversion-extraversion' and 'emotionality-stability'. This gives an explanation focussing on the biological. Gray (1990) developed this idea and postulated a model of the brain with three fundamental systems of behavioural approach, a fight-flight and a behavioural inhibition system. However, a biological approach may not be completely predictive for explaining traits and more emphasis should be placed on cognitive or social aspects of personality (Matthews & Gilliland, 1999). In contrast to trait theories of personality there is the humanist approach. Angyal (1948) took a holistic view of the mind. He accepted there may be subsets of personality, however, proposed these should be viewed in their entirety to understand the complete person. If trait theories emphasis what people 'have' and their 'dispositions', social cognitive theories (Bandura, 1986) emphasis what a person 'can do' by way of adaptation to cope with changing circumstances (Pervin & John, 2001).

Perhaps a constructive use of the psychodynamic approach in leader-employee relations is by using Transactional Analysis (Berne, 1961; Northouse, 2007).

### ***2.2.9. Transactional Analysis.***

Transactional Analysis can be considered a theory of communication (Morrison, 2002) and personality (McKenna, 2006). The origins of TA are based on observation

and diagnosis (Berne, 1961; Stewart & Joines, 1987). Berne (1964) explained the way we relate, or *transact*, with people is dependent upon which of the ego states both we and the person with whom we are transacting are in. Berne (1964:164) states that an ego state may be described phenomenologically as a “coherent system of feelings, and operationally as a set of coherent behaviour patterns”; in essence, ‘feelings’ with ‘behaviours’. Berne (1961) created Transactional Analysis as a method of conceptualising personality of the main ego states of parent, child and adult (PAC). These ego states can be analysed using the Parent (P) Adult (A) and Child (C) ego positions. The PAC relationships have been sub-divided into five ego states: Critical Parent (CP), Nurturing Parent (NP), Adult (A), Free Child (FC- the state of being uninhibited) and the Adaptive Child (AC) (Stewart & Joines, 1987). The leader-follower can have a number of complementary transactions, for example, when the leader may be acting as in ‘parent’ and the follower acting in ‘child’ ego states. Northouse (2007:243) states, “Effective leadership and followership depend on two or more people operating in the adult ego state, testing their reality by acquiring information and assessing possible lines of actions and outcomes. According to TA, unless a decision is made to consciously understand a person’s in-built patterns of life script; and a conscious effort is made to change these, often unconscious stories are fulfilled; not just as a child, but throughout life (Berne, 1961). Whilst this Script theory (Berne, 1961) may appear to be deterministic, the belief in change offers the opportunity for autonomy (Pitman, 1984). Script theory does not make claims to account for all human behaviour (Stewart & Joines, 1987). However, by unconsciously following one’s life script an individual’s options for improvement and change are more limited. It is possible to come to the view that Script theory appears in the literature in other guises. As an example, in

discussing 'cross-cultural influences on motivation and leadership', Steers et al. (1996:433) suggest the Russian people's destiny is "to endure suffering as a means to a brighter future".

Steers et al (1996) quote many other examples relating to employees historic and present environment, giving additional credence to script theory. Script theory also shares similarities with Adler's (1929) thoughts on how personality is shaped by hereditary and environment. Ego states can be understood using behavioural, social, historical and phenomenological diagnosis (Berne, 1961). Behaviour diagnosis looks for body language clues to the relationship between individuals. The social diagnosis looks for observed intra-relationship responses. Historical diagnosis is based on the individuals past. It is an examination of feelings and thoughts as remembrances of similar experiences. The phenomenological diagnosis is self-examination, instead of remembering experiences; attempts are made at reliving them (Berne, 1961; Stewart & Joines, 1987).

Berne's theory assumes humans develop one of four main life positions: 'I'm ok, you're ok', 'I'm ok, you're not ok', 'I'm not ok, you're ok' and 'I'm not ok, you're not ok' (Stewart & Joines, 1987). It may also be useful to consider further relevant life positions 'I'm ok (not ok), you're ok (not ok), they're ok (not ok)' (Widdowson, 2010). Script positions other than 'I'm ok, you're ok' can suggest people may be playing roles or "games" (Berne, 1964). Within a range of the potential 'games' people play there is the one called the Drama Triangle. Here three, or more, people rotate between the roles of 'victim', 'persecutor' and 'rescuer' (Karpman, 1968)(See Chapter 4- §4.2.1). TA also implies an imbalance of 'strokes' (Berne, 1964) (which are fundamental units of social action) can cause problems in creating positive perceptions between individuals.



### **2.2.9.1. Criticisms of TA.**

Northouse (2007) criticises TA on the lack of assessment standardisation meaning people have to identify their ego states from the literature descriptions or workshops. He also contends the psychodynamic approach does not lend itself to training in a conventional sense as he claims there are no skills to learn. Northouse (2007:243) criticises the psychodynamic approach as it focuses, “primarily on the personalities of the leader and followers that dictate the nature of the business relationship between them”. Paradoxically, this criticism supports the assertion that TA is a relevant approach for this thesis, as it this ‘relationship’ the author considers important and is the subject of this research.

Since the introduction of TA by Berne, there has been criticism of it being seen as ‘superficial’ (Stewart, 1992). Stewart’s (1992) counter argument is this is only an appearance, as Berne used language simpler than his ideas. The fundamental tenet of a TA approach is that although a problem appears serious, it does not automatically assume solving it will be complex or difficult (Cox et al., 2010).

Some of Northouse’s criticisms are at odds with others. According to Villiere (1981), TA offers a method to support employee selection, communication, motivation and problem solving. Villiere also suggests TA can support factors affecting leadership behaviours and concludes that leader effectiveness depends on the “wisdom of an adult, the genuine support and concern of the nurturing parent and the contagious enthusiasm of the free child” (Villiere, 1981:194). Wilder and Roger (1980) have similar examples. They propose an ‘egogram’ (Wilder, 1980). This highlights, in bar chart form, the time spent in each ego state and this can be used as a training aid to support an improved organisational performance.

Despite the criticisms, it would appear TA has applications in business and as a tool for analysis.

### ***2.2.9.2. Followership***

If the psychodynamic relationship between leader and his employee is important then it can be argued that the literature surrounding the follower may be relevant. Townsend & Gerbhardt (1997:140) contend that a skilled leader needs to understand his followers and that the most effective follower is the “one who accepts the necessity of compliance and who is committed to placing the needs of the unit above his own needs”. However, ‘employee followership’ has a number of definitions in the literature and not all definitions accept the need for compliance (Bell, 2007; Ambrose, 1995). Followership can be construed as a bi-directional influence among leaders and other followers with the “intent to support leaders who reflect their mutual purposes” (Riggio, Chaleff & Lipman-Blumen, 2008:139). This perspective seems to be an echo in the works of Follet (1949). Follet stated that both the leader and the follower are “Following the invisible leader- the common purpose” (Follett & Graham, 1995:172). If followership involves not only leader motivations but also the needs of the employee then “leadership, followership and motivations are inextricably linked” (Ambrose, 1995:49). Outwardly demonstrating that link appears to be important. Haslam (2001) concludes that if employees are sympathetic to the ‘out’ group they give more support to leaders who also show sympathy, as opposed to leaders who strongly support the ‘in’ group and oppose the ‘out’ group. This suggests the importance of social grouping between the leader and the follower. There have been some examples of followership models. For example Kelly (1992) categorised followers into dimensions of acting and thinking. The behavioural

descriptions of followers characteristics include; conformist (those who actively follow orders), alienated (sceptical, perhaps capable potentially cynical), passive (rely on leaders to do their thinking) and exemplary followers (those who are independent and innovative). It could be argued that trait descriptions of followers can be heavily subject to interpretation and perspective and does not take into account the complexities of the individual (Kets de Vries, 2006).

Riggio et al (2008:138) claim that it is a “false mantra” of business schools that ‘followership’ is part of ‘leadership’. Rost (in Riggio et al, 2008) implies that conventional views of followership are outmoded. He contends that in an industrialised world the leader sets the direction and the leader leads. However, he suggests, that in this modern age followers often pick and choose which of their leader’s views to accept. Rost’s (in Riggio et al, 2008:59) concludes that if leadership is a relationship, “leaders and followers both do leadership”. This is also supported by Baker (2007), who suggests the focus of implicit leadership theories have shifted from ‘leaders’ to ‘followers’ perceptions. Popper (2011) suggests that followership is about understanding the followers’ psychology and this is key to understanding the leaders’ influence. This supports this thesis, which examines leadership behaviours from the perspective of the employee. This contention is supported by the view of Krupers (2007) that leadership and followership are co-created and that “implementation of an integral leadership and followership is likely to serve as a helpful antidote to short-time orientations, biased approaches, and one-sided investigations.”(Kupers, 2007:221).

The aim of this thesis revolves around the perception of the leader with his employees. The literature around followership supports the conclusion that leadership perception is an important constituent with followers if the leader wishes

to command the tacit approval of the follower.

Before attempting to draw conclusions on what behaviours contribute to the leader-employee relationship, this review examined motivation and motivational theories in order to gain a deeper understanding on the possible interrelation between leadership and its potential motivational impact on employees.

### ***2.3. What is motivation?***

There are a number of definitions of motivation in the literature. Dörnyei (2001:10) propose motivation as “the direction and magnitude of human behaviour”. In other words motivation is the direction, persistence and effort expended on an action (Arnold, Robertson & Cooper, 1991; Cooper & Locke, 2000). Roeckelein (2006) asserts motivation is not a matter of simple drives but each person has a unique spectrum of wishes, instincts and emotions. Motivation can also be classified intrinsic, i.e. self-generated, or extrinsic, i.e. “what is done for people to motivate them” (Armstrong, 2002:56). There appears to be a conflict in the literature. If behaviour is motivated by emotion and thought (Bandura, 1997), it could be conceivable that all motivation is essentially intrinsic, assuming the agreed definitions of motivation already presented. To overcome this potential dissonance this thesis proposes an alternative description of external motivation; this is; “external context creating internal motivation”. This view is supported by Cognitive Evaluation theory (CET), considering positive social-contextual events are reflected in intrinsic motivation (Ryan & Deci, 2000)

### ***2.3.1. The connection between leadership and motivation.***

The importance of this thesis increases if a connection between leadership behaviours and motivation exists. It has been known for some time that interest shown in employees by managers can increase productivity (Mayo, 1945). Raelin (2004) propose a possible purpose of leadership is to support individuals and focus their motivation towards personal meaning for the greater good of the business.

Soriano and Martínez (2007:1104) say in connection with SMEs;

*“We believe that the team leader affects the attitudes and behaviour of other team members, creating the necessary conditions for relations of collective entrepreneurship and, therefore, enabling the transmission of the entrepreneurial spirit to the work team”.*

According to Tsai (2008), there is a correlation between ‘leadership style’ and employees job satisfaction and leadership is often associated with “influencing, motivating and inspiring people” (Gill, 2006:231). An exploration of the literature into the inter-personal relationship between leader and employee provides views on how an employee ‘thinks’ about their work can be dependent on their beliefs, about the attitude they possess, and the behavioural intentions resulting from holding those beliefs and attitudes (Steers et al., 1996). This view is supported by Cognitive Behaviour Theory (CBT). This supposes how people ‘think’ affects how they ‘feel’ and ultimately how they ‘behave’ (Corey, 1986). These cognitive processes are also outlined in Affective Effects Theory (Weiss & Beal, 2005b) (AET). According to AET, emotions are influenced by events. These events then influence attitudes and behaviours. It may be that emotional states directly influence performance even after the emotional ‘episode’ is over (Weiss & Beal, 2005a). As Pettinelli (2010) suggests,

even unconscious thought (emotion) results in feelings and attitude is determined by thoughts. In discussing the perception of emotion at work Ashkanasy (2003:43) states;

*“If a manager is sensitive to the real attitudes of work group members in relation to achievement at work, then clearly that manager is in a better position to begin remedial measures that may improve the members’ work performance”.*

The way an employee thinks about their work can also be dependent on a number of factors. These are not exclusively limited to job design, work environment or meaningfulness but may also relate to outside factors (Herzberg et al., 1959, Sirgy, 2001, Cotton & Tuttle, 1986). The author acknowledges that motivation may not be within the exclusive domain of the leader, however, the literature suggests there is a strong correlation between motivation and leadership style. Even if by ‘leadership style’ we only mean behaviours or actions originated by the leader affecting the ‘perception of the leader by the follower (Yukl, 1999;Casal, 2002;Mintzberg, 1973;Adair, 2009a). This raises the question, ‘if there are many factors affecting motivation how important is leadership?’ Harrell (2001) contends there is a relationship between leadership behaviour and impacts on employees motivation. Maddock and Fulton (1998:50) go as far as saying that “if leadership is motivation then a person who knows how to motivate can be a leader”. Adair (2010:37) is more direct with, “If communication is sister to leadership, motivation is its brother”. In consideration of the potentially important relationship between ‘leadership’ and ‘motivation’ this review continued with the examination of motivational theories.

## **2.4. Motivational Theories.**

Due to the complexities of motivation there is no single answer to understanding motivation at work (Mullins, 2007). Motivation theories can be described in several ways. Drive theories and Incentive theories (Carsrud & Brännback, 2009) offer the choice between internal (drive) motivation to survive or the pull (incentive) or goal motivation. Other descriptions of motivation types include Content (needs) theories (Thompson, 1996) and Process (cognitive) theories (Thompson, 1996). Appearing relevant to employee behaviour is Behaviour Modification or Reinforcement theories (Skinner, 1953) and Job Characteristic theory (Hackman, 1974). The main features of key motivational theories, relevant to this thesis, are outlined below.

### **2.4.1. Content (Needs) Theories.**

Content theories of motivation aim to provide explanations about the specific factors motivating people, .i.e. there is an assumption of 'needs' demanding satisfaction (Borkowski, 2009).

### **2.4.2. Hierarchy of Needs.**

Possibly the best known Needs Approach theories of motivation is the work of Abraham Maslow (Maslow & Murphy, 1954). Maslow's 'Hierarchy of Needs' is often described using the analogy of a pyramid. At the base are the 'primary' needs. These must be fulfilled before progressively scaling the 'higher' needs. Maslow defined the categories as; 'Physiological Needs' (examples include shelter, food, rest, sleep), 'Safety Needs' (e.g. predictability, safe from harm, fairness, security), 'Needs of Affection and Belongingness' ( group belonging and caring), 'Needs for

Esteem' (self-respect, achievement and competence), 'Needs for Self-Actualization' (these include the need for 'growth, development and becoming all one can be').

However, there are a number of potential problems with Maslow's theory in the work situation. For example, people do not necessarily satisfy their needs exclusively through their employment. Differences within individuals mean people may place different values on the same need. Whilst some rewards at work may satisfy more than one need, other needs may be satisfied from activities outside of employment.

### ***2.4.3. ERG Theory.***

Clayton Alderfer's (1972) Existence, Relatedness and Growth Theory (ERG) addressed some limitations in Maslow's hierarchy as a theory of motivation.

Alderfer's ERG theory, like Maslow's, describes needs as a hierarchy. The ERG theory is based on the work of Maslow, and has some commonality with it, but differs in some important aspects. Alderfer created a grouping of consisting of three needs, 'Existence', 'Relatedness' and 'Growth' (ERG). 'Existence' needs are the psychological, basic and safety needs; 'Relatedness' needs are the social and external esteem needs; and 'Growth' needs deal with self-actualisation and internal esteem. Like Maslow's model, the ERG theory is hierarchical i.e. 'existence' needs have priority over 'relatedness' needs, and these have priority over 'growth'. It differs from Maslow's Hierarchy; not only has a reduced number of levels but also allows for different levels of needs to be pursued simultaneously. The author finds ERG an appealing motivational theory because the hierarchical aspect is not fixed or static and accounts for a wider range of observable behaviours. ERG theory also assumes needs can be pursued simultaneously and allows for individuals to regress to lower needs if they appear easier to satisfy. This is called the frustration-regression



principle, and, combined with equity theory, seems to offer plausible explanations for a number of actions happening in the world of business practice.

#### ***2.4.4. Two Factor Theory.***

Herzberg's (1959) Two Factor Theory rests on two assumptions, i.e. that job satisfaction is equivalent to being motivated and a contented worker is a productive worker. Job satisfaction and dissatisfaction are separate concepts with unique determinants. The 'hygiene' factors are the 'dissatisfiers' of employment and the 'satisfiers' are the motivational aspects. Herzberg's theory assumes that not only is job enrichment a requirement for intrinsic motivation but it is also a continuous management process. Employment should have sufficient challenge to utilise the employee's full potential and if a person cannot be fully utilised, then there may be difficulties with motivation.

#### ***2.4.5. Job Characteristic Theories.***

The concept of job enrichment supporting intrinsic motivation is supported by Hackman and Oldham (1976) who defined the motivating potential of a job in five key characteristics: skill variety, task identity, task significance, autonomy, and feedback. They found employees possessing 'high growth needs' responded positively to jobs providing high motivating potential, however, those with lower growth needs did not. Their research concluded jobs scoring high, in terms of a combination of the five characteristics, resulted in higher satisfaction and productivity than those scoring low. The first studies of job enrichment revolved around the culture of North America and it may be that different methods of job enrichment,

such as collectivisation or labour-management collaboration are appropriate in different contexts (Erez, 2010).

#### ***2.4.6. Three Needs Theory (Learned Needs Theory).***

According to Three Needs or Learned Needs Theory an individual's specific needs are acquired over time and are shaped by one's life experiences (McClelland, 1961). This would appear to be a development of similar ideas propagated by Murray(1938). Most of these needs can be classed as, 'achievement', 'power' or 'affiliation'. These are; 'The need for achievement (n-ach)' this contends achievement is more important than material or financial reward as financial reward may be regarded as a measure of success but not an end in itself. People who are motivated by achievement are constantly looking for ways of improvement. 'The need for authority and power (n-pow)' includes the need to be effective, influential and to make an impact. There is a strong need for their ideas to prevail and there can be a need towards personal status and prestige. However, with effective managers the power is directed more towards the organisation, concern for group goals and is exercised on behalf of other people. This 'socialised' power is distinguished from 'personalised' power; this is characterised by dominance over other people. 'The need for affiliation (n-affil)' represents a need to be liked and held in popular regard. They tend to be team players and are motivated to interact with other people. McClelland (1961) believes a person's motivation and effectiveness is influenced by these needs.

#### ***2.4.7. XY Theory of management and Theory Z.***

Managing people and the attitudes of managers was theorised by McGregor (1960) in his XY Theory of Management. This takes a humanist approach. McGregor's theory assumes two opposing management views, without being prescriptive on which is the best for motivation. Theory X is the authoritarian management style. It considers the average employee dislikes work and will avoid it; there must therefore be a threat of punishment or sanctions towards achieving objectives as people want direction and need security above all else. Theory Y describes a participative management style. This considers effort as natural; employees will apply self-direction and control without the need for external punishment. Theory Y maintains people will seek out responsibility and use their imagination to solve problems. Theory Z (Ouchi, 1981) is more a directive and proposes motivation is improved in companies having a strong corporate culture, long-term staff development and consensus-making abilities. Theory Z was based on response to the perceived Japanese success in the late 1970's and early 1980's. The implementation of Theory Z style of management and motivation may be more challenging in the current business climate. This could be caused by a number of factors including; short-term contracts, the encouragement of early retirement or other factors that can cause general workplace instability (Locke, 2009).

#### ***2.4.8. Process (cognitive) Theories.***

Cognitive theories are attempts to explain various thoughts about effort such as, how effort can be persistent over time, the amount of effort to be exerted and the decision to expend effort in the first instance (Mullins, 2002).

#### ***2.4.9. Expectancy Theory.***

Expectancy Theory proposed by Vroom (1964) is aimed specifically at work motivation. His model is based on 'expectancy, instrumentality and valence'.

Expectancy is the perception that effort will lead to task performance; instrumentality is the perceived probability of the expected performance leading to rewards and valence is the outcome value to the individual.

The combination of valence and expectancy determines the employee's motivation for a given form of behaviour. Expressed as an equation, Motivation (M) is the sum of the products of the valences of all the outcomes (V), multiplied by the strength of the expectancies of that action will result in achieving these outcomes (E). Therefore  $M = E \times V$ . There are likely to be a different number of expected outcomes for a given action. Therefore the 'E x V' is summed across the total number of possible outcomes and if either, expectancy or valence, equal zero, the motivation is also zero.

Expectancy Theory was been developed by Porter and Lawler (1968). Both imply motivational force does not lead directly to performance, due to it being mediated by individual abilities, traits and the employees' role perceptions. Their model recognises job satisfaction is more 'dependent upon performance', than 'performance is upon dependent upon satisfaction'. A potential weakness in expectancy theory appears to be the role of perceptions.

#### ***2.5. Equity Theory.***

Another theory involving perceptions is Equity Theory (Adams, 1965). If the perception of outcomes from performing a task equals the perception of inputs

required in performing the task and these compare to others doing similar tasks, then equity exists. The basis is that people are motivated to drive the equation of work towards equity. Adams (1965) identifies six different types of possible behaviour consequences due to perception in inequality. These include: a 'Changes to inputs' where a person may increase or decrease the effort, quality of work or time spent on the job. A 'Changes to outcomes' implies a person may seek to make changes to outcomes such as pay, status, working conditions without making changes to inputs. 'Cognitive distortion of inputs and outcomes' views it may difficult for people to distort facts about themselves, however, it may be possible for them to distort their perception about how hard they are working. 'Leaving' is another behaviour pattern when a person may find a new situation within or without the organisation. 'Acting on Others' is about trying to make changes in others or cognitively distort the inputs or outcomes of others. 'Changing the objects of comparison' revolves around the reference group with whom the comparison is made is changed. It is also possible that an employee's equity sensitivity can be mediated by 'trust' (Kickul, 2005). According to Adam's this theory can be applied intra-company or inter-company. A difficulty with Equity Theory is in understanding an individual's perceptions and therefore making predictive outcomes.

### ***2.5.1. Attribution Theory.***

How an individual's perception affects motivation is addressed in Attribution Theory (Heider, 1958). This postulates that employee's behaviour at work may be explained by the "locus of control", i.e. whether the individual perceives the outcome of work or action as controlled by them, or by external factors. According to Weiner (1980) attribution is a three stage process: behaviour is observed, behaviour is determined

to be deliberate, behaviour is attributed to internal or external causes. According to Weiner (1980), achievement can be attributed to: effort, ability, level of task difficulty, or luck. Therefore the causal dimensions of behaviour are locus of control, stability, and controllability. Failure or success may be due to stable or unstable factors. An outcome would be regarded as unstable if the same action produces different results. It is therefore possible employees with an internal control orientation are more likely to believe they can influence their level of performance through their own skills, efforts or abilities. On a similar theme, Linstead, Fulop and Lilley (2004) propose a sociological aspect of motivation; a social constructivist view. This stresses the important role of interpretations and meanings in the shaping of employee motivations; if shaping is important in employee motivation then the setting of goals could be instrumental in performance.

### ***2.5.2. Goal Setting Theory.***

Path-Goal Theory (House, 1971) and Goal-Setting Theory (Locke & Latham, 1984; Locke & Latham, 1990) propose individuals make calculated decisions about their desired goals and these goals, or intentions, play an important role in determining behaviour. Once individuals crystallise their intentions they direct and motivate efforts to attain them. Thus, setting goals affects individual's behaviour and their job-related performance. This theory states clear, challenging and realistic goals will result in higher levels of motivation over those which are ambiguous and easy (Locke, 1986). Goals should be explicit and attainable (not necessarily easy) and leaders should consider goals created (or at least with some input) from the employees themselves. In effect, once an individual crystallises their intentions they direct and motivate efforts to attain them (Locke & Latham, 1990).

Therefore, conceivably, goal setting is a method of shaping the employee's perceptions. If the employee is involved in the decision then it could be considered a form of intrinsic motivation.

A potential problem with goal setting may arise if unrealistic goals are set and are not achieved or if the goals are too easy. However if a goal triggers a desired reward this could possibly be described as a method of positive reinforcement.

### ***2.5.3. Reinforcement Theory.***

Positive reinforcement claims not have to rely on need, perceptions or cognitions (Skinner, 1953; Skinner, 1969). It relies on the work environment to provide 'reinforcers' that strengthen desired behaviours and weaken those that are undesired; in other words, motivation is a function of environment. It assumes positive behaviour leading towards rewards will be repeated and behaviour leading towards punishment or no rewards will tend to be avoided.

### ***2.6. Motivational Synopsis.***

Competing motivational theories could be described as falling broadly into groups of 'scientific' or 'human relations'. The literature research found no single overall solution to employee motivation. According to Mullins (2002), due to the complexities involved, all theories are potentially important to the leader. The sheer quantity of theories illustrates the potential of multiple motives influencing performance and employee behaviour. Collectively these theories provide a framework giving direction on how to optimise employee motivation to work effectively and willingly. Attempts to encourage employee motivation may still not give the desired or expected results.

Kelman (1958) states, "Behaviour is motivated by goal internalization when the individual adopts attitudes and behaviours because their content is congruent with their value system". If the internal goals are not shared with the external company goals (e.g. the employee is simply in the wrong job for them), then it will be exceptionally hard, if not impossible, to change perceptions and improve performance or job satisfaction. Mullins (2002) recommends managers and leaders must judge the relevance of different theories and how best to draw upon them in order that they may be effectively applied in particular work situations. Despite the preponderance of theories a business cannot generalise about what motivates its people. Hall et al (1999) recommend a business should try to understand the views the employees may have at any one time before deciding how best to motivate them, or even better, create the conditions for them to motivate themselves. Therefore, it would seem a reasonable assumption that in order to motivate employees a leader would be in a good position if he could understand his employees' perceptions. If such understanding is not possible, then the business should at least be aware that the leader's actions and behaviour can potentially give rise to certain perceptions.

### ***2.6.1. Importance of 'trust' in leadership and motivation.***

The leader's ability to manage his employees' perceptions is proposed as an important consideration by Humphrey (2002). The word 'trust' was identified as a key component shared in a number of leadership models and in motivational theories. Wong and Cummings (2009b) identifies 'trust' with 'authenticity' and maintains this is important in the workplace. Interpersonal trust is increasingly being recognised for sustaining the team and the effectiveness of organisations (Dirks & Ferrin, 2001). A consequence of 'trust' is increased organisational commitment, organisational



citizenship, satisfaction and motivation (Guest, Conway & Briner, 1996). Trust can be described as "... a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another" (Rousseau et al., 1998:395). Chiarburu and Marinova (2006) indicate trust has positive impacts on employee behaviour and "trust seems to influence how motivation is converted into work group processes and performance" (Durks, 1999:445). Konovsky and Pugh's (1994) view is that 'trust' in 'leadership' is a social exchange mechanism, potentially implying a requirement for a high quality exchange between the leader and his employees. Not surprisingly a lack of trust appears to have a negative effect on employees (Ristig, 2009), while Glauser (1984) believes a reciprocal relationship exists between trust and communication and trust develops through communication.

## **2.7. Variations in approach to motivation and leadership.**

The literature is wide and diverse and contains many theories and approaches regarding motivation and leadership, each with its advocates and critics. In evaluating the literature's usefulness and comprehensiveness some gaps became apparent. For example, a substantial quantity of 'leadership' literature appears to be leader-centric, focussing on the leader rather than the employee. Whilst there is some literature on followers' perceptions, this is often subservient to the leader's role. According to Meindl & Shamir (2007:117), this is because the leader's role has been "exaggerated" and "romanticised".

Evidence of retail Edinburgh SMEs being researched in relation to 'leadership and motivation' or 'leadership and perception' was not discovered. Harrison (1997)

comments there is less research into SMEs because most of the literature concerning development and managing people in SMEs is derived from observations in larger organisations. Many studies appear to be undertaken on larger firms or on university students. Access to these organisations is possibly easier than SMEs. If, as Hill and Stewart (1999) assert, SMEs are often reactive, informal and operate in the short-term due to uncertain survival rates, there may be less of an academic imperative to focus on SMEs, despite their value to the government in business terms. According to McGoldrick (1994), there are differences between leaders in large organisations and in SMEs, especially in the retail environment (the specific area of this thesis). These differences characteristically may include age, formal education and business experience (McGoldrick, 1994). In SMEs there can also be a lack of formal training, especially management training for a number of reasons. These include unperceived benefits, lack of time and the fear of enabling employee mobility (Patton & Marlow, 2002). Advice containing toolkits, recipes and generalised ideas may also be rejected by small business managers as irrelevant (Devins & Gold, 2002). Researchers may therefore be reluctant to invest their own time in this area. The individualistic nature of small organisations and issues of access can be another potential contributory reason for the relatively neglected area of study (Stewart & Beaver, 2004).

The search was enlarged to incorporate 'retail leadership perception in Edinburgh', extending into Scotland. Scotland is a semi-autonomous country within the United Kingdom, the treaty or Acts of Union in 1707 preserving the style of church, law, education and local government. On May 12, 1999, the Scottish Parliament was 'reconvened' with certain devolved powers from the UK government. It can be argued that there are cultural differences between Scotland and other countries and

these differences may be a variable in any social research (Korte & Muller, 1998).

Culture can be defined as a “program for behaviour” (Hall & Hall, 1990:15).

Leadership can be viewed as a cultural phenomenon inextricably linked to the values and customs of a group of people and can be allied to dimensions of national culture (Gerstner & Day, 1994). As one would expect from a relatively small country, leadership research and motivational theories originating from Scotland are fewer in number than those emanating from North America or from the rest of Europe. If it is accepted that there are cultural differences between nations, then the lack of depth of research into the specific area of the thesis within Scotland is a gap supporting the importance of this thesis as a contribution to knowledge. If the argument for cultural differences is not accepted; then the fact this thesis takes place in Edinburgh, Scotland, potentially adds to the literature in this specific location.

The literature research discovered much of the academic literature on leadership and motivation, especially research and papers originating from North America, appeared to be based on quantitative methods. There seems to be a focus in North American culture around a positivistic epistemology (Kaplan, 2004; Hine & Carson, 2007). The author identified few papers in the area of study that had taken, or had made explicit, a critical realist, or a pragmatic critical realist, ontological and epistemological position or had used the methods of data collection and analysis used in this thesis to explore employees’ perspectives of their leaders.

Despite these gaps, the literature indicates that achieving an understanding of the relationship between leader and follower offers a key role in identifying leadership behaviours suitable for a retail SME in Edinburgh.

## ***2.8. Leadership and its influence on employees.***

It can be argued that individuals are ultimately responsible for their own thinking. Nevertheless, in a work environment, the leader can affect many aspects and events shaping some employee thoughts (Stogdill, 1974). As Fleming (2004:10) states “leadership is the practice of influence”. Leadership is important as it works on many different levels, including; intra-individual theories, group level theories, organisational-level theories and the dyadic process, the main focus of this thesis (Pettigrew, Thomas & Whittington, 2006). This process of leadership, the influencing power of the leader, may include motivation but also loyalty, trust and the two-way influence between employee and employer (Yukl, 2006).

That psychosocial influence of leaders may be expressed in terms of reciprocal causation is accounted for in Social Cognitive theory (Bandura, 1986). This theory also appears to dovetail with motivational theories. In Bandura’s (1986) model; behaviour, reciprocal determinism, cognitive and other personal factors have a bi-directional influence on each other. Nevertheless this deterministic perspective of inter-personal behaviours is tempered by Bandura as he adds that causal factors may not be immediately reflected or returned with equal vigour. The thought there may be limitations to any theory involving causation is not so surprising. If a causal event can be described as “the sum total of the conditions, positive and negative, taken together; the whole of the contingencies of every description taken together, which being realized, the consequent invariably follows” (Mill, 1843:404). Despite theory limitations, Bandura (1989:1175) proposes that self-generated activities lie at the heart of causal processes and that, “reciprocal causation, action, cognitive, affective, and other personal factors, and environmental events all operate as

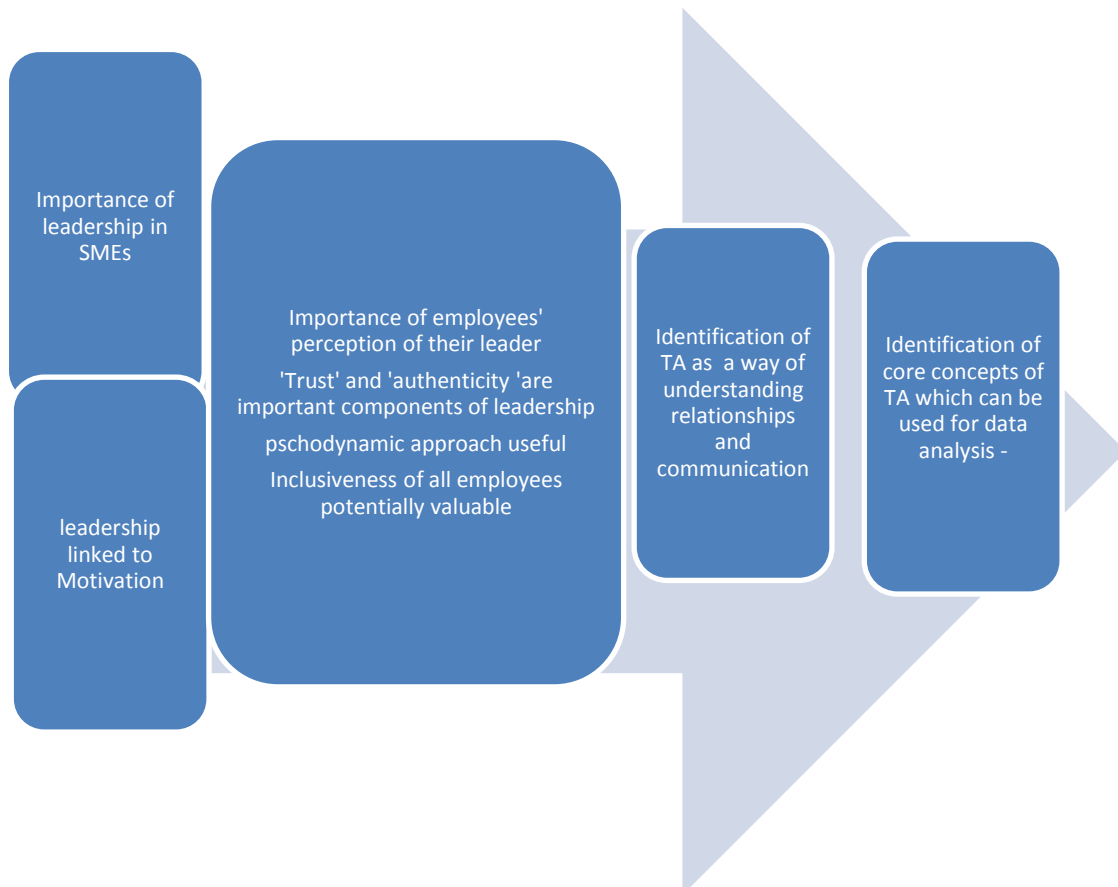
interacting determinants". Even if reciprocal causation cannot be guaranteed, Bandura's theory submits that it may be an influencing factor. It could be argued that leadership in the workplace is at the heart of many of these processes.

If leadership can produce 'modelled outcomes', which employees consider 'valued', then the paths are shared (Bandura, 1989). The setting of these shared paths is often the role of leadership, whether this involves the establishment of 'strategy and vision' or 'goal setting' (Needham, 2000). It may be reasonable to suppose that in an SME, which may not use those specific terms, the business leader is instrumental in determining the parameters of measuring success, e.g. the creating sales targets or other performance measures. According to Wood and Bandura (1989) if people reach goals this improves motivation, and this can be achieved through modelling, mastery of tasks, social persuasion and psychological states. Attaining those goals is influenced by three major types of motivation; direct, vicarious and self-produced (Wood & Bandura, 1989). Even if there is a question of whether there is specifically such a thing as 'external motivation', extrinsic conditions may not in themselves be detrimental to performing an act for its own intrinsic reward and self-motivation can be developed using an external agency or means (Bandura, 1990). The 'business leader' maybe considered the 'external agency' within the concept of this thesis.

Within the literature there is a body of opinion advocating the leadership role, and the way it is perceived by the employee, can influence employee motivation (Vondey, 2008; Mayo, 1945; Adair, 2009b). However, this review also highlighted the difficulty in identifying causal events which give rise to great leadership in all circumstances.

## 2.9. Key themes from the literature review

The literature review has informed this thesis. Below is a summary of the main themes and how it has guided the methods of data collection and analysis.



**Figure 2 Framework of important themes from the literature review**

The methods chosen for data collection were identified after the literature review and are outlined in the methodology Chapter 3 (§3.4.2.) The literature examination has given support to understanding the underlying key concepts behind this thesis. This review has informed this thesis by suggesting that not only does the business leader in an SME have an impact on motivation, but also that the leader's perceptions by the employees can also play an important role in leadership, specifically, their attitude towards their leader. The employees' perceptions can be attributed by their

interpretation of their leader's behaviour.

This review also identified 'trust' as a key concept in inter-personal relations. 'Trust' is "a social role, a dynamic decision that makes leadership possible" (Hickman, 2010:96). The 'trust' theme appeared in a number of theories. It is involved in transformational and charismatic theories and in LMX theory (Bass, 1993; Schriesheim, 1999). By investing in this sense of trust, employees may feel they will be rewarded, based on social exchange and equity; "actions contingent on rewarding reactions from others" relying on the norm of reciprocity (Blau, 1967:91; Glauser, 1984). The literature review brought to the fore Transactional Analysis. The researcher considers this as a suitable method to analyse the dyadic psychodynamic nature of the leader/employee relationship. In conclusion, as well as informing and supporting the thesis aim, this literature research identified some gaps. These revolve around employees' perceptions in an SME retailer as well as other gaps; geographically, culturally, mythological and philosophically, which this thesis may satisfy (as outlined in Chapter 2: §2.7).

The literature research could not reveal a single fixed method of leadership or motivation appearing appropriate in all conditions and to all employees.

However, it does not exclude the possibility that a particular leadership approach may be more conducive to engendering a particular perspective, especially in a specific context. The relationship between the business leader and his employees appears to be individual and potentially complex. It also appears many studies focus on a positivistic ontology and on reductionist methods. These types of perspective can possibly cause problems in their practical usefulness, especially if used in isolation. This thesis is about examining the relationship between the leader and his

employees in order to gain a better understanding of the underlying dyadic positions and to provide suggestions for improved leadership behaviour.

### 2.9.1. Initial 'hypothesis on probation'.

An abductive approach has been taken in this thesis and this process begins with initial findings (See Chapter 3: §3.1.6.). From these findings it is possible to raise a "hypothesis on probation" these are preliminary assumptions that require to be checked or investigated (Peirce, 1931; Peirce, 1961),

The literature review suggested that situations, behaviours, relationships and perceptions are important in many theories of leadership and motivation. Another outcome from this literature research is that in order to encourage 'trust' between the leader and the follower, attention should be paid to their dyadic relationship. The literature review also highlighted the use of TA as a lens to support understanding of the dyadic relationship. This assumption, the initial 'hypothesis on probation', is that TA would reveal the perspective of the leader held by the employee.

### ***2.9.2. Literature Review Conclusion.***

This review examined leadership and its connection to entrepreneurship. The literature highlights that leadership is an important factor in SMEs. A connection between motivation and leadership is suggested and this can vary dependent on the leader's perception held by his employees. The literature on followership and its consequential influence on the business suggest that in the current climate followers can chose which of their leader's views to accept. It appears that this thesis aim can be achieved by understanding the psychodynamic relationship between the leader



and follower. An initial 'hypothesis on probation' was formed, which is that Transactional Analysis can be used to investigate the perspective of the leader held by his employees.

## **Chapter Three      Philosophical and methodological approach**

### ***3.0. Introduction***

This chapter outlines the author's philosophical position and its impact on this research. It also explains the methodology and method of data collection employed in this thesis. As well as giving data set details it gives reasons why alternative methods were not selected. The method used in the data analysis is also given including potential criticisms. This chapter also justifies the use of CIT and its efficacy based on the pilot study and concludes with the ethical considerations undertaken in this study.

### ***3.1. Importance of making explicit the author's underlying philosophy.***

There seems to be much diversity and disagreement in philosophical literature about the meaning of philosophy (Schiller, 1934; Taylor, 1995; McGreal, 1967). Russell (1996, p.13), describes philosophy as "something intermediate between theology and science". Some philosophies attempt to try to explain the meaning of certain particulars while some focus on societal problems (Popkin & Stroll, 1993). The definition of philosophy used in this thesis is, "the use of reason and argument in seeking truth and knowledge of reality" (Fowler & Fowler, 1991, p.894).

Understanding the researcher's philosophy is important in order to see things from different perspectives and have confidence in one's own perspective (Gramsci, Hoare

& Smith, 1971;Walsham, 1995). The alternative view is not “no philosophy but *bad* philosophy”, leading to poor arguments or inconsistent conclusions (Collier, 1994:16). Johnson and Duberley (2000, p.174) consider research should entail “epistemic reflexivity” in order to understand the partisan nature of the researcher’s own constructs and make the, “implicit explicit”. Research is not isolated, the influences on business research encompasses value, theory and practical considerations but also epistemology and ontology encompassing the researcher’s personal paradigm (Bryman & Bell, 2007).

### ***3.1.1. Defining a paradigm.***

There are a number of potential definitions of a philosophical paradigm (Morgan, 2007;Wells, 1998). A series of “ongoing struggles between competing interest groups” is how Morgan (2007:67) describes the constitution of a paradigm, whereas Wells (1998:13) describes a paradigm as a set of beliefs or assumptions about the “way the world works that directs the way we think about things”. The definition of paradigm used in this thesis relates to ontology, epistemology, axiology and methodology and relies on elements from the philosophy of knowledge and takes a broad approach to knowing. One nature of a paradigm was illustrated by Burrell and Morgan (1979) (see Appendix 3). In Burrell and Morgan’s description, they contrast an objectivist, who can view aspects of the world from an external reality, and a subjectivist, for whom the world is socially constructed and can be only comprehended from the perspective of those directly involved (Bryman & Bell, 2007). Each paradigm also makes assumptions about the purpose and function of research. The author accepts the nature of reality can be arguable (Locke, 1824;Stroud, 2000) and philosophers dispute the origin, nature, and “trustworthiness of our knowledge”

(Gleitman, Fridlund & Reisberg, 2000, p.145). Even if philosophy cannot prove a particular reality there are still likely to be practical consequences of physical experience (Johnson & Duberley, 2000). Wittgenstein (1974:18c) in a discussion on the nature of reality says that even if one cannot know what is certain it is possible to say, "It stands fast for me and many others".

### ***3.1.2 Ontology and Epistemology.***

As a simultaneous process for this DBA the author has undertaken an extensive continuous professional development (CPD) project. This involved the keeping of a diary over a thirty month period and the completion of a reflexive document. Using the critical incident technique (CIT), the author examined his motivations, drives and values in an effort to become more reflective and reflexive. What emerged from the author's reflections on his ontological position, is a philosophical perspective best described as Pragmatic Critical Realism (PCR) (Johnson & Duberley, 2000). This ontic position allows for a flexible epistemic perspective informing the author's axiology and involving a level of pragmatism. This is evidenced by his entrepreneurial business experience. This experience allows him to examine business problems either with 'causal logic' (Davis & McKay, 1996) or 'understanding' (Bryman & Bell, 2007) dependent on the specific case. The author can envisage particular situations where a level of determinism appears inevitable; however as an entrepreneur, voluntarism, and in some managerial cases contextualism, may be a more appropriate perspective. The researcher's axiology therefore encompasses a form of compatibilism (Campbell, 2011). This allows for authentic actions (Haji, 2009).

An interpretation of pragmatic critical realism is given in the next section. Also

included is an outline of the researcher's axiology and its impact on the thesis and reasons for rejecting alternative research philosophies.

### **3.1.3. Critical Realism.**

Critical Realism (CR) can be considered an ontology and an epistemology (Sayer, 2000). From an ontological perspective a critical realist perspective is taken that "posits the existence of elements of the social world which exist despite or regardless of our current state of knowledge" but while also accepting an epistemological position "that we know the world through language, but that language does not define the totality of the world" (Mutch, 1999:328).

Bhasker's (2008) CR perspective of the social world is stratification into; the empirical, the actual and the real. Irrespective of whether they produce events or not, the domain of the 'real' contains mechanisms. When these mechanisms produce an event, whether seen or not, the event is called the domain of the 'actual' and when such an event becomes experienced, it encompasses the domain of the 'empirical' (Danermark, 2002).

CR aims to identify the generating structures and mechanisms at work in empirical events, even if not immediately obvious (Bryman & Bell, 2007) and not simply as a constant conjunction (Johnson & Duberley, 2000). What makes critical realism 'critical', "is the identification of the generative mechanisms offers the prospect of introducing changes that can transform the status quo" (Bryman & Bell, 2007, p.18).

A tenet of CR is that by only identifying structures not immediately apparent in the empirical can we hope to understand and change the social world (Bhaskar, 1989). While events can be seen, social mechanisms require theory and abstraction to attempt to observe and make sense of them (Wikgren, 2005). By attempting to

understand and explain these generative mechanisms CR can simultaneously engage in a critique of social actions (Archer, 1998) whilst involving fresh emancipatory concepts (Wikgren, 2005).

### ***3.1.4. Critical Realism – criticisms and the addition of ‘pragmatic’.***

The concept of CR, with its underlying generative domains can, if followed to its ultimate conclusion, lead to a metaphysical impasse (Johnson & Duberley, 2000).

The potential domains of layers within the strata of social research (e.g. the cultural, the social, the psychological and the biological) could ultimately leave the research open-ended (Johnson & Duberley, 2000) and therefore not achieve practical suggestions for this DBA. The ontological basis for critical realism suggests entities exist independently of our knowledge of them and comprehension of those entities and realities may be understood by a person’s own paradigmatic conventions (Johnson & Duberley, 2000).

Johnson and Duberley’s (2000) suggestion of adding ‘pragmatic’ to ‘critical realism’ as potential solution to this impasse sits well with the author’s practicing axiology. A pragmatic position is one which “effectively describes the world of actions” (Knight, 2002:113). Pragmatism may contain different interpretations (Schiller, 1907; James, 1911; Dewey, 1930; Rorty, 1982; Smith, 1978). The definition of pragmatism being adopted in this thesis is; social constructions “bounded by the tolerance of external reality, which exists independently of our cognitive processes” (Johnson & Duberley, 2000:157). Naive pragmatism, which implies cynical, short-term properties (Sundin, 2005) is not considered by the author a satisfactory philosophy for this thesis. Even if a paradigm works for some they may not be equally good (Blackburn, 1999) and even if all theoretical descriptions may be ultimately fallible, they may not all be

equally fallible (Danermark, 2002). The author has suggested 'critical realism' prefixed with the addition of 'pragmatic' may offer a working, although fallible, ontological position. The addition of pragmatism to CR, in a useful and practical way, supports the sense-making aspects of the generative mechanisms (the 'real' structures), that become 'actual' and then 'empirical'. In effect, a pragmatic critical realist position "allows for adjudication through the corrective feedback that derives from the tolerance of that mind independent special temporal reality - that is their practical adequacy"(Johnson & Duberley, 2000:162).

### ***3.1.5. How has pragmatic critical realism influenced this thesis.***

The study of Pragmatic Critical Realism suggests that "social systems cannot be inductively predicted or predicted as deductions..." (Hesketh & Fleetwood, 2006:691). This thesis argues that the dyadic relationship between leader and employee is a form of social system and the author's ontological position therefore has directed this research. This thesis does not claim to uncover generative mechanisms. However the study of PCR has suggested a route for this research. It has provided the researcher with view that an appropriate research strategy should be to generate an 'explanation from data'. From this 'explanation from data' it is then possible to ultimately provide recommendations that are essentially an 'hypothesis on probation'. This would offer a pragmatic outcome from the research which the author argues fits with his axiology (outlined in Chapter 3: §3.1.7) and with the expected outcomes from a DBA. 'Hypothesis on probation' can be described as a mode of inference called abduction (Peirce, 1961) and is outlined in the next two sections.

### ***3.1.6. Inference used within this thesis.***

Influenced by PCR an abductive approach was taken in this thesis (Danermark, 2002). The abductive logic of research was formulated by Charles Sanders Peirce (Peirce & Buchler, 1955). According to Peirce the process of discovery includes an explanation of a surprising or new fact, one that was not expected to be found or looked for in the first instance. 'Discovery' is the process that leads to an established explanation from it. It differs from deductive reasoning which is prognostic or inductive reasoning which is probabilistic, whereas abductive reasoning is diagnostic (Niiniluoto, 1999). The principles of abductive reasoning is that there is no a priori hypothesis and abductive reasoning follows from observation to explanation (Aliseda, 2006). The recontextualisation or redescription allowed for in abductive reasoning may suggest conclusions that are plausible even if not entirely certain (Shank, 1995). The inference of abduction has been further built upon. Abduction may involve 'simple', rule forming, existential or analogic forms (Bylander, Allemang, Tanner & Josephson, 1990; Thagard & Shelley, 1997). 'Existential abduction' is the factor involved in the analytic generation of explanatory hypotheses whereas 'analogical abduction' uses past cases of hypothesis formation to generate hypotheses similar to existing ones (Haig, 2005). Abductive reasoning is useful and integral to theory building in the social sciences, as it goes "...beyond the conventional induction-deduction dichotomy that is so familiar in research methods textbooks" (Gold, Walton, Cureton & Anderson, 2010:240). An abductive approach is considered congruent with the author's paradigm whilst being suitable for the subject under research. Abduction may appear to be a weaker source of inference than deduction, however it can be "quite powerful

when used in conjunction with an evaluation and revision (evolution) process” (Clement, 2008:379).

#### ***3.1.6.1. ‘Hypothesis on probation’.***

This research is not theory-dependent and the various ‘hypothesis on probation’ that develop do not arise directly from an a priori hypothesis. The use of abduction produces a cycle of assumption and test. Abductive inference produces assumptions during the course of the research. These assumptions continue until they have been tested or researched and in the course of research and are either confirmed, amended or refuted (Levin-Rozalis, 2003). The process of examining the ‘hypothesis on probation’, i.e. testing its ability to stand up to scrutiny or to eliminate it, is called retrodution (Rescher, 1978).

Within this research an initial ‘hypothesis on probation’ is developed after the literature review. This initial assumption is retroductively scrutinised. The results of this retroductive examination allow for the emergence of a second ‘hypothesis on probation’. This second ‘hypothesis on probation’ provides the recommendations contained within this thesis. Implementation of the recommendations under further research could be construed as a second retroductive step in a cycle in the leadership–employee dyadic investigation within the researched organisation.

#### ***3.1.7. The author’s axiology.***

Axiology has been described as the study of values (Morris, 1963), and in this thesis the definition of ‘value’ is “a set of predicates” (Edwards, 1995:15). The values one brings to research philosophy have a bearing on the composition of the individual and their ontology (Bryman & Bell, 2007). It is important to recognise the



researcher's own attributes, personality and individuality (Eisner, 1985) and how we analyse how the world works "is heavily dependent on our initial assumptions" (Thomas, 2003:13). From the author's ontological position his axiology has been derived. The researcher considers that he holds a compatibilist axiological position. This position looks for underlying solutions to problems by using a flexible epistemic approach (See Chapter 3.0:§3.1.2).

As part of the reflective process in producing this DBA thesis, the researcher realises that his past business experience relies heavily on pragmatic outcomes for his endeavours. The application of theory to business is a major component in the researcher's choice over a Doctor of Business Administration degree rather than a Doctorate of philosophy (PHD). It is therefore consistent with the author's axiology to look for a pragmatic outcome to this research.

### **3.1.8. Other considered philosophical approaches.**

The choice of research philosophy emerged after reflection on the nature of the research (i.e. social research), the researcher's paradigm and the type of expected outcomes from the thesis. A number of other philosophical approaches were examined and rejected for the reasons given in Table 3.

Philosophical position	Reason for rejection
Positivism (Grayling, 1998;Saunders,Lewis & Thornhill, 2009)	Not hypothesis testing, too reductionist, measurement fails to capture the full meaning of human phenomena (Wiggren, 2005).
Post modernism (Bryman & Bell, 2007;Mason, 1996)	"Suspicious of any reality" (Bryman & Bell, 2007, p.710) Could lead to lack of pragmatic or practical outcomes of this research.

**Table 3- Considered philisophical approaches**

### **3.2. The epistemological position taken in this thesis.**

This thesis is considered by the author to be a piece of social research and therefore can be considered social science (Wesley & Wronski, 1973). A qualitative approach has been taken in this thesis (Gray, 2004). Qualitative methodologies are suitable for

an exploration into the social sciences as they stress the socially constructed nature of reality (Denzin & Lincoln, 2008). These fit with the author's philosophical position as CR aims to understand social phenomena (Easton, 2009). However, notwithstanding the researcher's belief system this research does not claim to use PCR as an epistemological position. The epistemological positions taken within this thesis could be to include aspects of social constructivism, phenomenology and/or interpretivism (Mikkelsen, 2005; Husserl, Cairns, Descartes & Husserl, 1960; Tracey & Morrow, 2006). Acceptance of these variable epistemic positions is derived from the researcher's ontological position and axiology. CR's transitive and intransitive dimensions of knowledge allows for a flexible epistemological position (Sayer, 1992) and CR therefore is appropriate for mixed methods of data collection and analysis triangulation (Bergman, 2008; Watson, 2008).

However as stated in Chapter 3 (§3.1.5) this thesis does not claim to look for 'generating mechanisms' however, commensurate with a DBA and the author's axiology this thesis aims to produce a 'pragmatic' outcome.

This thesis acknowledges there can be limitations of pragmatic outcomes, however, as Johnson & Duberley (2000:168) say pragmatic schemas allow people to make sense of the world but the "pragmatic criterion operates as people adjust and reject schemas when the practical ends and expectations they support are perceived to have been violated".

The author argues that the methodology, data collection and analysis taken within this thesis are congruent with the subject being researched. The author's philosophical and axiological position has endeavoured to ensure a paradigm suitable for this study and have given a useful direction and provided pragmatic outcomes commensurate with the objectives of a DBA.

### 3.3. The Research Process.

The research process was divided in 5 phases. The first two years study conformed to the Edinburgh Napier's DBA curriculum with the final year undertaking the research and write-up. The phases are outlined below in Figure 2.

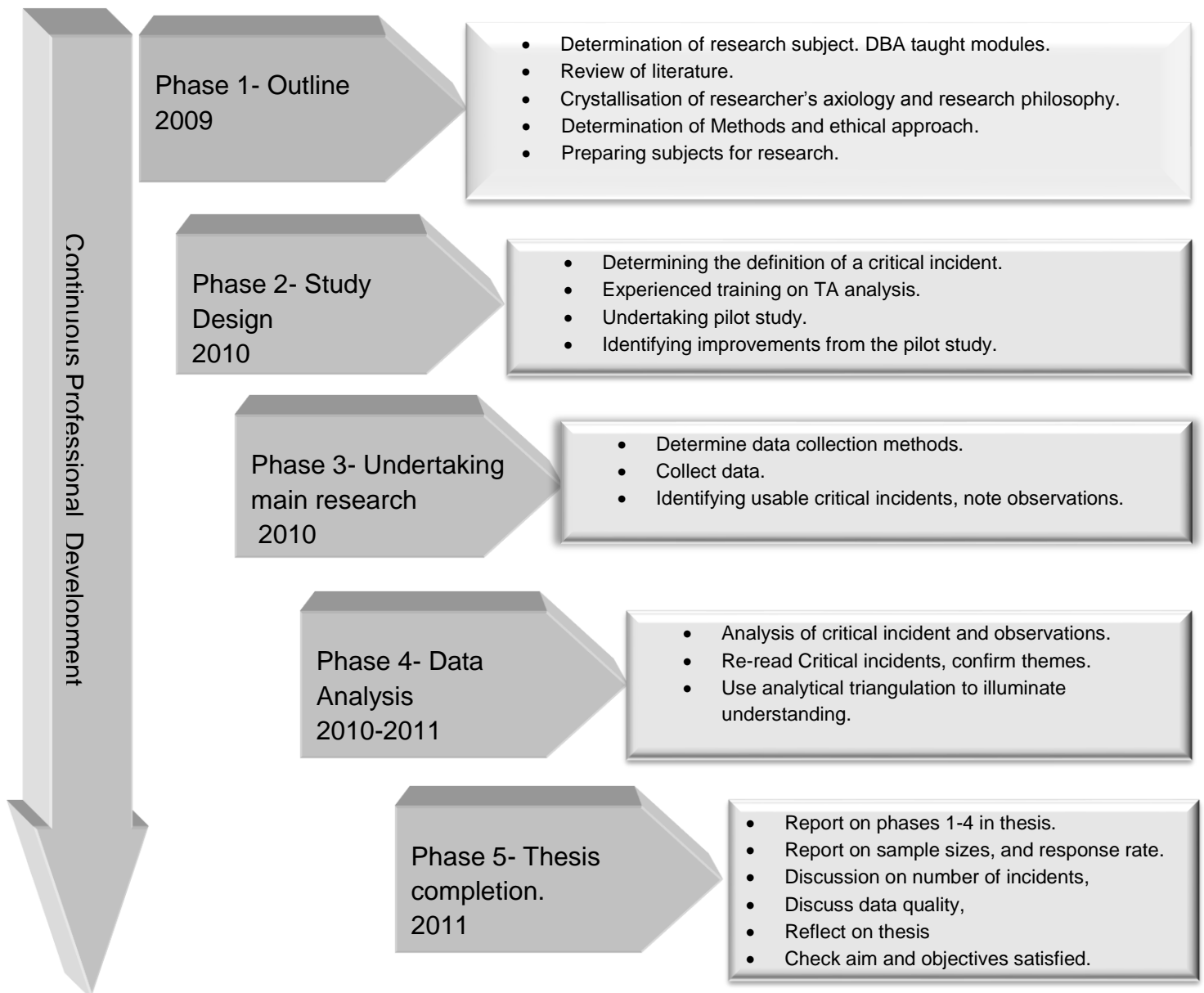


Figure 3- The five phases of the research process

### ***3.4. Methodology- A single-organisation study.***

The scope of this thesis is two retail SME stores in Edinburgh. This research is a single organisation study. This type of research could be associated with the research paradigm of 'case study' and was chosen as it allows the interpretation and analysis through variety of ideological lenses (Yin, 2009;Merriam, 1998). The definition of 'interpretation' used in this thesis is "interpretative as well as to descriptive understanding" (Huberman & Miles, 2002:58). A case study approach is connected to qualitative studies (Easterby-Smith,Thorpe & Lowe, 1991) namely; understanding, explaining and describing and is suitable for a qualitative paradigm and critical realist ontology (Easton, 2009). The author believes the single-firm study featured within this thesis is revelatory as it reveals information not previously discovered in context due to the author's unparalleled access (Yin, 2003). Tellis (1997), suggests that if the study established goal parameters can be applied to further research then a single case study can be considered acceptable. This thesis argues researchers and practitioners may identify value to the methodology engaged in this thesis. This could add value, not only to SMEs within the United Kingdom but also within Europe and beyond and supports the utilisation of a single case study. The author also suggests this may alternatively be viewed as the "average case" (Yin, 2003:48), as the study is contextually typical and representative of similar SMEs and therefore still represents new research.

#### ***3.4.1. The research company's data set.***

There are seven participants in this study, the entire population being researched: one leader and six sales staff. All males were aged between twenty to thirty-five

years old. There are currently no women employed in the organisation. During the author's strategic amalgamation experience, the background and motivation to this thesis, none of the twenty-three branches of hi-fi stores involved in that exercise were currently employing any females (outlined in Chapter 1:§1.1). This research is looking at in-depth scenarios for explanations rather than positivistic hypothesis testing, therefore, the author does not consider the study size or gender bias to be problematic.

### ***3.4.2. Data collection method.***

The methods of data collection employed within this thesis include, Critical Incident Technique (CIT) (Flanagan, 1954) and Direct Observation (Yin, 2003) and Snapshot Observation (Ellen, 1997).

CIT was chosen as it can be used in a wide variety of settings to collect pertinent and potentially significant behavioural information (Kline, 2005). It can provide opportunities to gather a rich seam of data over traditional surveys (Douglas,McClelland,Davis & Sydbury, 2009) and is less prescriptive in its implementation than surveys and is a "culturally neutral method" (Gremier, 2004:67). CIT is also suitable for case studies and has been previously used in SME research utilising interpretative epistemologies (Cope & Watts, 2000;Giroux, 2009;Davis, 2006). It offers "a bridge between descriptive research on what managers do and on effective behaviour" (Yukl, 2006:111).

During the data gathering period direct observation (DO) (Pinnegar & Hamilton, 2009) was employed. DO is where the researcher is visible but does not interact in the event being observed and it can provide a record of the "actual behaviour which has occurred" (Ary,Jacobs & Razavieh, 1972:219). It is also congruent with the

researcher's philosophical position as it can "add depth of understanding regarding the questions of 'how and 'why'." (Neergaard & Ulhøi, 2007:429). As the researcher is a stakeholder and familiar to those involved in the research it may be argued his position is one of a peripheral membership role (Adler & Adler, 1987). This offers the advantages of familiarity and a level of comfort for employees. This, it is argued, adds to the uniqueness and richness of research. Direct Observation gives the ability of being immersed in everyday reality; of being able to feel, touch, hear and see it. DO allows for understanding (Douglas & Johnson, 1977).

Empathising with humans is one route to understanding (Dilthey, 1961). DO was undertaken using selective observation, allowing the researcher to concentrate on specific attributes (Denzin & Lincoln, 2008). These attributes were determined by the method of data analysis, specifically focussing on TA themes, namely the 'Behavioural domain', 'strokes' and the identification of potential 'game play' (Berne, 1964). To complement the research, two vignettes (Appendix 6 and Appendix 7) were completed using snapshot observation (SO)(Ellen, 1997). These vignettes offer an informal narrative description encapsulating events between the leader and employees within the researched organisation. These vignettes highlight the context of, and constraints on, the participants current work activities and provide additional background data.

### ***3.4.3. Potential challenges with the chosen data collection methods.***

A number of potential difficulties are highlighted with CIT and DO. CIT can be criticised as a method of collecting extreme or distorted views as the incidents may have happened some time before being reported (Johnston, 1995). However, this research is not looking to prove an external reality but for memorable incidents,

extreme or not, but play an important role in forming an individual's views. Whilst CIT has the advantages of using the correspondents' own perspectives and words it has also been criticised for the way it can be interpreted (Gremier, 2004). There may be potential difficulties if face-to-face interviews involve gathering CIT information as there may be difficulties with interviewer interaction or influence (Denzin, 1978). In this study, the CIT interviews were conducted via online surveys thereby accurately recording the respondents' own words.

Direct Observation may be subject to 'observer effect', when people change their habits when being observed, or 'observer bias', when the researcher places his own personal bias or interpretation on events (Ary et al., 1972). In order to overcome these concerns the researcher frequently travelled with the company's leader until he believed the staff members were comfortable and were not behaving in a manner in which they would not have acted previously. The researcher, having previous experience of these circumstances, believed he would recognise unusual behaviours. DO may be open to individual bias by the observer (Gray, 2004). In order to reduce potential personal bias a list of key points, a priori, were established to enable recording and analyses of the DO data. It is possible that by using a method of selective data collection other important information may be missed (Babbie, 2002). However, this thesis suggests this method was entirely appropriate to meet the study objectives as observation is used within TA (Berne, 1975a).

The use of vignettes, as a form of 'snapshot observation' may not fully reveal the cultural norms within the researched organisation as the temporal element may be limited (Morse, Swanson & Kuzel, 2001; Avital, 2000). It is also possible this type of observation may offer a limited-personalised or even biased perspective (Gray, 2004). However snapshot observations can provide useful indicators (Boxhill, 2005).



Within this thesis, two vignettes are included. Additional vignettes could have been undertaken in order to give a greater cross-sectional view. However, the researcher had previously spent considerable preparatory time within the organisation and suggests further observations would have yielded little more illumination. It is advocated these vignettes (see Appendices 6 & 7) offer the suggestion of a contextual frame of the leader-employee experience which usefully support the aim and objectives of this thesis.

**3.4.4. Types of data collection methods considered and reasons for rejection.**

There was a choice of methods for data collection; not all were considered suitable for this thesis. A selection of considered approaches are given in Table 5 and considered observational methods in Table 6. Both tables offer reasons for rejection.

Focus Groups and Interviews	Rejected because of potential of social power relationship differentials (Stewart, Shamdasani & Rook, 2006)
Closed Survey	Rejected as not giving 'deep' information (Lazar, Feng & Hochheiser, 2009)
Experiment	Rejected as not commensurate with researcher's paradigm.

**Table 4- Data collection methods considered and rejected**

Participant Observation (Jorgensen, 1989)	Rejected – Potential for power influence to manipulate results.
Covert Observation (Gray, 2004)	Researcher was known to company employees and also rejected for ethical reasons

**Table 5- Observation methods considered and rejected**

In addition, descriptive observation, which collects “irrelevant minutiae”, and considers the researcher is completely ignorant of direction was also rejected (Angrosino & Mays de Perez, 2000:677). This was due to specific themes emerging from the literature research. Instead, a type of ‘focussed observation’ was utilised, leading to ‘selective observation’. This allows for minutia, considered irrelevant, to be ignored (Angrosino & Mays de Perez, 2000). These conditions permitted the researcher to search for important a priori themes. These themes are focussed around the Transactional Analysis themes of ‘stroke economy’, ‘ego positions’ ‘life positions’ and ‘game play’.

### ***3.5. Data collection details.***

The CIT questions were designed to highlight memorable instances in the relationship between the employee and employer. In order not to cognitively overload the employee, a request was submitted to answer two single open questions. These were the critical incidents. They were advised that a reminder would be sent to complete two further incidents at a later stage. These open-ended

questions were about memorable incidents relating to the relationship between the employee and leader. The succeeding request was designed to follow four weeks later. It was not subsequently required to re-send requests as the majority of the employees had completed the required number of questions in the first sitting. In total twenty four answers were received.

The CIT question asked for this study was, “Can you describe two memorable incidents which took place between you and senior management, and describe how you felt?” These identical questions were asked via a confidential online survey tool ([www.kwicksurveys.com](http://www.kwicksurveys.com)). This allowed for anonymous open-ended responses. Invitation to participate in the study was via email after each individual had been given a full explanation and also after receiving their informed consent.

Direct observation was added to the data collection method in order to gather data around the behavioural area relevant to TA (Berne, 1961;Clarkson, 1992a). In the two branches of Hi-Fi Corner operating in Edinburgh, direct observation took place during January-March 2011. On each occasion a small unobtrusive notebook was available to record the relevant data in a form of progressive focus (Cohen,Manion & Morrison, 2007). These were based around specific themes of TA. The areas of behavioural diagnosis involved looking for ‘parent-like’ or ‘child-like’ behaviours (Stewart, 2007), specifically, game play (Berne, 1964) or stroke imbalance (Stewart & Joines, 1987). These were gleaned by observing the “tone of voice, gestures, expression, posture and attitude” (Pitman, 1984:36).

### ***3.6. Choosing a Data Analysis method.***

The literature review highlighted the importance of leadership within small firms (Chapter 2: §2.2.3), the leaders potential impact on motivation (Chapter 2: §2.8) and

the possibility for follower resistance (Chapter 2: §2.2.9.2). The literature review also found recurrent themes of 'trust' and 'authenticity' in many theories relevant to this thesis. This raises the question of whether the existing employee perspectives already encompass these attributes. Analysing how employees 'think' and 'feel' about their relationship with the business principal, before making suggestions on how to potentially improve their perception of the leader, would appear to be a sensible research strategy. It attempts to fulfil the maxim, "seek to understand and then be understood" (Covey, 2004:242). In attempting to understand and analyse the relationship between the business principal and his/her employees a criteria for choosing an appropriate method was developed. In selecting a technique for data analysis, careful consideration was given to the choice of analysis method. The chosen method should be able to produce explanations for the wide range of experienced behaviours and have practical outcomes in the business world. It should also be commensurate with the mode of inference and investigation used in this thesis and the author's paradigm. A model fulfilling these criteria was discovered in Transactional Analysis (TA) (Berne, 1964). As well as fulfilling the chosen criteria, TA offers an approach commensurate with the researcher's philosophical background and is relevant to the field of leadership and employee communication. The literature review also identified Transactional Analysis as a potential method of analysis of verbal and non-verbal behaviour in order to "uncover the roles individuals occupy in the leader-follower relationship" (Winkler, 2009:27). As Wood (2002:84) states, "perception is a foundation of interpersonal communication", it therefore seems appropriate to analyse the psychodynamic relationship of the leader and followers using a model of communication. This method of analysis supports the discovery of

perceptions within the company with consequential impacts on employees' motivation.

### ***3.7. Why TA is a suitable analytical lens for this thesis.***

Cox et al. (2010), suggest a strength of TA is that it is useful as an internal analytic tool. It is based on observable evidence of patterns of behaviour, thinking and feeling and they also contend TA continues to develop well into the present day.

In Fiedler's (1967) Contingency theory, where a flexible leadership approach is required, TA theory would suggest leaders with a higher level of self-awareness, through perhaps understanding their life-script, are more likely to achieve this flexibility (Stewart & Joines, 1987). A flexible leadership approach contingent on the employee's maturity is supported by 'situational leadership'. TA may suggest that in the immature stage of employee development, when the employee is beginning to learn the task, a better relationship could be 'Nurturing Parent' with 'Adapted Child'. As the employee becomes self-sufficient it could mature into an 'Adult-to-Adult' relationship. In Gardner's (2005) Authentic Leadership model it can be argued 'authentic behaviour' is one outcome from a balanced Parent-Adult-Child profile (Widdowson, 2010). In terms of motivational theory the 'life script' aspect of TA may support explanations for McClelland's (1961) views, where he suggests some 'needs' experienced by people may have been shaped by life's experiences. A strong inference was derived from the literature research that intrinsic motivation originates from the way employees 'think' and 'feel' and therefore how a leader's behaviour impacts on these thoughts and feelings would appear to be important (Bandura, 1997;Cox et al., 2010). TA is a theory of communication and therefore potentially useful as a tool to support the understanding and explanation of inter-

personal relationships between the business principal and his employees (Stewart & Joines, 1987). It is also a theory of “human development and communication and a meta-language or meta-perspective that allows a critique of various models” (Cox et al., 2010). TA is also described as, “a theory of personality for personal growth and personal change” (Stewart & Joines, 1987). Barker (1980) proposes TA as a powerful tool in management and organisational analysis. TA can be, “used in any field where there is a need for understanding individuals, relationships and communication” (Stewart & Joines, 1987:3).

TA could also be considered an appropriate method of analysis as it has connections with the subject of study and practitioners. For example, in the discussion of psychodynamic nature of leadership in the literature, TA is mentioned (Northouse, 2007; Mullins, 1993) and there is literature involving TA connected with practitioners in business (Villere, 1981; Wagner, 1996). It is accepted some practical literature shies away from the specific examination undertaken in this thesis. This may not be due to it being an inappropriate method but could be because of limited access. However, limited access to employees does not apply in this specific research. It may be that many TA practitioners are either therapists for individuals or are in business as consultants and have to tread the fine line between management and employee. However the potential practical application of TA, is acknowledged as Mullin’s (1993:397) states, “it has been convincingly used by organisations as a training and development programme”. TA is humanistic, psychodynamic and shares many features of cognitive behaviour theories (Widdowson, 2010) with some practitioners calling themselves cognitive transactional analysts (English, 2007). TA is commensurate with a qualitative investigation, although the author could find no specific mention in the literature; it would appear to be a retroductive theory based

on abduction. Abduction is the mode of inference used in this research.

TA has been chosen as the main psychological theory for its use as a lens to explore the dyadic relationship between the business principal and employee due to: its holistic theoretical outlook and its practice within business. It is also commensurate with the method of investigation and the author's philosophical paradigm.

### ***3.7.1. The efficacy of TA as a method of analysis-a discussion on the pilot.***

Prior to undertaking this thesis a pilot study was performed on a sub-division of the researched organisation, a store based in Falkirk, Central Region, Scotland. The data set was two, 100% of the population. Both were males between the ages of 25-35 years. The members of staff and management had received reassurances about the research's nature and gave their full approval. The pilot study took place during April and May 2010. The total number of CIT questions answered was eight. The CIT question asked for the pilot study was, "Can you describe two memorable incidents which took place between you and senior management, and describe how you felt?" These questions were asked via a confidential online survey tool allowing for anonymous open-ended responses and invited participation via email. In order to avoid the suggestion of cognitive overload, the same question was repeated after two weeks.

In order to gain understanding, the data received from the CIT responses was read and re-read. The data was then analysed using analysis triangulation. According to Leech (2007:579), data analysis triangulation allows the researcher to obtain more information from qualitative data and consequently "generate more meaning and thereby enhancing the quality of inferences". Triangulation was achieved using two methods of analysis from TA. The first method was a first order structural analysis of

ego states. This is designed to give an indication of the ego state models between the employee and the leader. The second analysis involved 'the characteristics of the life positions' (Berne, 1964; Stewart & Joines, 1987; Widdowson, 2010). These two methods were used within this thesis.

The results from the pilot were encouraging and positive. The pilot revealed that TA analysis could provide an indicator of employees' perception of their leader via the online CIT questionnaire. The method of triangulation improved the quality of the results by allowing for a comparison of the 'ego states' with 'life positions'. This same triangulation process is used in this thesis. However, reflections on the pilot analysis suggested the efficacy of the pilot, and therefore this thesis, could be improved by adding another element of diagnosis, the 'behavioural' characteristics of the leader/employee relationship (Berne, 1961). For this reason, Direct Observation (DO) has been added as an additional data gathering method. Direct Observation of the behavioural characteristics is now be made. This supplements the CIT data by allowing for forms of behavioural analysis to be added.

The pilot illustrated that useful data and results could be obtained using an online CIT questionnaire. Subsequent conversations with the employees and management after the pilot's completion indicated no anxiety over the research.

### ***3.8. Gaining a practical understanding of TA.***

In order to establish a level of comfort and confidence in the understanding and application of TA themes, the researcher attended, and gained a certificate of pass in the TA 101 (introduction to Transactional Analysis) course on March 9<sup>th</sup> and 10<sup>th</sup> 2010. This course involved checking his understanding of TA themes and practical examples of psychotherapy using TA.



The researcher also undertook a number of 'listening' training exercises from an experienced telephone help-line trainer in order to support this thesis in April 2010. Although the words are often used interchangeably, 'listening' differs from 'hearing' and being able to practice 'active listening' aids comprehension (West & Turner, 2009). The exercises undertaken were designed to distinguish when there was active listening between the leader and his employees. This thesis suggests these experiences support the analysis and data gathering processes.

### ***3.9. Discussion of ethics.***

A number of ethical issues were addressed prior to, and during, the research. As the study involved observation, critical incident technique (CIT) and an investigation into perceived relationships it was believed to be important to show sensitivity to all participants. Those ethical issues are presented and discussed below.

#### ***3.9.1. Potential ethical problems with critical incident technique.***

CIT data collection could possibly bring to the fore feelings of "repressed negativity" and this can involve the need for a strategy for dealing with any resurfaced feelings in a positive way (Piper & Monin, 2006). The researcher's adopted strategy was to visit all the participants and offer them individual reassurance that information gleaned from the study would not be used against them. They were guaranteed not be individually identified or named. The senior executive leader involved in the researched organisation personally confirmed to each individual his agreement with the study and was delighted for them to participate.

### ***3.9.2. Potential ethical problems with Direct Observation.***

The fact that a company has given its permission for research should not automatically suggest it is ethical to undertake study of its employees without their consent (Vinson & Singer, 2004). Other issues include the avoidance of deception and confidentiality. Employees who were invited to undertake in the research did so willingly and are not named in order to maintain confidentiality.

### ***3.9.3. Ethical considerations undertaken to support the participants.***

Efforts were made to protect those involved in the research. For example, the research conformed to Edinburgh Napier's University's Code of Ethics (Woodward, 2010). Every effort was taken to conform to the principles of non-maleficence and beneficence. However, "Human action must always be interpreted in situational context, and not in terms of objective 'codes'" (Angrosino & Mays de Perez, 2000:692). Adoption of this perspective could suggest the university's basic ethical code may not be considered adequate in some instances. There is potentially an additional ethical dimension. This is how this research should be translated into suitable methods of comprehension and communication adhering to the researched company's cultural standards and expectations (Treviño, Weaver & Reynolds, 2006). This ethical dimension was addressed through conversation with the business principal and with his employees. The employees were advised of available websites and management support should they feel the need for it after completing the CIT questionnaires. The website [www.breathingspacescotland.co.uk](http://www.breathingspacescotland.co.uk) is an example of a helpline website offered to the participants. By discussing the possible study impacts

before and afterwards with the management and staff, on a one-to-one basis, the researcher believes the outlined ethical considerations were fulfilled.

#### ***3.9.4. Philosophical and methodological conclusion.***

The researcher suggests that his belief system encompasses a Critical Realist perspective suggests that social phenomena are intrinsically meaningful (Easton, 2009). Meaning is not only externally descriptive but can contain a constituent of the phenomena. This meaning has to be understood as it cannot be measured or counted (Sayer, 2000). This position also suggests an interpretative element in social science (Sayer, 2000). As CR does not have a flat ontology, the implication is reality may be known through understanding the layer (or layers) beyond the empirical. A further inference is observation alone may not reveal a complete understanding of the phenomena being studied. However, CR takes a flexible position regarding epistemology in order to support explanation.

This thesis argues the researcher's ontology (a pragmatic critical realist perspective) provides a guide for this research. However this thesis does not lay claim to identifying 'generating mechanisms' not does is assert that it employs PCR as a research methodology. However, PCR has highlighted a route for explanation and illuminated what this research is trying to achieve. The use of abduction is an example of this route. By developing working 'hypothesis on probations' and retroductively analysing them this thesis argues that a transparent research process is being employed. The researcher's axiology is a justification for a pragmatic outcome.

Therefore, the combination of the researcher's paradigm combined with an open access single-case study methodology offers an exceptional opportunity to give

meaning to the leader/employee dyadic. By using a combination of open CIT questions and direct observation data can be collected in a manner allowing for an interpretative analysis. In searching for an understanding beyond the empirical the researcher has produced the first 'hypothesis on probation' which is the assumption that an analysis of the data using Transactional Analysis should give depth of understanding and meaning to the perspective of the leader held by his employees. The second 'hypothesis on probation' is the outcome of this thesis, a practical outcome.

The author suggests the combination of methodology, method of data collection and analysis are therefore commensurate with the stated ontological, epistemological and axiological positions. In addition, this has been achieved with due ethical consideration.

***4.0. Introduction to analysis- initial hypothesis on probation***

The initial 'hypothesis on probation' drawn from the literature review is that Transactional Analysis would be a useful way of analysing the existing relationship perspective of the leader held by his employees. The first retroductive step was to gather the necessary data and then attempt an analysis by TA.

Data was gathered via the CIT questions and Direct Observation (as outlined in Chapter 3.0:§3.4.2). The chosen data analysis method was Transactional Analysis (TA)(Berne, 1961;Stewart & Joines, 1987). The CIT data (Appendix 4) was reflected upon in order to gain pattern recognition. Consideration was given to the DO data to reflect on 'behavioural' implications (Berne, 1964).

The CIT survey responses were the first areas to be analysed using two concepts of Transactional Analysis, the Parent, Adult, Child (PAC) ego state concepts (Berne, 1961) and a secondary examination of the CIT data was undertaken to establish the 'life positions' (Harris, 1995). The data from the DO was subsequently analysed. The themes for the DO were set a priori and focussed on 'stroke economy' and 'game play', both fields relevant to establishing the behavioural characteristics of TA (Karpman, 1968;Berne, 1975a).

A first order structural analysis of ego states gives an indication of models between the employee and leader. Ego states analysis was undertaken by examining the 'social' characteristics described (observations of the kind of transactions with others). According to Berne (1961), there is corroboration if there are responses in the 'behavioural', 'historical' and 'phenomenological' modes. By analysing the 'social' domain it is "possible to diagnose the ego state of the other person" from "the

responses following the social exchanges...” Barker (1980:14). Methods of ego state diagnosis for areas other than the ‘social’ and behavioural domains may be considered as being more suitable to psychotherapy rather than business practice, especially those involving issues from the past (Widdowson, 2010). Full ego states corroboration was not undertaken due to potential psychological concerns. These might be considered a breach of Edinburgh Napier University’s code of ethics and the boundaries agreed with the participants. However, a number of strategies were undertaken to understand the data. These included: gaining a practical understanding of TA, analysing the data via the ‘social’ and ‘behavioural’ domains, specifically analysing the ‘ego states’, the ‘stroke economy’ and ‘game positions’. In addition a secondary analysis of the primary data was undertaken by a ‘life-position’ examination.

This chapter covers the CIT and Direct Observation analysis using Transactional Analysis.

#### ***4.1. CIT analysis data using the Parent >Adult> Child (PAC) model.***

Berne created Transactional Analysis as a theory of personality (Rungapadiachy, 1999; Berne, 1961). A main concept of TA is the structural analysis of the individual’s ego states. According to Berne there are three main ego states; the Parent, Adult and Child (PAC) and the way we relate, or *transact*, with people depends on which of the ego states we are in and also with the ego state of the person with whom we are transacting. Transactional Analysis, i.e. the interpersonal transactions, can be analysed using the Parent (P) Adult (A) and Child (C) (PAC) ego positions. The PAC relationships have been sub-divided into five main ego states as; Critical (or controlling) Parent (CP), Nurturing Parent (NP), Adult (A), Free Child (FC- the state

of being uninhibited) and the Adaptive Child (AC) (Stewart & Joines, 1987). It is possible to further sub-divide these ego states (with the exception of the adult state) into positive and negative divisions and even to use ego-states to portray potential organisation structures (Hewson & Turner, 1992).

The leader-follower can have a number of complementary transactions, for example, when the leader may be acting as in a 'positive nurturing parent' state and the follower acting as in 'a positive adapted child' ego state. Un-complementary or 'crossed' transactions can lead to disagreement, misunderstanding and disharmony. Some transactions can be covert or duplex, i.e. where one message is said but another is really meant. Both child and parent ego states are stored representations from the past while the Adult state is the "totality of the here and now feelings and experience" (Stewart, 1992:27).

The data was structurally analysed using the Parent-Adult-Child model, from the employee's perspective which is in keeping with the aim of this thesis. All of the 'critical incidents' relate to 'transactions' either actual or inferred between the leader of the organisation and the employee. There is no way of examining whether transactions are genuinely 'crossed' as the CIT does not record the leader's perspective on the same incident, however, it is the employee's perception which is being analysed. Perceived 'crossed' transactions illustrate how a leader may be experienced as 'controlling parent' and thereby provoke manipulative 'child' responses by the followers (Cox et al., 2010). In TA, what is important is the individual's perception of the transaction. The structural model analysis looks at the 'behavioural', 'historical', 'phenomenological' and 'social' areas of the relationship (Berne, 1961).

## ***4.2. How Direct Observation data was analysed.***

The results from the DO are analysed using diagnosis in the 'behavioural' and 'social' domains of Transactional Analysis (Stewart & Joines, 1987). Behavioural diagnosis entails the use of body language and social diagnosis looks for inter-personal responses indicating potential ego states. This entailed a period of direct observation of the business leader's interaction with his employees. This involved travelling with the business principal between branches and recording data on a discrete notebook. The data was later transcribed onto a computer later the same evening. This allowed for reflection. The interaction between leader and employees was noted and so was body language. Arguably, body language can be difficult to interpret and may record only superficial moments (Edenborough, 1999). Therefore, less than obvious body language was not recorded. Therefore the DO was able to focus and identify specific areas in the behavioural domain relevant to TA. In particular, interactions relevant to 'stroke economy' or to potential evidence of 'game play' were sought.

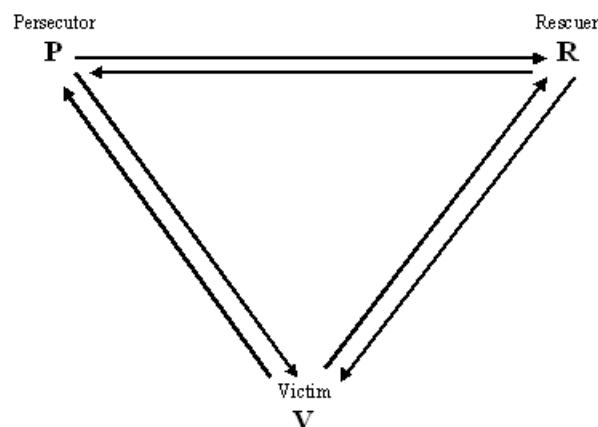
### **4.2.1. Leadership and followership exchange.**

In examining leadership and followership exchange this thesis suggests that the 'strokes' would be an appropriate additional method of analysis. Strokes are acknowledgments of the existence of another person (Stewart, 2007; DeVito, 1986). They can be positive or negative and can be verbal or simply a physical acknowledgment. A stroke imbalance occurs when there is no reciprocal acknowledgment, or if the person refuses to accept the stroke. The stroke economy is the total "one receives, gives, denies, accepts, rejects, asks for, discards, takes,



redefines recognition, and the feelings one has about these strokes” (Clarke, 1981:271). Strokes are also a “major factor in the way one structures time, chooses relationships and chooses motivations” (Clarke, 1981:271).

The DO also looked for the presence of ‘games’ (Berne, 1964). ‘Games’ are “unhelpful relationship patterns” (Widdowson, 2010:163). These are often the unconscious desires driving and motivate our behaviours perhaps originating from the individual’s child ego state (James & Jongeward, 1971). However games are not always obvious and can be difficult to identify (Widdowson, 2010). Even when games are identified they may be inextricably linked to the individual’s script (Berne, 1975b) The DO looked in particular for the presence of ‘Drama Triangles’ (Karpman, 1968). The Drama Triangle offers a method of highlighting and analysing the more obvious game play. The Drama Triangle is used to plot the interplay between two or more people. Those involved can take three potential roles; victim, rescuer or persecutor.



**Figure 4- The Drama Triangle (Karpman, 1968)**

The victim may be a person with a real or imaginary problem; the rescuer is someone who tries to make the situation better. However, in some cases nothing

seems to change and the victim becomes the persecutor, blaming others who then become victims (Bayne, 2008). This 'switch' in roles creates the 'drama'.

Identification of games or drama triangles would indicate potential conflicts, even if those conflicts are intrapersonal, the leader should be aware of them as this it may impact on his or her relationship with their employees.

#### 4.2.2. Primary data secondary analysis using the four main life positions.

After each primary analysis a secondary data analysis was undertaken to examine the ‘characteristics of the life positions’ (Berne, 1961;Barker, 1980;Stewart & Joines, 1987;Widdowson, 2010). Life positions are used to justify the employee’s self-belief and their subsequent behaviour. The leader’s perceptions were not examined. It was unlikely that the leader’s incidents would have directly corresponded with those given by the respondents. In any case this research is not a reciprocal study. It focuses on how the leader’s existing actions impact on the employee, from the employee’s perspective.

TA theory assumes humans develop one of four main life positions: ‘I’m ok, you’re ok’ (I+U+) , ‘I’m ok, you’re not ok’ (I+U-), ‘I’m not ok, you’re ok’ (I-U+) and ‘I’m not ok, you’re not ok’ (I-U-) (Stewart & Joines, 1987). Widdowson (2010) suggests there may be further life positions revolving around ‘I’m ok (not ok), you’re ok (not ok), they’re ok (not ok)’. Script positions other than ‘I’m ok, you’re ok’ (I+U+) can suggest people may be playing roles or “games” (Berne, 1964). These script positions can be illustrated in a grid, See Fig 4.

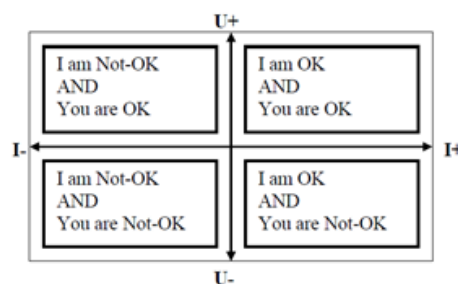


Figure 5- Cartesian coordinates of Social Behaviour by Ernst (1973)

### ***4.3. Respondents anonymity and data labelling.***

Each respondent was given a pseudonym; any similarity to the names of the ancient kings of Scotland is entirely intentional. The names given to the respondents within the CIT data are: Alexander, Bruce, Culen, David, Edgar and Kenneth. Each of the four CIT responses was also given a number; so Alexander (1) refers to the first response from the respondent with the pseudonym Alexander. Bruce (2) refers to the second response from respondent named Bruce and so forth. The CIT responses were anonymous. For the DO additional names were used in order to anonymise the interaction with the leader, thereby giving the impression of more than six respondents. The use of further names is justified to reduce the risk that connection is made or assumed between the respondents in the CIT and in the DO. The original spelling, including errors, is used in the analysis to preserve the data integrity and context.

### ***4.4. The CIT data Ego position analysis.***

The CIT data is analysed using the Parent, Adult and Child ego states as outlined in Chapter 4:§4.1.

#### **Alexander's data**

Response Alexander (1) suggests the impact of overhearing part of a conversation “*a phone conversation with the naim rep while i (sic) was in earshot*” left Alexander with a sense of injustice and feeling “*undervalued, unappreciated and unrespected (sic)*”. This ego state maybe Critical Parent (CP) to Child (C) (CP>C), if it had been expressed directly to him, however the manager on the phone call may have been trying to defend his own position, in other words he may have been the adapted child

(AC) defending against a Critical Parent (AC>CP). Even if this was not a crossed connection overheard by the member of staff, it still had the effect of destroying trust. In Alexander (2) however trust was felt by Alexander when he was "... asked by a senior figure to demonstrate and close a sale of a £4000 cinema system. To be given that responsibility at that point gave me confidence and made me feel like a trusted member of the team." This could be analysed as an Adult to Adult (A>A) transaction, when he was given parity and confidence to close a deal. Alexander also uses the word 'trust' in Alexander (3) when it was suggested he sell in a particular way. "I (sic) trusted the managers judgement in this and the customer was impressed enough by the better system that he bought the more expensive one. it (sic) gave me added respect for that person and allowed me to trust their judgement more,,". This could be interpreted as Nurturing Parent>Child, or perhaps Adult>Adult. The way this situation was handled gave Alexander, "...confidence in my own abilities to up-sell to a potential customer".

### Bruce's data

Bruce (1) felt valued when he asked for his "hours to be reduced; I was granted this wish without question" This would suggest an adult to adult (A>A) conversation, and in a similar vein in Bruce (2) "Whenever I ask for holdiays (sic), the request is always granted" and again in Bruce (3) "I'm always given time off to go to the doctor or dentist and this is much appreciated." These suggest A>A conversations, however in Bruce (4) he comments "Sometimes when I ask questions about the POS system or other work related matters, i (sic) get the impression that I'm wasting time that could be devoted to the important part of the business - making sales". This suggests a potential dismissal of his importance, like a Parent dismissing a child, (CP>C) leaving him feeling unimportant.

## Culen's data

Culen (1) makes the comment that he felt he was *"reprimanded"* when one of the directors commented on the quality of his music being played in the store it and claims it did *"not effect me (sic)"*. He then goes on to say his own manager was *"very upset that he had been bypassed in the chain of command and felt that he should be responsible for music choices in store and therefore the director should have approached him in the first place rather than approach staff directly"*. Taken at face value this could have been a simple A>A conversation. However, this was related to his immediate manager and appeared to his manager as a CP>C position. However the fact that this was noted in the CIT may suggest something deeper. Perhaps this could have the transference of a CP>C position and, by involving his manager, in his response he may be exhibiting a form of 'game play'. Game play normally involves some type of unresolved problem or issue.

Culen (2) notes the time he burnt himself *"trying to stop a sink from overflowing"* although he felt reassured by *"one of the owners (also a first aid expert)"* This suggests a Nurturing Parent>C ego state that had a positive impact. When Culen *"was asked to help with the advertising one day and told I was going to have a meeting with the senior management"* (Culen 3). Culen (4) was invited to discuss advertising and appears at this meeting he focused on his concerns about a water leak into the building and *"they did something about it"*. This suggests Culen took an A>A view, however the use of the word *"they"* could suggest he was experiencing a Critical Parent perspective and perhaps as it was a health and safety issue he adopted a P>P view.

### David's data

David feels stuck in his career progression, in David (1) he comments about a time he was *"promised a review"* At the time of the CIT he was *"still waiting"*. This suggests he originally had what appeared to be an A>A conversation but the 'trust' aspect is becoming tarnished as his expectations have not been met. David (2) also felt let down by being asked to organise a window display and this being changed at the last minute by the manager. This suggests an underlying perception of CP>C state. This can ultimately result in disappointment as expressed by *"I felt I had wasted my time"*.

A CP>C or simply P>C ego state seems to be felt by David (3) as *"the manager still asks me to make coffee and talks to me like a junior"* implying a building up of resentment. However, David (4) is thanked for his sales results and comments this *"was a good pat on the back and I liked it"*. This could be an A>A result, however combined with the previous responses, and if happening on a daily basis, could be a continuation of P>C, instead of Critical Parent, the manager has moved to Nurturing Parent.

### Edgar's data

Edgar's (1) feeling of injustice rises when he *"was slightly late and a comment was made to me by my manager"*. His sense of inequity is shown by *"It was said like a joke but others get away being late and I'm normally a good timekeeper. I didn't find this funny"*. A joke perhaps meant to be A>A, but potentially felt as CP>C. When Edgar (2) made a mistake in the preparation of an invoice he took this personally, *"I was made to feel bad because it was discovered afterwards (sic) that I had made a mistake in the addition which (sic) cost the company some money"*. However he is blaming others for his feeling *"I was made to feel bad"*, this is reminiscent of a child

being scolded by a parent and suggests CP>C. This view of CP>C carries on in Edgar (3) during a new reporting regime, *“I was suddenly asked one day to start accounting for my time when out on installations, this has not been done before or with other members of staff, I don’t know why this is the case and I’m not happy about it”*.

This feeling of CP>C persists in Edgar (4), not only when he feels a sense of injustice *“I sometimes have to go out and deliver equipment and this can run over. We don’t get paid overtime”* but he also feels a lack of trust, *“One day I was working late when I got a phone call from the manager asking why I wasn’t somewhere else, I didn’t like the tone as if I was wasting my time”*.

#### Kenneth’s data

It appears Kenneth (1) feels good when he is treated in A>A. He felt *“great”* going out with the manager to hear about new products and when his suggestion of repainting *“part of the shop”* leaves him with the feeling of being *“taken seriously”* (Kenneth 2).

This A>A theme continued in Kenneth (3) when he offers to take on some responsibility regarding posters and they ended up being *“used in the shop”* When Kenneth (4) had some compact discs stolen and was told he should have looked after them better, if this had been perceived as an A>A conversation it may have been acceptable, however the expression. *“I had brought them in to increase the choice of music in the shop, if they weren’t going to be replaced they should have at least shown some sympathy”*. Suggests he took the comment about looking after them as a CP>A rather than take responsibility for his loss.



#### **4.4.1. The ego state analysis- sense making.**

The ego state analysis only shows the impact on the employee, it does not account for crossed transactions, as only one side of the story is heard. However, being analysed is the employees' perceptions. These are the important perceptions as they are what influence the attitudes and the employee's discretionary behaviour (Purcell, 2009). The ego state analysis is one potential way of explaining these reactions. It appears transactions having negative impacts on the employee were, or perceived to be, 'Critical Parent'. The reaction to the CP can be assumed by the employee as a lack of trust as expressed in Alexander (1) Bruce (4) David (2), Edgar (3)(4) or Kenneth (4). The effect was more positive during perceptions of 'Nurturing Parent', for example in Alexander (3) Culen (2). 'Adult to Adult' also produced positive results as shown in Bruce (1)(2)(3) and Kenneth (1)(2)(3). It is possible these feelings are a result of 'discounted ego states', a misperception of reality to fit a script system or simply a misunderstanding (Stewart, 2007). Support of this case study's unparalleled access arrangement is found in the case of Alexander (1), where he believed his manager was talking "to the Naim rep" (i.e. the manufacturer of Naim high fidelity equipment representative) about his performance. In reality, the conversation was with the major shareholder and the company leader about his performance and not about employee. That conversation revolved around the majority shareholder attempting to support the company manager during a difficult time. In effect being in a "Nurturing Parent" role, however the company manager was living his "be perfect" script and trying to prove he was making the effort to be perfect despite difficult conditions. This perspective is known because the researcher is the majority shareholder and was involved in the conversation. This is an example of

how misunderstandings change perception within the organisation. Perceptions shape beliefs and inaccurate beliefs shape behaviour (Shaffer, 2009).

The results from the Ego state analysis suggest that communications being derived as 'critical parents' do not foster feelings of 'trust'. In order to gain a deeper understanding from the CIT data, a secondary analysis was undertaken using the 'life positions' of TA.

#### **4.5. CIT analysis data using life positions.**

As explained in Chapter 4.0:§4.4, the four main life positions are; 'I'm ok, you're ok' (I+U+) , 'I'm ok, you're not ok' (I+U-), 'I'm not ok, you're ok' (I-U+) and 'I'm not ok, you're not ok' (I-U-). There may be further life positions revolving around 'I'm ok (not ok), you're ok (not ok), they're ok (not ok)'. What follows is a CIT data analysis using these life positions.

When Alexander (1) perceived an overheard conversation in which he thought he was being criticised to a manufacturer's representative he felt "*undervalued*", however his own self confidence is still apparent as he believes he has "*sold more than everyone else in the company*". This suggests an 'I'm ok' position; however he claims to have "*lost the respect for the individual involved*", suggesting they are 'not ok'. This transaction could be represented as I+U-. However, Alexander (2) when he felt he was given "*responsibility*" that gave him confidence to "*close a sale of a £4000*" suggests an I+U+ position. When, in Alexander (3), he is encouraged to try his upselling skills to sell a better product, despite being "*dubious*", the "*customer was impressed enough by the better system that he bought the more expensive one. It gave me added respect for that person and allowed me to trust their judgement more*" The leader's suggestion, had it not worked had the potential to be I+U-. In this

example, the encouragement succeeded and the outcome would appear to be I+U+. When Alexander (4) first worked for the company he was not able to “*develop any relationships with customers*” due to being “*moved from branch to branch*” and this made him feel “*undervalued*”. This would suggest an ‘I’m not ok, you’re not ok’ position (I-U-), however by blaming the company for being moved around this is more likely to be ‘I’m ok, you’re not ok’ (I+U-)

Bruce (1) felt “*a valued member of staff*” when his request to reduce his hours was granted. This indicates an I+U+ position and the same again in Bruce (2) when his holiday requests are “*always granted*” (I+U+) and in Bruce (3) when he needs time off to go to the dentist (I+U+). However in Bruce (4) when he asks questions about other business areas he gets the impression that he’s “*wasting time that could be devoted to the important part of the business - making sales*”, arguably, this is an I-U+ position.

Culen (1) tries to pass on any ‘not ok’ feelings to his manager when a comment is made about his choice of demonstration music. This situation he perceived as being a “*reprimand*”. He suggests he kept his ok feeling “*This did not effect (sic) me.*” His comments that his manager was “*very upset*” as the chain of command had been breached suggests he did not really feel the senior management were ok. This overall indicates an I+U- position. In Culen (2) when there is an accident with boiling water, Culen was “*reassured*”. He felt “*stupid*”, this suggests an ‘I’m not ok, you’re ok’ (I-U+) position. When in discussion about advertising this conversation begins as “*you’re not ok*” as Culen (3) expressed the view “*I felt they were not listening to my concerns about water leakage into the building and they should be focussing on that as it was a potential health hazard*” However after the discussion when “*I told them this they did something about it*” this position changes to a I+U+.

David (1) however seems to be upset that his promised “review” had not happened, this could leave him potentially in a ‘I’m not ok, you’re not ok’ (I-U-) position. In David (2) this is more obvious as he felt he had “wasted his time” organising the window display. When the manager changed everything in the window and the equipment did not sell as expected, it left David in an I-U- position. This position seems to continue in David (3) when he feels he should not be asked to make coffee “like a junior” and clearly resents the manager for putting him in that position, “I think he should make the coffee for me just once” a case of I-U-. Although not all of the incidents for David (4) had the same impact. When he received “A bottle of whisky for my efforts” he thought this was “A good pat on the back” and “liked it”, (I+U+). When others seem to get away with poor timekeeping Edgar (1) perceives an inequity when the manager made a quip when he was late. Edgar (1) feels he did not appreciate the comment made by his leader, and even although the comment may have appeared to be in jest, Edgar “didn’t find it funny”. The fact that it appeared to him to be an inequity would suggest Edgar feels ‘ok’ as it’s not his responsibility, and because Edgar did not find the joke amusing suggests he did not find his leader ok (I+U-).

In the case when Edgar makes a “mistake”, ultimately causing the company to lose on a sale, Edgar (2) takes the view the incident was not his fault. In his words he was “given little notice to prepare”. Possibly a position on I+U- as he holds others responsible for his error. When there appears to be a sudden change of policy and Edgar (3) has to start “accounting for” his “time” he is “not happy” and makes no reference to his own performance suggesting a I+U- position. This is reinforced when he gives the impression of not being fully recompensed for his time in the statement “we don’t get paid overtime”. When asked why he was not at another appointment,

he clearly felt unappreciated *“I just wonder why I bother”* (I+U-).

Kenneth (1) feels *“great”* when he is asked to be in attendance during a sales call with a manufacturer’s representative and feels special as this *“is something only the manager does”* He feels ‘ok’ and also feels ‘ok’ about his manager (I+U+). This position is also reflected in Kenneth (2) when he was “surprised” and felt it was “good to know” his suggestions *“were being taken seriously”* (I+U+) by the management and he held the same view again when he was to design some posters and point of sale. Kenneth comments *“it’s great to get some different jobs to do”*. (I+U+). However Kenneth (4) does not accept responsibility for his personal *“compact discs stolen by a customer”*, even although this may have been a shoplifter rather than a customer, Kenneth chose to label the thief as *“a customer”*. This choice of phrase suggests it is the company’s fault for the theft. The position taken by him, i.e. he was not *“shown sympathy”* by the management suggests an I+U- position.

#### **4.5.1. Sense-making of the CIT life-script analysis.**

The employees’ life-script positions give indications of their perspectives (Barker, 1980). These positions were obtained relative to the critical memories with the business principal from the CIT data. According to Stewart (2007), feelings of I+U+ is a ‘driver’, feelings of I+U- are a ‘blamer’, I-U- is a ‘despairer’ and I-U+ a ‘stopper’. These drivers are indicators only; they may not be in the same strength or mean exactly the same for different people. For example, a ‘blamer’ may be blameful, blameless, triumphant or spiteful. A ‘stopper’ may be confused, hurt, blank, worried, guilty or embarrassed, whereas a ‘despairer’ may feel worthless, unloved, futile or unwanted. The ‘I’m ok: you’re ok’ (I+U+) driver, is really a confirmation of whatever script the person is running satisfying their inbuilt drive. It can conform to the parental

message 'you are ok' if 'you complete the driver'.

To achieve some sense of life-position balance within the researched organisation, the data outcomes were added. When examined as totals, the life-script positions looks like this:

I'm ok, you're ok (I+U+) = 10,

I'm ok, you're not ok (I+U-)=7,

I'm not ok, you're not ok (I-U-)=4,

I'm not ok, you're ok (I-U+)= 2.

The life position analysis suggests there are many recalled incidences providing positive experiences. However, a significant number of life-script positions express views of, 'I'm ok you're not ok'. This potentially leaves the business principal in a position of 'not ok', i.e. being 'blamed' for negative transactions. This analysis does not judge whether the 'blame' is being correctly or fairly apportioned, only that if the leader wishes to gain employee trust then he needs to be aware that care needs to be exercised in his transactions and behaviours in order to prevent them being negatively perceived.

#### ***4.6. Direct Observation Analysis.***

Field notes were written between the period of January 2011 and March 2011. The writing of field notes may have various approaches, depending on the researcher's philosophical position (Emerson, Fretz & Shaw, 1995). There are a variety of ways to take field notes (Lindlof & Taylor, 2011). Some may be composed at the day's end; others soon after witnessing the events (Emerson et al., 1995). The original field notes for this thesis were scratch notes (Sanjek, 1990). These were transcribed with any additional comments to clarify meaning at the end of each day. The transcribed

notes can be found in Appendix 5.0. Once patterns are familiar, field notes can be selective (Lindlof & Taylor, 2011). The patterns within the researched organisation were already familiar to the author as he had previously spent time in each branch. This permitted the researcher to focus on the specific a priori themes of stroke economy and game play. Analysis from the notes was not undertaken until the data gathering from the DO and CIT was completed.

In addition to selective direct observation, two snapshot observations, in the form of vignettes, were undertaken in order to give a contextual frame to the study. Appendix 6 is Vignette 1. This is a description of a working day of the business principal of Hi-Fi Corner dated 25th August 2011. Appendix 7 is Vignette 2, another working day of the same business principal dated 28th September 2011. These give an illustration of two days interaction between the leader and his employees within the observed company.

#### ***4.6.1. DO data analysis.***

Prior to the DO the researcher visited the business thirteen times in various branches in order for the employees to become comfortable and act naturally during the research process. The DO for this research took place over 5 continuous days and 7 half days, approximately 68 hours. The researcher continued with observation until it became apparent that a form of saturation had been achieved (i.e. repetition of emergent themes) (Munhall, 2000). Staff member's names have been changed to generic Scottish names and not repeated to increase anonymity. This formula has been instigated for each day's data. This means there appears to be more names in the data than in the total population in the study. Dates of observation refer to the date (day/month). The DO looked for evidence of stroke balance and game play. In

addition, there are two vignettes in appendices. Consideration was given to extending the data collection. However, given the repeated pattern discovered also mirrored the pre-research visit process, a decision was made to conclude with the data collected.

#### ***4.6.2. Stroke economy analysis.***

The researcher observed the inter-communication between the business leader and his employees. 'Strokes' given and received were noted and whether they appeared to be discounted by the recipient. In terms of stroke economy, many days were reasonably balanced (20/01, 9/02, 14/02, 15/2, 1/03, 7/03). Occasionally some strokes opportunities were missed, or even potentially perceived as negative strokes by the employees. For example, on 2/02, an opportunity was missed when Boyd made a good sale. This was not obviously congratulated. On 4/02, Clyde did not receive a warm welcome in the morning despite being on time when Alban and Blane, who were late, did receive a welcome from the principal. When the leader asks Donnan on the phone (4/02) 'how he is', but does not give him time to answer before going on with another question, he has potentially discounted his own positive stroke in the listener's perception. When the leader was not well (7/02), perhaps understandably, there was a stroke imbalance, as he failed to properly acknowledge any employees in the morning before heading to his office. On 10/02, James was questioned in a slightly sarcastic manner, regarding shop stock items still in the stockroom when the leader felt they should be on display. This 'I'm ok, you are not ok' style clearly did not endear the principal to the staff member whose interactions became defensive. These examples could all be expressions of stroke imbalance or negative strokes.



There were fewer positive strokes given, such as 2/03 when the manager said “well done” to sales people on closing sales. Interestingly many negative stroke imbalances had consequences. These resulted in some ‘game play’.

#### ***4.6.3. Impact of stroke economy on game play.***

Perceived negative strokes appear to give potential opportunities for reciprocal types of ‘game play’, for example, blaming others; as in the case of Malcolm (9/02) who, during criticism for the quality his work, attempted to shift the blame onto others.

Another example is when the principal gave a negative stroke to Gavin. He was asking for holiday cover at a late date in the financial year (15/2) and was told this would not be possible. Later (2/03), when the principal asks about plans to reach sales targets, Gavin says it will be very difficult, as there was no-one to cover for holidays. This is a sort of ‘I’ll get you back’ type of game.

A lack of strokes can lead to asking for them. Boyd (2/02), who concluded a good sale that had not been acknowledged by the principal, ended up asking for one by bringing it up in conversation. A similar lack of acknowledgement applied to Alban (4/02) whose good sale was only acknowledged by the principal after he less than subtly hinted about his sale “*hey, that wasn’t bad*” to colleagues, in a voice and position where the principal could hear him. According to stroke theory, asking for strokes is acceptable; however it does reinforce in the researcher’s view the need for more awareness on the leader’s side. There is a potential for perceived inequity if positive welcome strokes are not equally awarded, as in 4/02, when Alban and Blane were warmly welcomed and Clyde was not. On 4/02, the leader clearly believes Gordon from Branch B is looking for some praise by phoning him for no purpose but to show him “*that he’s working*”. As a result of two negative strokes (14/02) by the

principal about the state of the demonstration room, William ultimately takes the defence by blaming him for the problem.

As a result of conversations revolving around holiday time (15/2) and the leader not wanting to pay overtime to a specific staff member, by 2/03, this same member of staff talked about not reaching sales targets. The staff member reasoned they may only have to leave one person to cover the branch.

However, it should be noted that on several occasions there was no obvious game play as the interaction between the leader and employees was superficial (28/01, 8/02, 10/02, 1/03, 7/03).

#### ***4.6.4. Direct Observation- sense making.***

There are a number of interesting points emerging from the DO. It could be asked about why there was little game play recorded in the notes. This task looked specifically for game play between the principal and fellow employees, not between employees. Only by reflecting and writing up the scratch notes for analysis the researcher realised that the brevity within the notes was in fact a consequence of the lack of interaction between the leader and his employees.

Despite many visits to the premises and much time spent with the leader in observation, both during and before the research data recording, there was little interaction. For example in 1/03, 4/02, 7/02, 7/03, the principal remained in his office during most of the day. On other days he would leave his office only to support the employee when selling to customers (28/01, 2/02). The DO even noted on 14/02 that he “retreated to his office”. This result would have been difficult to anticipate from the exclusive use of a critical incident questionnaire. In fact this result may not have been obvious from other forms of data collection. It can be the case that if there is a

shortage of strokes in a relationship people will look for, or take actions to attract negative strokes rather than receive none (Breckman, 2005;Derrington & Goddard, 2008). Negative strokes are still seen as some form of attachment, and this can be preferred in cases to none at all (Stewart, 2007).

The majority of observations resulted in neutral strokes with little game play.

However, the imbalance in the stroke economy, the resulting game plays and results from the DO open up avenues for improvements to the leader's behaviour. It is possible these may be reflected in the employee's perception.

#### ***4.7. The need for change.***

The DO results suggest contact with the employees by the principal is not extensive. Observation suggests employees are being left to self-manage; the further the physical location from the principal the more remote their access to him. This could be viewed as a form of laissez faire management or highly delegated management depending on the employees' maturity. (Blake & Mouton, 1964) From either standpoint it assumes all of the employees are being treated equally in how they are being led or managed.

The fact that contact with Branch B, located remote from the principal, appears to have a more problematic relationship, suggests there is room for improvement in their relationship.

#### ***4.8. Conclusions from the data analysis.***

The first 'hypothesis on probation' was that TA analysis would be able to reveal a depth beyond the empirical. How well did this assumption hold up? The CIT results suggest while some people continue to hold positive perceptions of management there are still a substantial number of negative perceptions. These could be crossed transactions or simply unproductive transactions (Chapter 4: §4.1). The stroke economy data suggests a number of neutral strokes but with an overall balance observed in negative, rather than positive, strokes. The consequences of these negative strokes are 'games' or even the seeking of 'negative strokes'. Neither of these positions supports a growing or positive dyadic relationship (Chapter 4:§4.7.2 & 4.7.3.). Reflecting on the DO Data suggests some brevity in contact with employees (Chapter 4.0: §4.2). The subsequent observations in the two vignettes also provide evidence to reinforce this view (Appendices 6 & 7). The vignettes suggest the leader's face-to-face contact with his employees is restricted. Increasing contact points with employees could have incremental value in generating perspectives. However the DO suggests a reasonable measure of goodwill still exists between leader and employees. This could be construed as a foundation for improvement. The next chapter discusses the implications from the data and literature research and looks towards building a second 'hypothesis on probation'.

***5.0. Introduction to discussion and suggestion.***

This chapter will reflect on the previous initial 'hypothesis on probation' and how this can provide the foundation for a second abductive hypothesis. It considers the implications for leadership change. This chapter discusses potential alterations to the leader's actions, as informed by the data and the literature research, in order to produce a second 'hypothesis on probation', which will be a new set of leadership behaviours for this organisation. It examines how these leadership behaviours can be justified as a new abductive hypothesis.

***5.1 Reflections from the data.***

The conclusions drawn from the data analysis in Chapter 4 imply employees continue to hold some positive perceptions of their leader and that there is a foundation of goodwill towards the leader within the researched organisation. However there are still a substantial number of transactions originating from the leader's behaviour resulting in negative perceptions. In other words, the leader's actions are often a 'driver' for employee perceptions. If the leader wishes to create a more positive perception by his employees then he will require a set of appropriate behaviours. In TA terms this would include a more positive stroking culture, awareness of actions encouraging negative 'game play'. There is a need to understand some actions, even although unintentional, lead to life positions leaving employees 'Not ok'. In this respect a case can be made that the results from the data and the literature research leads to a possible conclusion. That is, the leader's own perceptions cannot be forced onto the employee; he cannot make them 'think' in

certain ways. However, it may be possible to influence their thinking. Therefore, the leader has to be cognisant of the effect of his actions on employees. He should decide whether to alter his behaviour in order to construct conditions complementary to improving perceptions.

## ***5.2. Recognising the need for behavioural change in organisations.***

The correlation of 'trust' and 'leadership' has been highlighted as key points within the literature on leadership (Chapter 2:§2.9). There are a number of determinants of 'trust' and these include 'experience' and 'expectations' (Guest et al., 1996).

Leadership is a form of influence and could also be considered a form of social control (Allport, 1924). This thesis argues that within a retail SME in Edinburgh many determinants of trust are within the business leader's influence. Contingency Theory implies if leaders wish to be more successful they need to be able to alter the way they operate (Fiedler, 1967). The ability to alter style may be situational and those situations may include differing life-scripts, motivations and employment maturity of the employee (Hersey & Blanchard, 1982). Drucker (2007) proposes effectiveness is a habit and habits can be learned. However, it seems rather simplistic to say "learn to adapt your style and become more effective". Neither of these pieces of advice explain the necessary 'how questions'. How do leaders become adaptable and how do leaders become effective?

Adaptability in individuals is easier to say than achieve. According to TA life-script theory, people develop certain traits or characteristics at an early stage. People develop internal drivers. These drivers sometimes make it difficult to be adaptable. They can give a variety of internal demands and, if unrecognised, prevent change. However to say it is impossible to change is to give in to determinism. If the business

principal wishes to examine new, and potentially effective, leadership behaviour then there needs to be a basic acceptance of the need for, and to, change.

A competitive business environment demands individuals who “direct their efforts to reflecting on what is necessary to create change so that their organizations can be increasingly competitive and effective” (Macey & Schneider, 2008:18). Change needs to come *first* from the business leader. The business principal needs to examine whether internal drivers are influencing his actions. In addition, whether these may explain perceptions formed within the employee. A possible conclusion from TA theory is all leaders and employees have their own internal drivers. This could account (in part) as a reason that reciprocal causation is not always effective. It may not be possible for the leader to recognise the employee’s internal drivers. Therefore a limitation of conclusions derived from the data outcomes is an acceptance and acknowledgment that all human relationships do not always go according to plan.

### ***5.3. Choosing an appropriate set of leadership behaviours.***

As previously noted, the leader needs “to be ratified in the hearts and minds of the employees” (Chapter 2.0:§2.2.2) (Adair, 2009b:178). This could be explained as meaning the employees feelings and thoughts should be in concert with the leader. According to Pettinelli (2010), feelings can either be unprocessed thoughts gone directly into the subconscious (e.g. having to deal instinctively with some danger) or unconscious memories. Whether feelings are a form of rapid unprocessed or unconscious thought and differ from cognitive thought it is hard to be certain, however they are nevertheless both based in the mind. A conclusion of this thesis is to propose that the leader’s behaviour can influence perceptions within the

employee's mind and consequently the quality of their psychological relationship. This psychological relationship shapes attitudes and emotions forming and controlling behaviour (Spindler, 1994). By choosing a set of particular leadership behaviours the business principal would hope to make his employees act in certain ways. However, as discussed in the literature review, motivation is ultimately internal. While Social Cognitive theory purports a level of reciprocal causality may be possible in relationships, these may depend on the employee's internal perceptions. One can try to influence the thought process of others; sometimes the best we can hope is to make ourselves clear (Paul, Miller & Paul, 1997).

#### ***5.4. What is an appropriate set of leadership behaviours to improve the leader's perception?***

The author sought from the literature review a set of suitable leadership behaviours that could be offered to the research organisation. In undertaking this search a number of important considerations were involved in the choice of suggestion. These included, finding an appropriate set of behaviours practical for adoption in the researched business and perhaps in other similar businesses in similar contexts. However it did exclude some extreme forms of leadership based around trait theories such as 'charismatic leadership'. It has been contended some aspects of this are difficult to teach (Chowdhury, 2003). It was also important that these behaviours addressed the company's needs based on the data collected (Fiedler, 1967). The results from the research illustrate employees have differing perspectives and these perspectives are shaped in a number of ways. This thesis specifically looks at the shaping of perspective by the inter-personal relationship between employee and the business leader. To achieve an improved leader's perception, the



literature suggests leadership behaviour needs to be encouraging. It should encompass an awareness of ego states when relating to the employees and communication should be frequent (Peters & Austin, 1985). In addition, a positive stroke economy should be encouraged, 'game play' should be avoided and encourage adult-adult transactions. Alternatively a consideration of the employee perspective if other transactional states such as nurturing parent>child are intended in order to ensure the correct receptive state (Wilder & Roger, 1980; Stewart & Joines, 1987).

This data suggests there is not the same level of relationship between all employees. Therefore, in providing an improvement route to leadership perception, within a retail SME in Edinburgh, the business principal should consider the adoption of a flexible approach based on the individual employee.

Data from the CIT questionnaire indicates the possibility of crossed transactions, where the principal is perhaps in the 'adult' ego state but this is perceived by the employee as 'critical parent'. This thesis argues that if a strong bond of understanding exists between the business leader and employee then this may help shape the employee's perspective, thereby creating a more positive perception.

'Trust' figures highly in aspects of leadership (as outlined in Chapter 2.0:§2.6.1).

Trust is also a major component in authentic management and this type of leadership offers opportunities for increased self-awareness (Gardner et al., 2005).

Heightened self-awareness allows for leaders to reflect more deeply on their roles (Burke & Cooper, 2008). If there exists a high degree of trust and self-awareness then there is less potential for crossed transactions as there is an atmosphere of frank and honest discussion (Reece & Brandt, 2003). The literature on 'authentic leadership' is vague on how this style of leadership can be achieved, especially

within an SME (Fairholm, 1998). It could be construed that 'Management by Walking Around' is connected to authentic management and perhaps this could support closer communication (Peters & Waterman, 1982). Assuming some form of authenticity is considered to improve the leader's perspective held by the employees, it may only be part of the answer.

The concept of 'authentic leadership' is about self-awareness; the leaders own personal experiences, emotions, needs, wants, beliefs; but does not specifically involve consideration of employees (Gardner et al., 2005). However the leadership literature suggests an awareness of employee context can be important and the literature in motivation suggests an understanding of employee needs can be important. In this sense LMX theory may prove useful (Northouse, 2007). The exchange mechanism, especially high quality exchanges, builds relationships through trust, support and respect. This is contained within the specific suggestions and shares components with authentic leadership (Graen, 2003; Schriesheim, 1999). Judgement of the exchange quality can have at least two perspectives, from the employee and from the employer (Graen, 2004). This thesis focuses on the quality of exchange from the employee's perspective arguing it is the leader's role to create the environment for maximum reciprocal return. It would appear a proportion of LMX literature attempts at measuring the exchange mechanism using reductionist methods rather than taking a more holistic approach. Both 'authentic leadership' and LMX style of leadership offered promise to the researched organisation. However, each has potential shortcomings. These could limit their effectiveness based on the company needs as defined by this specific area of research. The researcher has tried to mend the breach by proposing a second hypothesis on probation, Authentic-LMX.

### ***5.5. Authentic-LMX – forming a second ‘hypothesis on probation’.***

The literature research found no single ‘ideal’ leadership style considered suitable to achieve the objectives of this thesis. There is much overlap within leadership theories (Goodwin, 2006;Rausch, 2008). This led to a search for a combination of styles, or more specifically behaviours, in order to bring a suggestion for the defined objective of increasing positive employee perception between the employees and business leader within the researched organisation. It is accepted organisational needs may differ over time and therefore applicable leadership behaviours should be sought depending on the circumstances. An impression of leadership behaviours to fulfil this thesis’ objectives is highlighted from the data outcomes. Leadership should include a combination of positive transactions with a high degree of self-awareness on how the dyadic transactions could be perceived by the employees. Further reference was made to the literature review in order to find a potential description helpful to fulfil the organisational needs as a result of this research. Various leadership styles or definitions seemed to miss out important aspects of positive perception. For example, according to Yukl (1999), Transformational Leadership revolves around the core behaviours of work meaning, developing, and empowerment. Whilst these may be important and worthwhile considerations, they do not specifically focus on individual inter-personal trust. Yukl also suggests ‘trust’ in Transformational leadership is at the group level involving objectives and strategy. Transformational leadership does not appear to focus on reciprocal influence. Charismatic leadership can include the leader’s positive perception but this style is often dismissed due to the practical difficulties of training for charisma (Dixon, 2005). This thesis searched for an alternative direction, one focussing on ‘trust’, a key

element identified in a number of leadership approaches. 'Authentic' leadership was considered as a possible recommendation suitable for enhancing employee perception as this focuses on 'trust'. However, the various definitions of authentic leadership seem to make the assumption of a level of exchange between employees but do not imbue this important aspect with sufficient weight required to exclusively recommend this type of leadership. Especially as the importance of followership had been identified from the literature review (Chapter 2: §2.2.9.2).

LMX was then considered as an alternative solution. This leadership method focuses on individuals, however the exchanges between them is often hard to categorise. Graen & Uhl-Bein (1995), suggest as it can be applied across multi-domains and across many levels. 'Trust' between the leader and employee figures as a component in LMX literature (Scandura & Pellegrini, 2008; Kramer & Cook, 2004; Bass & Bass, 2008). While this thesis considers 'trust' as a major component of positive perception and individual relationships offered by LMX behaviours' important, there seems to be a missing element, in terms of clarity of direction. This prevents the adoption of LMX leadership as an exclusive suggestion to the researched organisation.

To fulfil the researched organisation's perceived improvement needs, a set of leadership behaviours, called by this thesis, 'Authentic Leader-Member Exchange' (Authentic-LMX) is recommended.

'Authentic Leader-Member Exchange' can be broadly defined as a form of leadership involving; a high degree of self-awareness, both by the leader and of the employee's context and a development of trust through authentic values. It also includes; mutual understanding, positive modelling, positive social exchanges, developing follower self-awareness, acting appropriately to match employee needs and to actively

communicate and encourage participation with all of the employees within the SME as a single 'in' group.

It could be argued this is either an extension of the definition of 'authentic leadership' or alternatively it is a domain of 'LMX leadership'.

The combination of data and the literature review offers the embryo of a second 'hypothesis on probation', which is the implementation of these leadership behaviours offers the potential to improve the leader's perception held by his employees.

### ***5.6. Authentic-LMX and Motivation.***

The concept of Authentic-LMX approach to leadership is an outcome of the research methodology employed in this thesis. It is argued the methods utilised support the identification of a number of the researched organisation's leadership needs, specifically those required to improve the leader's perception held by his employees.

The purpose of this chapter is to show a level of integration with motivational theories supporting the introduction of Authentic-LMX. In terms of job characteristics theory Authentic-LMX, as defined, could be viewed as promoting three of the five identified criteria; 'task significance, autonomy and feedback' (Hackman & Oldham, 1976). The leader, through increased communication, is able to discuss and explain the task importance. Increased trust should increase autonomy and genuine two-way feedback (Gardner et al., 2005). Authentic-LMX should also make the setting of goals easier as there is a greater bond of trust (Locke & Latham, 1990).

Porter and Lawler's (1968), Expectancy Theory indicates that motivation is mediated by employees' role perceptions. By adopting Authentic-LMX there is an opportunity to correct some role perceptions. These may be interfering with motivational

expectations. Authentic-LMX dovetails in the work environment with Learned Needs Theory. This theory posits that an individual's specific needs are acquired over time and are shaped by one's life experiences (McClelland, 1961). The proposed set of leadership behaviours allows for the two-way re-shaping of perspectives. It allows for at least two of McClelland's three potential needs to be achieved in the employee, the "need for achievement", when they can receive positive strokes and the "need for affiliation" where the employee can feel part of the 'in' group. This also has application to Alderfer's (1972) ERG theory, where positive stroking could address relatedness needs.

Authentic-LMX potentially could have a powerful influence on cognitive motivation as it may address the psychological perception with the business principal and his employees.

For example, successful implementation of Authentic-LMX could allow for open discussions regarding fairness. In an open arena, in where matters are discussed with trust, it should be possible to have sensible conversations about perceived inequity. According to Equity Theory, a perceived fair working environment should encourage motivation, or at least not encourage demotivation (Adams, 1965). The employee/principal contextual aspects of Authentic-LMX may also enhance intrinsic motivation as predicted by Cognitive Evaluation theory (CET). This theory advances the view that positive social-contextual events are reflected in intrinsic motivation (Ryan & Deci, 2000). If, as Linstead et al., (2009) suggest, motivation is socially constructed then the steps outlined in this thesis can be considered instrumental in potentially improving motivation. These ideas are designed to construct a reality around authenticity, listening, trust and perceived fairness.

The concept of Authentic-LMX is therefore supported by many aspects of motivational theories and fits with an objective of this thesis.

### ***5.7. Identification and discussion of the mechanics and actions that underpin Authentic-LMX within the researched organisation.***

Before outlining some specific recommendations it is important to stress these ideas are for leadership behaviours. The behaviours are not designed to reflect on the leader's personality (Blanchard, Zigarmi & Zigarmi, 2004). There is no criticism of the leader involved in the firm being researched.

This thesis has examined the potentially transferable symbolic nature of leadership Authentic-LMX. From this perspective ideas are generated to some specific recommendations for the business under research. These recommendations are based on the data outcomes and illustrate how Authentic-LMX may be applied in practice.

This thesis believes that recommendations should not be a simple list of 'do's or don'ts'. The application of each recommendation has to be the ultimate decision of the business leader. Therefore these recommendations are offered with some reflective questions. This is to encourage creative and thoughtful implementation. Careful questions lead to what people imagine and can determine what they achieve (Mitsch & American Society for Training and Development., 2002).

### ***5.8. Improvements in communication.***

Even if the principal feels his best course of leadership is employee delegation, it may be that not all employees are at the same position in the maturity cycle (Hersey

& Blanchard, 1982). Some may be at the delegating stage some may be at the 'telling' or 'selling' stage. The principal should review the individual employee's maturity stages to understand where they are in the cycle and behave in an acceptable manner. This thesis assumes 'needs' are individual. In an SME it should be possible to investigate the individual's stage development and use the most appropriate behaviours to suit. Authentic-LMX involves good communication. This thesis argues that an understanding of the employees' position in the maturity cycle enhances understanding and communication by the leader.

### ***5.8.1. Positive modelling***

A characteristic of Authentic-LMX is positive modelling. Positive modelling involves the leader behaving in a way which sets a good example for the employees (Wilson, 2010). In the business undergoing research the organisation's leader should consider how his actions could be perceived if he spends little face-to-face time with employees. How can he set an example if he is not seen? What actions could he do differently in order to highlight positive examples which can be viewed and hopefully emulated by his employees? The modelling needs to be congruent not just with the leader's personal values but also with those of the company to distinguish authenticity from charisma (Weierter, 1997).

### ***5.8.2. Positive social changes***

This thesis recommends a focus on more positive social exchanges (Berne, 1964). The existing 'strokes' by a leader may not be distributed evenly. The leader should consider how he can focus on positive strokes, especially reinforcing what he



considers to be good performance.

Within the researched organisation the DO results are indicative of a scarcity of positive strokes within the organisation. Many of the strokes observed were neutral or negative. It is accepted that in business, from time to time, the employee's direction may not be in alignment with organisational goals. Corrections may need to be made to employees' behaviour. However whilst there is a scarcity of strokes, and when the strokes are often negative, according to TA theory, this could give rise to increased game play if corrections are not properly handled. To overcome these potential difficulties, this thesis proposes the leader's behaviours be reviewed in order to develop and encourage a positive stroking culture. Application of Authentic-LMX within the researched organisation would involve looking for more complimentary stroking actions combined with stronger positive reinforcement methods (Skinner, 1969). Authentic-LMX requires the leader to consider how to give more genuine compliments. These should be on a regular basis for perhaps completed sales or sales techniques which may include relationship building (Manning, Reece & Ahearne, 2010). Can the leader consider how he can show inclusiveness to all of the employees in giving positive strokes? How can he ensure employees in remote branches do not feel left out?

### ***5.8.3. Developing follower self-awareness***

Authentic-LMX encourages increased self-awareness within the follower. "Followers' knowledge of their own values, identity, emotions and motives/goals are key to their self-awareness" (Burke & Cooper, 2006:96). The literature review suggests that followers are important as they may have tacit power. The leader needs to consider how to best develop or facilitate follower self-awareness. As outlined in the literature

review, this thesis contends you cannot force employee to think in a specific way. Perhaps the leader would consider it appropriate to bring in some external support to show other ways of thinking, such as a TA specialist? An understanding of TA could highlight various ego state conditions which can lead to a development of follower-awareness as well as a deepening of understanding between the leader and his employees (Wagner, 1981).

This thesis does not recommend that employees undergo self-analysis nor should employees' feel intimidated into revealing anything personal. However within an SME budgets for external consultants may be tight. Therefore this thesis recommends the leader to consider positive modelling. Learning from how the leader reacts to situations is a potential route to self-awareness (Gardner, 2005). However this depends on the employee being reflective enough to understand the process and the leader performing consistently. It may be possible for the leader to embark on coaching. Coaching by the manager/leader can improve motivation and deepen self-awareness (Evered, 1989) or alternatively executive coaching is another option (Boo, 2005). Therefore the leader is recommended to explore these avenues to developing self-awareness with his followers.

#### ***5.8.4 Improving trust***

An essence of Authentic-LMX is the building of trust. The results from the CIT questionnaire indicate when some employees receive a negative stroke, or perceive to have received a negative stroke, it leaves them in an "I'm ok, you're not ok" position. These incidents are persistent enough to be remembered. It could be argued this has developed a form of longitudinal view and the CIT examines some building blocks that are opinion-forming. This research shows that perception of

actions can hinder the employees perception of 'ok-ness'. From time to time employees' behaviour may need corrected or changed; however how this is undertaken can have a negative impact on the leader's perception. The leader should consider developing behaviours promoting a more positive "I'm ok, you're ok" positions. A method for consideration is to criticise the action not the person (Blanchard et al., 2004). By divorcing the action from the individual's personality, the principal is making a distinction between the *action* and the *employee*. Done correctly this can leave the employee with the perception of "I'm ok, you are ok". According to TA theory, the best inter-personal communication is achieved using the appropriate ego state (Clarkson, 1992b). Ideally this should also be received in the appropriate ego state. For example, a nurturing parent ego state by the principal may be perceived as patronising by the employee depending on the maturity cycle and employee's ego state. The leadership behaviours adopted should encourage a broad consensus of adult to adult relationships, or an acceptance of uncrossed relationships. These transactions would be recognised and understood to be in the mutual interest, in order build trust and avoid misperceptions emanating from crossed ego states or unsatisfactory life positions.

The literature review revealed 'trust' as an important component in the dyadic relationship. Trust has been defined in Chapter 2 (§2.6.1) as "... a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another" (Rousseau et al., 1998:395). The literature review suggests employees may have differing motivational needs. The leader should consider how to include the employees. The leader may wish to consider a discussion with all employees on their various motivations and trying to encompass those into the business model. It is likely employees' needs will require

suitable financial reward. In this case this thesis recommends the leader should employ a system which promotes a win-win or I'm ok, you're ok outcome. An example would be to remunerate employees on gross profit rather than a gross sales figure. This can have the benefit of the employees supporting the control of the variable costs. However to promote trust and work on a net profit basis a level of 'open book' accounting is recommended (Schuster, Carpenter & Kane, 1996; Butterfield, Bingham, Savory & Bingham, 2006). Would the leader consider other open-book business ideas? These may include employee participation in the development of a sales or product strategy.

For an open-book accounting strategy to succeed employees should be coached in the impact of discounts and product margins on the gross profit. The way figures are derived and agreed needs to be beyond reproach. However the leader should not expect overnight success. Authentic-LMX involves trust, however trust has to be earned, it is a continuous process and can be fragile (Huxham & Vangen, 2005).

### ***5.9. Challenges of Authentic-LMX.***

Authentic-LMX is a combination of Authentic Leadership with Leader-Member Exchange, in effect, a way of 'how to be' combined with a way 'how to achieve'. As with either of these two leadership behaviours there will be arguments over the detail of definition. The use of a broad connotation definition has several limitations (Hospers, 1990). A broad definition may not be possible to measure. Definitions can be limited as they can be interpreted in different ways, especially if the reader does not share the same word meanings or understanding. However, if the definition is narrow and prescriptive it could well be harder for the individual business to adopt and make their own.

It could also be argued that by defining a set of leadership behaviours the researcher falls into the category of self-serving (Yukl, 2006). However, even if the definition of Authentic-LMX is relatively broad, not full-range and un-prescriptive, the emphasis and direction is clear. It is symbolic and it should be possible to see the impact on the business by employing the same methodology and methods in this thesis to understand the dyadic relationship at some future date.

This thesis offers explanations, and a potential improvement, to practice based on a specific company. By using the same methodology alternative outcomes may appear in other companies. This, in turn, will demand differing recommendations. It is not meant to be prescriptive for all SMEs in all circumstances. The aim of proposing this set of leadership behaviours for a small, or micro, business is to give a framework for improving the leader's perspective held by his employees. It is accepted that in larger organisations some communication aspects, including the ability to involve all employees, may prove challenging; however it could be useful for smaller discrete business units. It might be that the Pareto rule applies; no matter how hard the leader tries to be inclusive, due to various factors (for example, the negative drivers within the employees' life-script or other human causal relationship factors), it may not simply be possible to have an all-inclusive 'in' group 100% of the time. However, should the leader be able to encompass all the employees within the exchange relationship there is the possibility of positive results (Daft & Lane, 2002). Another potential problem of stipulating a set of leadership behaviours is whether this can be implemented within the organisation. Karnes (2009), claims social skills and empathy are undertrained in organisations and the resources might not be available for such training. Therefore the success of this suggestion will be dependent on the leader's ability to increase their own self-awareness, motivation and commitment to learn,

change and fit those changes into the company's belief system. The organisation and individuals involved will require resources and support to make the necessary changes.

### ***5.9.1. The second 'hypothesis on probation'***

The retroductive analysis from the initial 'hypothesis on probation' concluded that TA was able to illuminate the perception of the leader held by his employees. This led to a re-examination of the literature and the data results. The conclusions and discussion from the data highlight a number of surprising issues around contact and communication. The literature review highlighted recommendations from theory. By combining the data results from the first 'hypothesis on probation' with the literature review lead this thesis to propose a second 'hypothesis on probation'. This second 'hypothesis on probation' is the implementation of new leader behaviours called Authentic-LMX (Chapter 5:§5.5) combined with specific recommendations (Chapter 5: §5.8.- §5.8.3. inclusive) will achieve this thesis aim.

### ***5.9.2. Conclusion to the recommendations.***

A second 'hypothesis on probation' has evolved during this chapter. It has combined the data analysis with the results of the critical literature research. An emergent conclusion is that the methodology employed in this case study has illuminated some leadership actions that need to change or be reviewed in order to achieve the thesis aim. These recommendations have been illuminated by the symbolic nature of Authentic-LMX. Recommendations in leadership behaviours include: setting a positive role model, increased inter-personal communication with positive stroking.

This thesis recommends the consideration of employee coaching and the leader investing in a deeper understanding of each employee's needs. The leader should consider opportunities for increasing trust such as paying on gross profit using a level of open book accounting.

Assuming the researched organisation wishes to fulfil the thesis aim, the research data analysis has identified a list of potential needs. The critical literature research leads this thesis to the possible expectation that a set of symbolic behaviours combining 'authentic leadership' with 'LMX' leadership could, in some way, support recommended actions towards fulfilling those needs. This thesis calls this set of behaviours 'Authentic-LMX'. It is not a prescriptive solution for all SME businesses. Specific methods to deploy this behaviour set within this, or any other, organisation will vary depending on the company's ontological interpretation. The methodological combination of TA triangulation plus literature research can possibly be employed in differing circumstances and have alternative recommended outcomes. This is not a 'one size fits all' solution, but a potential route to future research.

***6.0. Drawing the thesis to a conclusion.***

In reaching a conclusion the researcher reflects on the use of abduction within this research and on thesis quality. The conclusion also examines how well this thesis achieves its aim and objectives. This chapter outlines the outcomes for the researched organisation and the potential for contribution to academia and practice.

***6.1. The use of abduction***

The inference used in this thesis has been abduction (Chapter 3: §3.1.6). The first assumption derived from the literature review. This initial 'hypothesis on probation' suggested that TA could be used as method for supporting an understanding of the employees' perception of their leader. This was retroductively analysed and the researcher concluded that a further hypothesis on probation could be refined from the data analysis combined with the literature review. This provided a second 'hypothesis on probation'. This second 'hypothesis on probation' is the thesis conclusion, which is the implementation of the behaviours and commensurate actions of Authentic-LMX to improve the perspective of the leader held by his employees.

***6.2. Reflection on the thesis quality.***

Quality in qualitative research may be sought using terms as 'Trustworthy' and 'Transferability' (Thomas, Nelson & Silverman, 2011). 'Trustworthiness' can be construed in the question of whether the research was conducted competently and



ethically (Thomas et al., 2011). This thesis argues that the results are credible as; the philosophical approach has been commensurate and consistent throughout, and has operated within the University's ethical code. 'Transferability' can be defined as whether the methodology can be usefully applied in other settings; this is a matter of argument (Thomas et al., 2011). The researcher, having considerable experience in SMEs advances the view that there are many businesses in which this methodology can be employed. The methods of research can be used in the same speciality sector (hi-fi retail stores), the same business sector (SMEs in Edinburgh) or in the wider field of SMEs in different locations. Alternatively it may be considered suitable for small discrete business units. The method of analysis, TA, is used throughout many countries in the world and offers the advantage of interpretations. These can be adapted to suit specific cultural norms (Clarkson, 1992b).

Other forms of quality indicators included credibility and dependability (Lincoln & Guba, 1985). Peer review, can be considered a measure of credibility (Lincoln & Guba, 1985). This thesis has undergone a level of peer review by the researcher's supervisors and supports the argument for credibility. Dependability is supported by triangulation (Lincoln & Guba, 1985). In this thesis triangulation was achieved using two forms of data analysis. In addition, a clear audit trail has been included. The combination of peer review, data triangulation and a transparent audit trail shows a level of confidence in the credibility and dependability of this thesis.

Another method of assessing the quality of this thesis, and its potential for a contribution to practice, is to examine it in the light of the TAPUPAS framework (Pawson, 2003). TAPUPAS is an acronym for Transparency, Accuracy, Purposivity, Utility, Propriety, Accessibility and Specifically.

Is the work 'transparent'? Transparency involves making the clear the methods, the

thought processes and the considerations in order to increase its ability be replicated (Flick, 2007). This thesis provides clear details on those thought processes. The methodology, method and data are also included. This gives transparency.

Is it 'accurate'? The researcher is confident that the information supplied is accurate. The raw data is supplied and it is possible for other academics to determine the accuracy of the analysis and conclusions from the data.

How fit for 'purpose' is the work? This thesis has employed a range of academic methods. These have been used in the world of business and have explanatory power. This thesis argues that the outcome from this research will have practical applications and it is therefore fit for purpose.

In terms of 'utility', there is no reason, except by objection of philosophy, why the same methodology and methods cannot be used in similar circumstances given the same freedom of access. The research was constrained within the university's code of practice and received permission from all participants, thereby fitting the criteria for 'propriety'. The work is written in a style comprehensible by academics and having accessible outcomes to practitioners.

'Specificity' according to Evans, Hardy & Shaw (2010) involves being aware of the strengths and weaknesses of knowledge claims or using appropriate criteria for specific paradigm. The conclusions reached were drawn conservatively from the literature research and the data collected. As part of this DBA project, a taught module was undertaken (and an assessment passed) in 2009. This involved the ability to critically analyse academic papers. Theories in this thesis have been critically analysed using this knowledge. Evans et al (2010), make the point that research skills should be supplemented by judgement and reflection. Reflection has been used during the formation of this thesis. One example of reflective evidence is

the pilot's methodological extension utilised within this research by using other data collection methods (i.e. direct and snapshot observation) from the exclusive use of CIT.

### ***6.3. Achieving the thesis aim and objectives.***

The aim of this research was to identify recommendations for leadership behaviours to improve the perspective of the leader held by his employees. The objectives included a critical literature review of leadership, motivation and the dynamics of the dyadic relationship between a leader and his employees. Another objective was to collect and analysis data pertinent to the thesis aim. This thesis sought to use the combination of data and literature research to explore the leader's perspective held by his employees.

#### ***6.3.1. Achieving the thesis aim.***

This research was undertaken in two branches of a retail SME in Edinburgh between January to September 2011. The original pilot for the thesis had showed a high proportion of underlying negative transactions between the business leader and employees. The research results revealed a more balanced outcome between the transactions but with still a significant proportion of negative transactions. The business principal's negative transactions from the CIT suggests his employees are perceiving these transactions as 'I'm ok, you're not ok' (i.e. the business leader is 'not ok'). It became clear after carrying out the Direct Observation and the Snapshot Observations than the level of overall transactions between the business principal and his employees was slight during the period of observation. This surprised the

researcher and was an unexpected outcome. In addition, whenever there was a transaction between the leader and employee it was often perceived as a 'negative stroke' that gave rise to a 'you're not ok' reaction to the leader. This psychologically distances the leader from the follower and does not promote a positive leader perception.

It is accepted that abductive reasoning may provide fallible explanations. However, commensurate with the researcher's paradigm, this thesis contends that its aim, which was to identify recommendations for leadership behaviours to improve the leader's perspective held by his employees, has been achieved in a manner that can provide practical and constructive support for business.

#### ***6.4. Contributions to practice.***

This thesis offers two powerful contributions to practice; specifically and generally. Specifically, the thesis makes proposals for the researched business to consider an alternative leadership paradigm. This paradigm should explore ways of encouraging a more positive stroking economy within the organisation. This thesis has proposed a potential solution that includes a set of symbolic leadership behaviours. These behaviours are a combination of Authentic Leadership, containing attributes of authenticity; authentic self-awareness; the leaders own personal experiences, emotions, needs, wants and beliefs and Leader-Member Exchange, a focus on the exchange relationship (in TA terms, the 'transactions'). This thesis argues that such an approach would support an improved perception of the business leader held by his employees, thereby making a specific contribution to practice.

In addition, a general contribution to practice can be achieved through a contribution to academia and to the wider business community.

### ***6.5. Contributions to academia and beyond.***

This thesis contends that it contributes to academia by the combination of an effective research process with the knowledge distribution of this process through an academic route. This contribution to academia is achieved through the research process of 'transferability' (Lincoln & Guba, 1985). A thesis objective is to find suggestions for improving the leader's perception held by his employees through an examination employees' perspective in a retail SME in Edinburgh. There may be other similar businesses suitable for research using the same methodology and may discover these processes through an academic route. The use of academic process is a cornerstone in the direction of this thesis and in the results it has obtained; specifically the use of a qualitative case study, abduction, literature review, data collection using CIT, Observation (direct and snapshot) and triangulation analysis using TA. This thesis contends this methodology can be transferred to other similar businesses and can produce suggestions for researchers, consultants and other business leaders.

### ***6.6. Research Limitations.***

Many methodological, method and ethical limitations have already been addressed in this thesis.

Researchers who have a different philosophical approach may see qualitative research as limited, as they may have different paradigmic assumptions of validity and reliability (Marschan-Piekkari & Welch, 2004). However this thesis makes an attempt to explain the relationship between the leader and his employees and offer suggestions based on a pragmatic critical realist philosophical approach and a

pragmatic axiology. This thesis does not supply the traditional positivist with concepts of 'validity' and 'reliability' but has replaced these notions with authenticity, transparency and explanation (Guba & Lincoln, 1989; Miles & Huberman, 1984). Abductive reasoning used in this thesis could be construed as a limitation; however, this thesis argues this type of reasoning is positive attribute as it has explanatory power. An explanation is not a simple description, but offers a solution to a 'why?' question. Explanations are expressed in terms of 'something else'. The original pilot for this thesis suggested that the CIT questionnaire would prove productive; however TA theory suggested that by adding other methods of diagnosis a more informed and rounded view would be gained. The outcome shows this thinking to be correct. However, Transactional Analyst practitioners will note the absence of diagnosis in the 'historical' and 'phenomenological' domains. Although intrusive these would give deeper insights to the employee's life-scripts. Despite the unfettered access that has made this research possible, it was not thought to be within the ethical boundary to ask employees for a deep and personal analysis involved in the historical and phenomenological domains. A possible perceived limitation is the single case study, however this was not about quantity of data but about quality and the ability to analyse the data and to yield a meaningful outcome. Despite many days of observation, the data actually produced an outcome that was not obvious during its collection. However, this outcome became evident in subsequent reflection and analysis.

However a practical, but probably necessary, limitation was uncovered during the CI questionnaire. The positive and negative CIT responses could not be located to any specific branch due to the CI questionnaire anonymity. The results from the pilot contained some negative comments. The pilot branch was located geographically

distant from both branches that were the subjects of this research and from the business principal's normal office. It would have been interesting to know whether the negative comments from the critical incidents in the main study came principally from a branch where the principal is not normally based. If the percentage of negative comments came from a branch from where the principal did not normally operate, this information may have offered additional insight and could potentially have strengthened the case for an inclusive leadership set of behaviours.

### ***6.7. Further research.***

This research was a single firm study. It was not designed to provide the sums of average or comparison, but to look specifically for revelatory information.

An outcome from this study is a second emergent 'hypothesis on probation' (Chapter 5: §5.9.1.) and this should be subject to a retroductive step. This step involves further research including implementation of the recommendations and consequent results analysis. After an elapse of time, the expectation would be that there should be fewer crossed transactions, a more positive stroking environment and ultimately more motivated employees. An iterative research programme may uncover key actions enabling an improved leader perception in this type of environment. This may provide an even higher transferable contribution to practice. In response to this retroductive analysis further refinement may be required.

Other research may look at ways that the leader may increase self-awareness in the follower to encourage reflexive and positive transactions. For example, is symbolic leadership sufficient for a level of reciprocity? Does it always have to be broken down into component pieces to be measured or for training?

It may be that future research using alternative methods may uncover additional

factors in understanding and explaining the leader's perspectives held by his employees.



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Prepared using Endnote x2

## Appendices

### Appendix 1 Panel of Experts

This panel consists of Dr Sandra Watson, Head of School, Management and Law, Dr Jackie Brodie, Entrepreneurship Research Fellow/Lecturer (Centre for Entrepreneurship) School of Management and Law and Stephen Robertson, lecturer in Management and Law.

### Appendix 2 Blake and Mouton's Managerial Grid

Fig 1

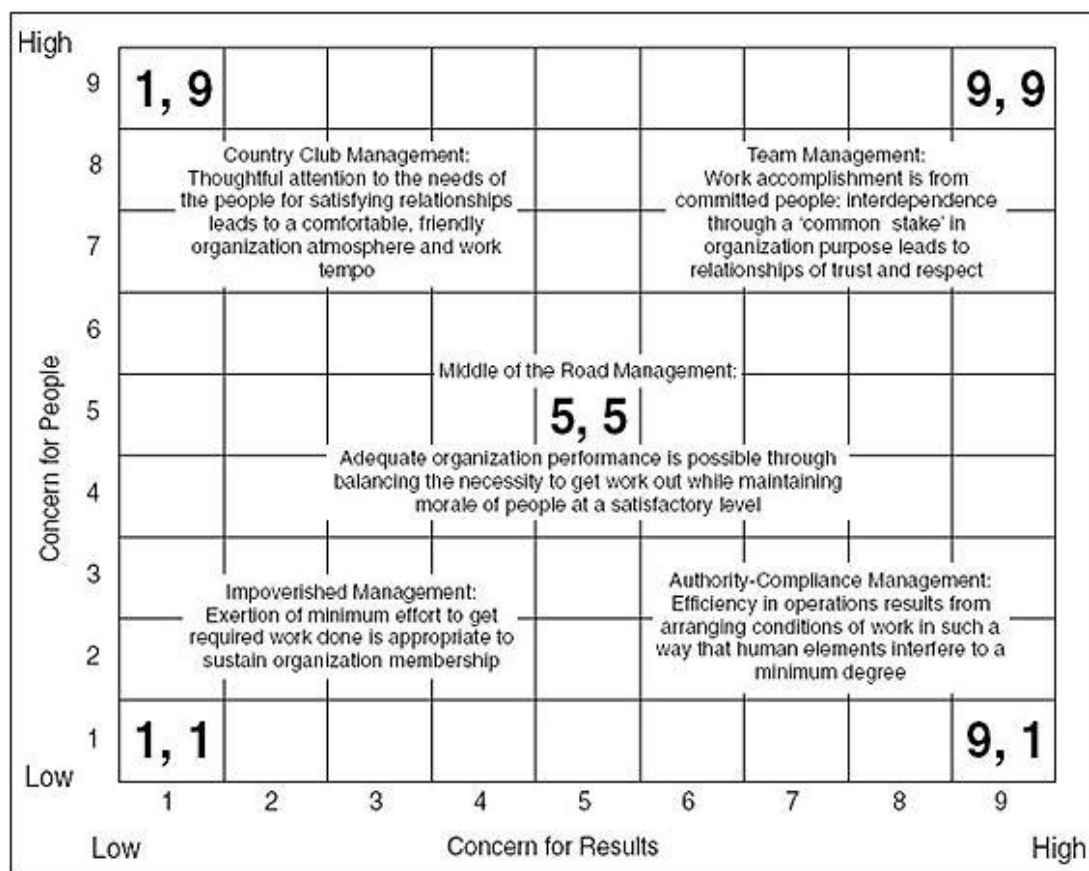
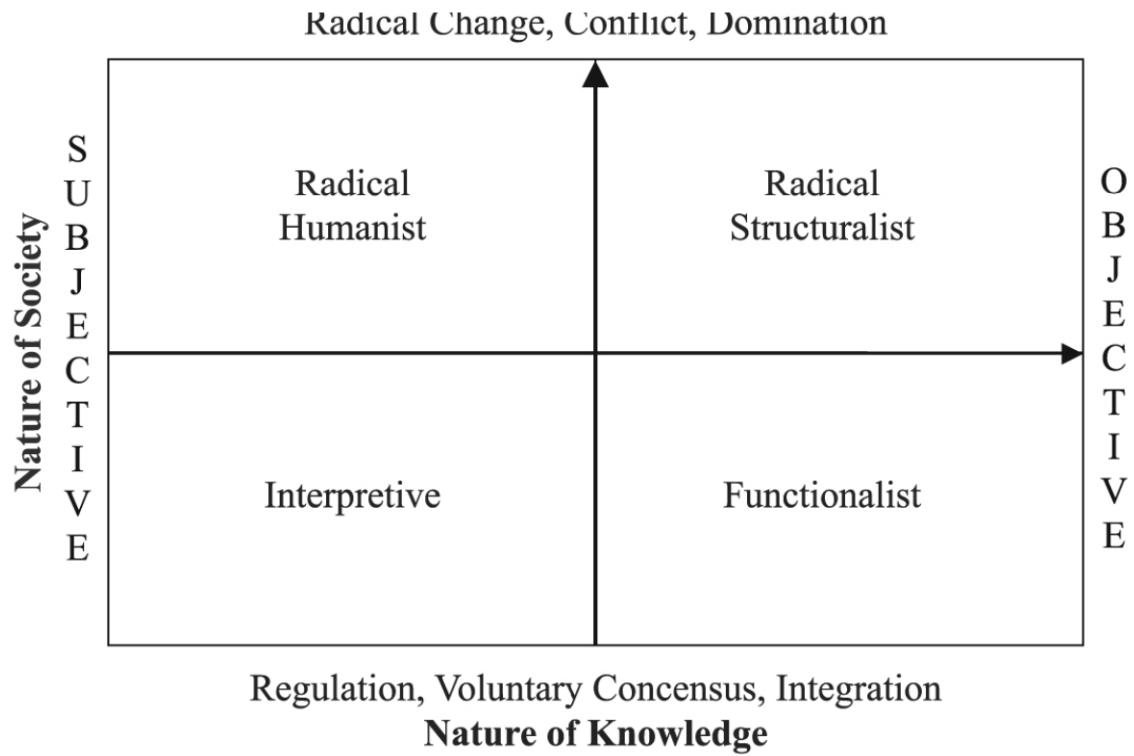


Fig1.- The dimensions of leadership style- Blake and Mouton 1964 reproduced from the Open University 'Open Learn' Website.(2009, Web Page:<http://openlearn.open.ac.uk/file.php/formats/print.htm>\accesssed 25th August 2009)

### Appendix 3 Burrell and Morgan's four paradigms

Burrell and Morgan's four paradigms, reproduced from Emerald Insight 2003 website (web page <http://www.emeraldinsight.com/fig/0060300604003.png/> accessed 19/Oct/2009)



## Appendix 4 Data from CIT questionnaire

These are the transcripts from the CIT online data collected anonymously. Names have been added for ease of understanding in the analysis.

### Alexander

**Alexander1/** my manager at the time was having a phone conversation with the naim rep while i was in earshot, the rep must have asked about me as i heard my manager say something along the lines of 'xxxxxxx just sells tvs and the like, im the one that sells the hifi equipment'. which made me feel undervalued, unappreciated and unrespected, especially as at the time i had sold more naim equipment than everyone else in the company combined. i lost what respect i had left for this individual at that point.

**Alexander2/** not long after starting with hifi corner i was asked by a senior figure to demonstrate and close a sale of a £4000 cinema system. to be given that responsibility at that point gave me confidence and made me feel like a trusted member of the team.

**Alexander3/** when demonstrating a home cinema system for a potential customer, my manager at the time told me to try swapping the av amp out for a more expensive one, i was dubious at the time as the customer said he was already at the upper limit of his budget, i trusted the managers judgement in this and the customer was impressed enough by the better system that he bought the more expensive one. it gave me added respect for that person and allowed me to trust their judgement more, also gave me confidence in my own abilities to up-sell to a potential customer.

**Alexander4/** when I first started I was moved about from branch to branch, not giving me the time to develop any relationship with customers. i was not able to improve my sales and this made me feel unvalued.

## Bruce

**Bruce1/** When I asked for my hours to be reduced; I was granted this wish without question and made to feel valued as a member of staff.

**Bruce2/** Whenever I ask for holidays, the request is always granted (after what I'm sure is a light hearted quip about always being on holiday).

**Bruce3/** I'm always given time off to go to the doctor or dentist and this is much appreciated. However...

**Bruce4/** Sometimes when I ask questions about the POS system or other work related matters, I get the impression that I'm wasting time that could be devoted to the important part of the business - making sales.

## Culen

**Culen1/** On one occasion I was working as a salesman on the shopfloor, one of the company directors entered the shop and asked me who's music was playing through the system, when I confirmed the music was my choice I was reprimanded for playing music not deemed to be "hi-fi" enough to play in the shop. This did not affect me. Afterwards the manager found out about this interaction and was very upset that he had been bypassed in the chain of command and felt that he should be responsible for music choices in store and therefore the director should have approached him in the first place rather than approach staff directly.

**Culen2/** After burning myself with boiling water trying to stop a sink from overflowing, one of the owners (also first aid expert) was very good at reassuring me although I felt quite stupid for nearly destroying one of my hands for the sake of a water spillage.

**Culen3/** I was asked to help with the advertising one day and told I was going to have a meeting with the senior management, however I felt they were not listening to my concerns about water leakage into the building and they should be focussing on that as it was a potential health hazard. When I told them this they did something about it

## David

**David1/** I have been asking for training for some time and only received basic conversations. I feel stuck and dont know how to progress in the company, when I asked about this I was promised a review. That was sometime ago and I'm still waiting.

**David2/** I was asked to organise the window display at Christmas which I did, however the manager suddenly changed everything at the last minute. I felt I had wasted my time and the equipment put into the window did not sell as he had expected.

**David3/** I have been with the company for some time but the manager still asks me to make coffee and talks to me like a junior. I think perhaps he should make the coffee for me just once.

**David4/** I am normally one of the top sales people so I was pleased when I was thanked for being top in the month. I was given a bottle of whisky for my efforts, I know I am paid to sell, but this was a good pat on the back and I liked it.

## Edgar

Edgar1/ one of my fellow workers does not keep good time so I got annoyed one day when I was slightly late and a comment was made to me by my manager. It was said like a joke but others get away being late and I'm normally a good timekeeper. I didn't find this funny.

Edgar2/ one day I was to give a customer a breakdown of the costs of an installation, it was a complicated invoice. I was given little notice to prepare and I got stressed and made a mistake, I was made to feel bad because it was discovered afterwards that I had made a mistake in the addition which cost the company some money

Edgar3/ despite being with the company for years I was suddenly asked one day to start accounting for my time when out on installations, this has not been done before or with other members of staff, I don't know why this is the case and I'm not happy about it

Edgar4/ I sometimes have to go out and deliver equipment and this can run over. We don't get paid overtime. One day I was working late when I got a phone call from the manager asking why I wasn't somewhere else, I didn't like the tone as if I was wasting my time, I just wondered why I bother



## Kenneth

**Kenneth1/** I remember when I was first asked to go out with a rep and the manager. I thought this was great as I was going to get to hear news about new products and this is normally only something the manager does

**Kenneth2/** one day I casually suggested we repaint part of the shop when we were quiet. I was really surprised when my manager said, yes, lets do it and went out and bought the paint. It was good to know why suggestions were being taken seriously

**Kenneth3/** I got into conversation about our pos holders and posters and said I reckon I could do a better job. The manager asked me to design some which I did and they are being used in the shop. Its great to get some different jobs to do.

**Kenneth4/** I had some cd stolen by a customer which really annoyed me. I was told that I should have looked after them better, this did not make me feel any better. I had brought them in to increase the choice of music in the shop, if they weren't going to be replaced they should have at least shown some sympathy.

## **Appendix 5 Data from the Direct Observation**

### **Stroke economy and game play.**

Direct Observation Field notes- names changed to protect anonymity.

#### **DO- Field note transcript – 28/01/2011 – Branch A**

##### **Stroke economy-**

During the day the strokes seems to be balanced- i.e. morning pleasantries were exchanged and appeared to be genuinely reciprocated. There were few, if any positive or negative strokes issued in either direction during the rest of the day, with each member of staff being busy and getting on with their own work.

**Game play-** there was no evidence of game play. Everyone was kept busy with tasks that they had undertaken themselves and conversations all seemed to be straightforward requests for information about product detail (order, delivery times or technical specification).

#### **DO – Field transcript – 2/02/2011 – Branch A**

**Stroke economy** – Morning pleasantries mutually exchanged. Straight forward exchanges of information during the day. However little praise, especially as a big sale had been made by Boyd during the day.

**Game play-** Boyd made a comment about difficult his sale was, it required technical detailed product knowledge; the Principal's response was a warm smile.

#### **DO Field transcript – 4/02/2011 Branch A**

**Stroke economy-** Principal arrived late, noted that Alban and Blane received a warm good morning but Clyde did not. During the morning Donnan phoned from Branch B, the Principal said "Hi how are, I need info on...". Principal did not give Donnan anytime to answer. Sale made by Ewan was given positive stroke by Principal, this was accepted by the member of staff who thanked the Principal. However Alban also made a reasonable sale and no comment was made. Alban said "hey that's wasn't bad" to the staff, which was eventually picked up by the Principal who then complimented him on the sale. Principal spent most of day in office, only coming out to see customers.

**Game Play-** At the end of the Day, the Manager of Branch B telephoned. He was pointing out that he was in on his day off to complete a piece of work. The Principal commented to the researcher that Gordon often does that "phones for no good purpose to show me that he's working".

### **DO Field Transcript- 7/02/2011 Branch A – AM only**

**Stroke economy-** Principal's body language showed signs of disinterest in morning hellos. i.e. no eye-to eye contact, no smiles, routine hello without waiting for response. Principal was not well, and stayed in office for morning, did not interact with staff members. Field trip terminated early.

### **DO Field Transcript- 8/02/2011 Branch A – PM only**

**Stroke economy-** when the Principal arrived at the store the two employees looked up and said "hello", however as soon as they received their return "hello", both of their eyes very quickly returned to the computer screen and nothing else was said. In the evenings only quick "goodbyes" were exchanged with short smiles.

**Game play-** the Principal spent most of his time in the office and there was little interaction.

### **DO Field Transcript- 9/02/2011 Branch A –**

**Stroke economy-** arrival at store, Principal made broad smiles returned with short smiles and little eye contact. During the day Principal came out three times to help with customers.

**Game play-** Principal has to speak to Malcolm about a problem with an installation which he was in charge of. Principal appeared to speak rationally and explained he wanted problem resolved. However Malcolm suggested problem was at other branch as they hadn't put the correct equipment aside. Principal explained it was his responsibility to check this before leaving the branch. Malcolm's body language looked defensive, and he was shaking his head in what appeared to disagreement when listening to Principal.

### **DO Field transcript 10/02/2011 Branch B- PM only**

**Stroke economy-** Principal stayed in the office for much of the time. Came out to discuss why something was in stock but not on display. James said confidently that as it was the only one they would bring it out if someone asked to see it. Principal asked if this was sensible as how would anyone know we had it if it wasn't there? James said it had never been a problem before- Body language suggests negative stroke to staff, perhaps the sarcastic tone given back to Principal may mean reciprocated.

Game play- none noticed

### **DO field Notes 14/02/2011 Branch B – AM only**

**Stroke economy-** balanced but short strokes in morning exchanges. All other exchanges during the morning equal.

**Game play-** Principal asked William about demonstration room, when was it ready for use, using the expression “it’s been a long time since the ceiling was fixed, why is it not ready?” William answered that he was waiting on him to give budget approval. (two negative strokes). Principal retreated to office then left for other branch.

### **DO Field notes 15/2/2011 Branch A – AM**

**Stroke economy-** Principal arrived late, so only exchanged pleasantries with members of staff near the door and not in stockroom. When they came upstairs he was in office. During the day various questions were asked of each other but these were pleasant and straight forward.

**Game play-** During day Gavin from branch B phoned wanted holiday before end of financial year. Principal annoyed as there was no time left for holidays and doesn’t want to pay for overtime, he expressed the view to staff member that he should have managed his holidays better. Potential game play in trying to get cash rather than time off

### **DO Field Notes 01/03/2011 – Branch B- PM**

**Stroke economy-** Principal in office for most of afternoon, pleasant exchanges with staff for odd queries relating to sales.

**Game play-** no obvious game play.

### **DO Field Notes 2/03/2011 – Branch A – AM**

**Stroke economy-** Pleasant exchanges, two “well done’s” from Principal to sales people on closing sales.

**Game play-** PRINCIPAL on phone asking Gavin from Branch B how sales were, branch B suggest they are likely to struggle if he is unable to get holiday cover for someone wanting to go on holiday, if they need to leave branch with one person in it.

### **DO Field Notes 7/03/2100 – Branch B**

Stroke economy – Straight forward welcome exchanges

Game Play- none experienced as the Principal went into the office and did not appear except to good night to staff.

## **Appendix 6      Vignette 1- A working day in the life**

### **A working day in the life of the business principal - 25th August 2011**

The business principal arrives at 9.20pm. The store opens at 9.30am. As he enters the store he says 'hello' to the staff who are already in position at the counter. A member of staff replies "fine", but the manager does not obviously acknowledge him, either by voice or by his body language as he walks directly into his office.

The principal goes onto the computer. He checks his emails; then phones the store manager in Falkirk branch and asks him to email over a list of sale items for the website. He then makes a telephone call to a manufacturer and asks about product stock availability and spends thirty minutes in discussion and in price negotiation with the supplier. He is attempting to acquire a piece of equipment for loan, however the manufacturer only has two pieces and does not wish to have one as 'ex-display'. The negotiation continues to the point where he manages to get a purchase price on which the manufacturer is happy to settle. The business principal is also happy as he is increasing his profit margin by 20%. The business principal spends the rest of the morning updating the internet website interrupted by the occasional customer query. The store has a warning bell and cctv. The principal glances at the screen to see when he needs to go onto the shop floor. At 11.24am he leaves the office and goes onto the shop floor and speaks to a customer about a wireless home system. At 12.11 he leaves the store to pick up loudspeakers for demonstration in the afternoon. On leaving the store, he says to a member of staff "I'm going to pick up speakers will be back soon". The staff member glances up from the computer screen and nods. The business principal returns at 12.44. As he enters the store a member of staff asks him to ring the other store manager who wants some advice on a product

problem. He gives a nod of acknowledgment. He then goes into the office and calls the other store manager. The Falkirk store manager answers the call with the standard greeting which includes his name. The principal in turn gives his name on the phone to the store manager and goes straight into the product problem without preamble.

The business principal leaves the store and picks up some sandwiches for lunch, he returns shortly thereafter. At 13.54, the principal goes onto the shop floor and speaks to a customer. He arranges a refund on a cd player. The customer leaves the store and the business principal says to the nearest member of staff, "I normally do everything possible to keep customers happy, but that is his second CD player. The first one he says was faulty; it wasn't, so I told him I would replace it. This one was sealed from the manufacturer; the serial number on the box doesn't match the serial number of the unit, so he wanted a refund. Every item he's bought from us he's found a reason to return. We won't be selling anything again to him. When he comes in next time let me speak to him". His tone is annoyed, serious but with a hint of incredulity concerning the customer's behaviour. The staff member looks on without comment. The principal returns to the computer in his office.

The leader re-enters the shop-floor at 14.05 and chats to a regular customer and then speaks to another customer after that at 14.30. At 15.00 he returns to the office and remains there, working on projections, eBay sales, updating the website and answering emails. He leaves when the store closes saying "Goodbye, see you tomorrow" to the staff. He is looking at the staff when saying his 'good-byes' One member of staff gives a quick "see you in the morning" reply, the other simply says "bye", both are looking at the principal as leaves.

## **Appendix 7      Vignette 2–Another working day in the life**

### **Another day in the life of the business principal- 26th September 2011**

The business principal arrives at the office at 9.25am. He says “morning” to staff and asks if they had “a good weekend?” He makes only a brief casual glance at the two staff members who are standing behind the counter. One member of staff replies “Yes, thanks” to which he replies “Good”, however, he continues to walk into his office and doesn’t hear, or acknowledge, the slightly later reply of “fine” from another member of staff who had been initially engrossed in the checking the firms emails. He goes into the office and onto the computer.

At 10.05am a member of staff enters the office and explains to the principal that they are going to be off the sales floor as they need to empty the company vehicle. He leaves the office and watches over the sales floor alone while this task is being undertaken. When the members of staff had finished emptying the van at 10.40am he leaves the shop floor and returns to the office without comment. He checks his emails for twenty minutes and answers the phone twice, dealing with sales enquiries. He examines the store’s eBay sales online. After completing this task he goes into the next office, says “hello” to the part-time bookkeeper and ask to see the invoices required for approval and company’s bank statement. He takes these invoices into his own office and spends time examining them. He attempts to contact some suppliers to make particular purchases. He is unable to make the right contacts within the supplier’s organisation as there is no-one available in the different departments. He begins a procurement process for new courier service. The previous courier had products stolen in transit and they were not prepared to investigate the matter fully or offer full compensation. He phones several transport

carriers and asks them to send in a representative to speak to him.

The leader goes onto the shop floor. There are no customers. He discusses with the sales staff how the company is progressing with its sales targets. His conversation is brief and it is given in the style of a report, the sales employees are listening impassively. The principal explains that they are on target. As he finishes the employees nod in acceptance and one makes a comment about “hoping that the snow” or other problems would let them keep ahead of target for the year. The principal listens briefly to comments about the weather before returning to his office. He phones a branch manager and discusses taking on another range of products and paperwork issues. He speaks to a manufacturer’s representative over the telephone. He discusses the stocking of a loudspeaker product range. At noon, he makes further calls to suppliers to buy stock and then there is a ‘beep’ from the computer. It is a customer online query; the business principal answers. After dealing with the computer query he contacts (via the telephone) a painter to make arrangements to complete some in-store redecoration. The leader attempts to make contact with more suppliers by telephone and proceeds to update products on the computer system in his office. Whilst he is working on the product updates on the computer a member of staff enters the office and asks a question about Google rankings. The leader briefly lifts his eyes from the computer and tells him to “go into Google shop and check the listings are correct”. The member of staff nods and leaves the office. The leader then takes another internet shop “chat call” and advises the customer on various product options. Once the call finishes, he follows this conversation with a phone call to a manufacturer to check product delivery of one of the pieces which were discussed. A member of staff comes in the office; the leader asks him to have a piece of equipment ready as someone will collect it as he has



been chatting to them over the internet. The request was made in a straightforward manner but without a 'please' at the end.

The staff member tells the principal that he remembered the customer from a previous conversation and expresses the opinion that "he is a character". They both smile. Two personal phone calls are made by the principal, and he spends the rest of the afternoon modifying the company website and preparing the monthly accounts. As he leaves the office he only stops briefly to say "good-night, see you tomorrow" and barely gives the employees a nod and only looks at them briefly. They both respond with a quick 'bye'.

***“He that thinketh he leadeth but hath no one following him,  
is only going for a walk” (Maxwell, 1999:128)***