ORGANIZATIONAL COMMUNICATION

SMALL ORGANIZATIONS MUST TRANSITION INTO A COMMUNICATION STYLE
THAT SUPPORTS A CULTURE OF EMPLOYEE AND ORGANIZATIONAL GROWTH

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We the undersigned, certify that we read this thesis and approve it as adequate in scope and quality for the degree Master of Arts.

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Abstract

Utilizing current literature, survey questions and interviews, this research paper will examine effective organizational communication within a small organization. Many organizations today often look at communication and leadership as one-dimensional; the inability of leaders in small organizations to adapt to a leadership style that effectively communicates with the employee hinders organizational performance.

This study examines the communication exchange within a small organization and its effects on the organizational culture and employee performance. Survey results were reflected against Organizational Theory, the communication effects of leadership communication style on the social behaviors and attitudes of individuals within the organization and the Social Exchange Theory used to study the effects of organization communications on employee rewards and motivators through leader communications within the organization. Specifically, survey and interviews conducted within the organization to determine existing communication structure and the need for organizational communication change from one dimensional to an interactive forum of communication between organization leader and employee.

Review of literature will reflect that small organizations must transition from a transactional leadership style to a transformational leadership style, allowing for a collaborative organizational culture that will engage internal communications. It is the contention of this study that effective organizational communication within a small organization can be achieved through a transformational leadership style while a transactional leadership style limits communication and productivity of the employee within a small organization.
The results of this study provide insight into organizational communication and its effects on employee and organizational performance. Also provided are suggestions for organizational change to engage employees through a sound communication plan and leadership style that resonates with employees developing an organizational culture that will allow for employee and organizational growth.
## Abstract


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CHAPTER 1 INTRODUCTION

Leadership communication is a critical element in enhancing organizational performance. The relationship that employees develop at their work place with their leaders and coworkers represents social –exchange relationship that is especially prominent with respect to employee task and organizational performance.

Organizational culture, corporate culture defines "the way we do things." Leadership styles have strong effects on corporate culture because employees tend to act in ways that mirror their leaders. The communication efficiency of leaders in an organization can help or hurt operations. Pirraglia (2012) the effectiveness of organizational communication is determined by leadership and leadership traits that allow for an open path of communication with employee and organization.

Finding an effective style of communication that promotes employee productivity has long been a challenge for many organizations. Transactional and transformational leadership styles have been compared by many researchers in an effort to determine the impact of these styles on organizational communication and employee performance.

The communication culture of the organization is directly influenced by the leadership and management style within the organization. The objective of this study is to demonstrate the transformational leadership creates effective communication allowing for an organizational culture that will enhance organization and employee performance.
Literature review will show that adopting transformational leadership behaviors will aid in organization and employee performance, bringing into question what style of leadership offers the best platform for effective organizational communication within a small organization.

Background of the Study

The Contingency Theory claims there is no best way to organize a corporation, to lead a company, or to make decisions. Organizational communication, or decision making style that is effective in some situations, may not be successful in other situations. It is the contention of this study that optimal organization performance within a small organization can be achieved through the transformational communication style that allows for a collaborative organization culture to exist.

The Hawthorne study suggested the one factor surrounding employee performance is the social and psychological needs of employee must be understood in order to be motivated to complete their assigned tasks. Unless the organization comprehends and fully supports the premise that organizations must have high degrees of communications to meet employee psychological needs the organization will remain stagnant. Leaders and managers must realize the need to effectively convey and receive information, effective communications through the transformational leader is the foundation for meeting and developing the psychological and economic needs of employees within a small organization.

Organizations must develop a communication style that resonates with its employees. One of the single most important contributors to an employee’s productivity concerns the commutation and the relationships employees have with their leaders: Pfeiffer (1998) suggests that leaders and organizations that understand and respond to the basic needs of their people will
consistently outperform organizations that do not embrace such a leadership style. In essence, a communication connection must develop between the leadership of the organization and the employee.

J.M Burns 1978 describes the process by which leadership style will bring about a change in the perceptions and outlooks of both the follower and the organization. Leadership, today more than ever, is key in creating a balanced organizational culture. To facilitate a successful performance, it is important to understand and accurately measure leadership performance (Day & Lord, 1988; Kaiser, Hogan, & Craig, 2008). Leadership studies have shown a continued pattern of development, beginning by focusing on who could lead, and progressing to current studies that examine the behavioral effects of leadership communication and employees within an organization.

One of the early concepts of leadership theory was developed by Thomas Carlyle: the Great Man theory of the 1840’s. The theory was based on the idea that leaders are born with qualities separating them from others and allowing them to lead. The common person could not therefore be a leader, as the traits to lead were innate and could not be taught.

Leadership studies progressed from this singular position of who could be a leader to situational and contingency leadership theories. These theories were parallel in foundation, showing that leadership styles would vary from one situation to another. The situational view looked at specific organizational variables that would direct the best leadership approach for that situation. Griffin (1999) concludes that there is no singular leadership style that works best in any given situation, but rather those variables such as leadership style and followers play a significant role in the success of a leader.
Contemporary leadership studies have focused on transactional and transformational leadership. Transformational and transactional leadership styles predict a wide variety of performance outcomes.

Burns (1978) first introduced the concept of transforming leadership in his research of political leaders, establishing the concepts of transforming leaders and transactional leaders and concluding that leaders and followers help each other to advance to a higher level of motivation.

Organizational studies have continued to be in a state of transition in various attempts to define styles that are ideal for organizational and employee growth.

Organizations today, in an effort to change and be competitive, must not only consider different leadership styles, but must ultimately adopt a style that will aid in effective communication allowing for organizational and employee success. Therefore, it is the aim of this study to examine the communication effects on employee and organizational performance under both transactional and transformational leadership styles.

Statement of the Problem

Many organizational communication practices are heavily based on the transactional leadership style, where the transactional leader creates clear structures that must be observed and followed by subordinates often limiting collaborative communication and a shared vision environment of a healthy organizational culture. Transformational leaders, on the other hand, transform followers by altering their perceptions, aspirations and expectations (Burns, 1978). It is clear that through leadership, employees can be influenced. Only when an organization looks to alter its leadership style will the communication culture change to reflect its employees, allowing for the organization reach its full performance potential. The incorrect leadership
style can create an organizational culture that does not motivate or contribute to employee productivity.

Primary Research Questions

- Which style of communication, transactional or transformational is most effective in creating a collaborative organizational environment?
- Will employees achieve a higher level of productivity through the communication style of the transformational or transactional leadership within a small organization?
- How does leadership communication affect employees?

Definitions of Terms presented Employees prior to receiving survey questions

*Transformational Leadership* enhances the motivation, morale and performance of followers through a variety of mechanisms. These include connecting the follower’s sense of identity and self to the mission and the collective identity of the organization; being a role model for followers that inspires them; challenging followers to take greater ownership for their work, and understanding the strengths and weaknesses of followers, so the leader can align followers with tasks that optimize their performance.

http://en.wikipedia.org/wiki/Transformational_leadership

*Transactional Leadership* is a style of leadership in which the leader promotes compliance of his followers through both rewards and punishments. The transactional approach are not looking to change the future, they are looking to merely keep things the same. These leaders pay attention to followers' work in order to find faults and deviations.

http://en.wikipedia.org/wiki/Transactional_leadership
Purpose of the Study

Leadership plays a key role in organizational performance and communication. Employees will support an organization and leader if they believe that their goals and objectives can be met and encouraged by their organization's leaders. The purpose of this study is to bring about organizational change using current studies supported by communication theory to establish the grounds and steps need to bring effective communication change to this organization.

The importance of effective leadership are echoed in the organizational theory works of Henri Fayol, credited with identifying strategic planning, staff recruitment, employee motivation, and employee guidance as important management functions in creating and nourishing a successful organization culture.

The single most important contributor to the feelings of an employee’s engagement within the organization is the feeling of empowerment and satisfaction: a feeling that is often based on the leadership style within the organization (Sherdian & Vandenburgh, 1978).

Managers and leaders play an important role in productivity because they oversee worker activities. Leaders are held accountable for getting workers in the organization to achieve their portion of the organization's objectives. The purpose of this study is to demonstrate the need for small organizations to change communication styles from transactional to a transformational style. (Bianca, Audria, 2012).
This study will focus on a small organization (defined here as an organization with 20 employees in various departments). This study can be applied to a larger scale based on surveys and questionnaires directed to employees and management.

Organization of Remaining Chapters

**Chapter One**: Introduces leadership studies and the progression from a singular belief of leadership, to the current state of leadership theory, discussing effects of transformational and transactional leadership styles.

**Chapter Two**: Provides a discussion of leadership theory with a focus on leadership studies based on transformational and transactional leadership styles. Furthermore, a detailed examination of the literature will support the position of this thesis that transformational and transactional leadership styles affect employee productivity.

**Chapter Three**: Describes the scope and methodology of the research conducted for this study.

**Chapter Four**: Summary of data collected during this study based on research questions, surveys and interviews, and concluding with--

**Chapter Five**: Summary of findings of this study and any implications in respect to current and future studies.
Leadership effects on organizational communication and performance have been a topic of study for over thirty years. This literature review will encompass reviews of employee productivity as they relate to social exchange theory, organizational theory and the effects the transformational and transactional leadership styles within a small organization.

Organizations by its most basic definitions, is an assembly of people working together to achieve a common objective through a division of labor. An organization provides a means using individual strengths within a group to achieve more than can be accomplished by the aggregate efforts of group members working individually. (Gale 2002)

Organizational theory provides an interdisciplinary focus on a) the effect of social organizations on the behavior and attitudes of individuals within them, b) the effects of individual characteristics and action on organization, c) the performance, success, and survival of organizations, d) the mutual effects of environments, including resource and task, political, and cultural environments on organizations. (Pfeiffer 1997)

Defining rewards and goals to employee and organization is essential to organizational performance and success, the perceptions and beliefs of employees relies on effective communication. Organization and leaders must recognize the organizational culture and social environment of the employee. The ability of social exchange rests on the assumption that human beings recognize each other's life situations, notice each other's needs, and in some ways are likely to engage in reciprocity. In other words, humans act with other humans in full recognition that their acts will be noticed and in some way reciprocated they will receive a return on their communicative investment. (Thibault,& Kelley 1952).
The Communication delivery from leaders to employees must fit the organization and employees to be successful. The focus on human influences in organizations was reflected most noticeably by the integration of Abraham Maslow's "hierarchy of human needs" into organization theory. Maslow's theories introduced two important implications into organization theory. The first was that people have different needs and therefore need to be motivated by different incentives to achieve organizational objectives. The second of Maslow's theories held that people's needs change over time, meaning that as the needs of people lower in the hierarchy are met, new needs arise. (Gale 2012)

*Communication and Employees*

Effective communication is needed for management to develop and sustain a competitive advantage for organizational performance and improvement (Aviolo, Lado, Boyd & Wright, 1992; Rowe, 2001). Effective communication succeeds when employees support the leader and the organization if there is a belief that employees' efforts will be rewarded. Leadership succeeds when initiating response or responding to change and leadership is inextricably linked to the credibility of those leading. Constituents will become willingly involved to the extent that they believe in those sponsoring the change (Kouzes & Posner, 2003).

The association between employee satisfaction and job performance suggests that an important contributor to the employee’s engagement within the organization is the leader-employee relationship. Foong (2001) concludes that managers use leadership behaviors to influence employees. Lee and Chuang (2009) explain that an excellent leader not only inspires subordinates, giving them the potential to enhance efficiency, but also meets their requirements in the process of achieving organizational goals.
How a leader communicates is as important as to how he leads. The leader is the guiding force within a group and organization. A leadership style that resonates with followers will allow the leader to achieve greater employee productivity. Conversely, poor leadership styles lead to poor communication and can have negative effects on productivity: a recent Gallup study found that “poorly managed workgroups are an average of 50 percent less productive and 44 percent less profitable than well-managed groups” (Gallup, 2011).

Communication and Leadership

Leadership behaviors affect employee productivity and organizational communication. Kouzes and Posner's (1988) model of leadership behaviors is generated from research and case studies of people's personal-best leadership experiences. The five distinct practices, which outstanding leaders use to affect employee and organizational performance, extrapolated from their research, include:

- Challenging the process: being committed to search out challenging opportunities to change, grow, innovate and improve. Leaders are willing to take risks, experiment and learn from mistakes.
- Inspiring a shared vision: enlisting followers in a shared vision for an uplifting and ennobling future by appealing to their values, interests, hopes and dreams.
- Enabling others to act: fostering collaboration by promoting cooperative goals and building mutual trust through empowering followers by providing choice, developing competence, assigning critical tasks and giving visible support.
- Modeling the way: role modeling, which is consistent with shared values and achieves small wins for promoting progress and commitment.
• Encouraging the heart: providing individual recognition for success of projects and regularly celebrating accomplishment (Kouzes & Posner, 1988).

**Leadership Behaviors**

The concept of transformational leadership has been used to describe the process by which leaders bring about radical change in the outlook and behavior of followers. Transformational leadership has emerged as one of the most popular approaches to understanding leadership effectiveness and the link to how leadership will affect employee productivity within the workplace (Piccolo & Colquitt, 2006).

The effectiveness of a transformational leader lies in the ability to appeal to social values and encourage people to communicate and collaborate, rather than work only as individuals. Transformational leadership creates a road of communication within the organization is allows for the development of a vision among employees and creative discussions within the organization that will transform individual employee goals to organizational goals (Burns, 1978).

There are four types of leadership traits that are identified in transformational leadership theory:

-Individual consideration: the degree in which leaders tend to followers' needs and act as mentors and coaches,

-Inspirational motivation: how leaders articulate the future in a manner that will appeal to the followers,

-Idealized influence: how leaders behave-- in many ways, this is the characteristic that allows identification with a leader, and
-Intellectual stimulation: how the leader will challenge and take risks to obtain the leadership role with followers.

Transformational leadership creates an effective organizational culture; this style of leading will transform the ability and beliefs of the employee. As a transformational leader, one must instill pride and respect within the organization through the employee.

**Transactional Leadership**

The transactional leadership style was first described by Max Weber in 1947, and again by Bernard M. Bass in 1978. Transactional leaders are perceived to not invite change, but rather to comply with existing organizational policy and procedures. Transactional leaders are preoccupied with power and position. Many organizations remain in transactional roles, as they have yet to transform the organizational hierarchy and its leaders into a transformational leadership model (Bolden, Gosling, Marturano & Dennison, 2003). This one dimensional style of organizational communication often leads to a mediocrity of performance by employee and organization within the small organization.

Transactional leadership is a conventional exchange relationship in which the compliance of a given follower (i.e., effort, productivity and loyalty) is in exchange for expected rewards. In contrast, transformational leadership raises followers' consciousness levels about the importance and value of designated outcomes and ways of achieving them. Bass (1985) observed that transactional leaders work their organizational cultures by following existing rules and procedures, while transformational leaders change their cultures based on a new vision and revision of shared assumptions, values and norms. The primary goal for transactional leaders is
to keep the organizational beliefs stable, and to create a give and take exchange with employees: the greater exchange between leader and follower, the stronger the relation.

The three dimensions of a transactional leader involve the contingent reward, management by exception active, and management by exception passive. Contingent reward refers to the degree in which the leader sets up employee transactions or exchanges reflecting the expectations placed on the follower. The leader presents the expectations, and will then establish the reward for meeting the expectations. Management by exception active and passive is reflected in the manner of corrective action a leader will take as a result of expectations not being achieved (Judge & Piccolo, 2004).

Summary of Transformational and Transactional Leadership Theory

The concepts of transformational and transactional leadership encapsulate two different leadership styles: one that inspires and leads from a transformation with the employee and organization, and one that leads through authority and an exchange and reward system.

Bass argues that transactional and transformational leadership are separate leadership styles. Burns considers two separate factors of leadership: the ordinary and extraordinary, either of which can potentially be achieved by either transactional or transformational methods. Burns 1978 concludes, however, that transformational leadership is more effective than transactional leadership, based on the appeal of encouraging social values rather than an environment based on singular needs and wants by a leader and organization.
Employee Relationship

Using the hypothesis that transformational leadership styles will relate positively to the leader-member exchange relationship allows for Li and Hung (2009) to demonstrate a balanced relationship. This relationship stems from the employee-leader relationship to the employee relationship based on the theory that if there is a shared employee attitude with the leader, it will lead to a more productive environment for the employees.

One must look at the employee-employee relationship as well as the social environment. Masi and Cooke (2000) analyze the situation both theoretically and empirically, taking into account the varied relations to empowerment, motivation and productivity. Using a military setting, Masi and Cooke (2000) investigate transformational leadership effects on the motivations of military subordinates, showing that transformational leadership affects employee productivity, especially in terms of employee self-image and personal orientation. The results reflect the action to leadership style in the workplace.

A study of a small organization (employee numbers ranging from 10-50) operating in Chile found that there is a positive and significant correlation between effectiveness and transformational leadership (Rejas, Ponce & Almonte, 2005). The basis of the study used decision patterns within small companies compared to larger organizations. The study was carried out over a three year period; the study finds that in small firms, decision-making was done by the owner, whereas in large organizations, decisions were made by a management team.

In conclusion, the size of the organization will impact financial strategic plans as well its decision making process. The process of decision-making in small organizations gives way to the transformational leadership style, which can be seen as the effective form of organizational
communication and will be more effective in raising employee productivity levels than the transactional leadership style.

Rukmani's (2010) study of the effect of leadership styles on organizations has the aim of understanding how transformational and transactional communication styles impact organizational effectiveness.

Using the multifactor leadership questionnaire to evaluate leadership styles of managers working in the public sector, the study addressed different leadership styles. The results of the study highlight the relevance of leadership style as a choice, and show that leadership style is crucial to the success of any organization.

**Summary and Hypothesis**

Organizational theory provides a firm foundation and framework not only to understand the dynamics communication of the leader, but also the separation of leadership styles and the effects surrounding each style. The impact that is derived from each leadership style of communication is a continued study and always relevant as organizations seek to increase employee productivity.

The literature indicates that leadership communication style is conducive to creating a positive organizational environment that leads to greater employee performance. Transactional leadership, though, can deter and hamper employee productivity within a small organization. Lee and Chuang (2009) note that an excellent leaders communication abilities will not only inspires subordinates' potential to enhance efficiency, but also meets their requirements in the process of achieving organizational goals. Additional studies have shown the effectiveness of the transformational leader, as this style transforms employees towards a great cause with unified
vision and goals. The literature also indicates that transformational leadership will provide the culture and environment for small organizations to grow and increase employee productivity.

In an effort to contribute to the existing body of work in this area, the following hypothesis is proposed. Employees in a small organization that are led under the communication style of the transformational leader (appealing to employees' social values and encouraging collaboration rather than working only as individuals) will exhibit a higher degree of employee productivity.

Theoretical Basis

Organizations today are challenged not only by a global environment of business competition, but also by changes in organizational culture and employee perceptions and interpersonal relations with leadership. Organizational performance and success are driven by effective social exchange through leadership styles that are reflective in communicating and creating a collaborative organizational environment.

Today’s employees seek an environment conducive not only to being able to support their families and lives, but also an environment that supports the individual: an environment that strives in effective communication with a group vision. Employees seek a company and a leader that do not operate in a totalitarian manner.

With effective communication and leadership style, an organization and employee will see a continued growth that will lead overall to that organization’s success in creating an organizational culture that will foster and allow for employees to create and develop with the vision and future of the organization.
My personal quests for answers to questions surrounding effective organizational communication through leadership styles and employee productivity were the basis for this study. A leadership style can be specific to organizational size, and a transformational leadership style provides the greatest platform of communication in developing an organizational culture that generates high performance employees within a small organization.

This literary review examined organizational communication to form a comparison between transformational and transactional leadership styles, and the effects of these styles within organizations performance. This examination will also be based in part on studies conducted over the past 10 years on the communication effectiveness of these leadership styles.

The review provides an overview of social exchange theory as it relates to rewards and motivations brought through transformational and transactional leadership studies. There are many variations of these leadership styles: some studies show a preference for one or the other depending on the organizational testing ground for the study. The researcher’s experience within a transactional organization run by transactional leaders has led to this thesis and the subject of effective organizational communication through leadership style. A transformational leadership style is key to effective organizational communication and employee productivity in small organizations; the transactional style does not appear to increase growth of employee productivity within a small organization.
CHAPTER 3 SCOPE AND METHODS

Introduction

Often employee performance levels will shift on leadership communication styles within the organization; individuals and groups will excel or be derailed by lack of organizational communication and ineffective leadership styles. People either get fed up and leave, or fall into a malaise of humdrum repetitive tasks without creativity and innovation.

Leaders have a tremendous influence on the work place and effect on the organizations culture. If leaders wish to institute change, their leadership styles must be strategically aligned to accommodate the organizational culture. (Sheahan 2012)

A review of literature reveals that effective organizational communication relies on an effective leadership style, as a particular leadership style will play a significant role in organization performance and employee productivity. Leadership has been consistently acknowledged as a prominent contributor to effective organizational communication and employee productivity. A participative, transformational style will allow for the organization to be more productive. (Brown, 2007).

This study will raise awareness within the given organization, and if read by others could be used to establish dialog for change in leadership style. Such a change may offer a successful avenue in the pursuit of greater employee productivity (Day & Lord, 1988; Kaiser, Hogan & Craig, 2008). To facilitate successful workplace functioning, it is important to understand and accurately implement appropriate leadership styles that will enhance and develop employee performance.
The Goal of this Study

Using course readings, surveys, interviews and online research tools, this paper will determine the effective communication style for small organizations is through the transformational leader.

Effective organizational communication through transformational leadership will motivate employees to take part in the vision of the company, and be active contributors to the organizational culture through active leader participation. It is through traits of a transformational leader that effective communication and higher productivity levels can be obtained from employees. A transformational leader’s behavior originates in personal values and beliefs of the leader and motivates subordinates to do more than just expect (Bass, 1985). The difference between transformational and transactional leadership style lies in the ways of motivating others.

The aim of this study is to collect data that will support the theory that within small organizations, transformational leadership has a greater impact on employee productivity than transactional leadership. Current studies on employee productivity have shown transformational leadership style as the most effective leadership style to advance productivity within a small organization.
Methodology

Academic studies of leadership communication have been conducted since Max Weber’s work in 1947. In keeping the information relevant, this thesis will focus on academic writings of transformational and transactional leadership studies within the scope organizational theory with a focus on of employee performance within a small organization. The sources include articles, surveys, interviews, online readings, personal experience within the organization of study, and library materials.

Survey questionnaires will be used to elicit responses from employees and managers across different departments within the organization to determine current organizational culture and effectiveness of internal communications. Data collected will include the degree to which employees and management believe organizational performances are affected by both leadership and leadership styles within the organization.

Participants

The survey pool consisted of a total of 20 employees from LKK Communications; a television broadcast company which operates six network affiliate stations throughout Puerto Rico and the US Virgin Islands. The sales department, master control, accounting and traffic department received the survey and were directed to keep questions and answers confidential and for the responses to be returned no later than 48 hours from the date of receiving the said materials.
The participants of this study range in age from 25 to 52 and have worked with the organization for a period of no less than 2 years. The participants were briefed two weeks in advance via email, and the basis and outline of this study were explained. Both participants and management were given definitions of the terms in question (Leader, Transformational Leader and Transactional Leader) in an effort to allow the survey questions to be answered with clarity.

A one-on-one management interview consisted of questions focusing on present thoughts and opinions, as well as on how to improve and develop individual employee productivity. The second part of the interview covered thoughts and opinions on the effects of leadership and how current leadership directs individual and organizational productivity.

Data Collection

A five-level Likert survey questionnaire was directed to employees of LKK Communications. The principal questions of the survey were centered on (1) Beliefs as they apply to leadership communications within the organization, (2) Perceptions of leadership within the organization, and (3) What drives employee performance. Questionnaires were sent via email and were returned anonymously in a discreet drop box.

The Likert scale, created by Rensis Likert, is commonly used in survey research. It measures respondents' attitudes by asking the extent to which they agree or disagree with a particular question or statement. The scale is a widely-used approach to scaling responses in survey studies. A typical scale might be "strongly agree, agree, not sure/undecided, disagree, and strongly disagree."
The questionnaires were given to employees within all departments of LKK Communications. In total, 20 survey questionnaires were sent out and received via email. A final analysis from respondents was compared to the overall study population. The data was used to measure respondent’s beliefs and understanding of leadership style and leadership effects on productivity.

The timeline for data collection – surveys and interviews:

- Week of March 15, 2012- Finalized survey questions and identified participants
- Week of March 21, 2012- Made further adjustments to survey questions as needed to facilitate measurable data for analysis
- Week of April 2, 2012: Collected surveys and interviews to begin analysis
- Week of April 9, 2012: Edited and finalized information, completing syllabus and adjustments to thesis content

Survey

For any organization seeking lasting changes to its performance and communication practices, the work must begin with leadership. Successful execution is by definition top-down. The upward feedback provided through this survey will give leaders specific guidance on practices that their direct reports find particularly effective and those that get in the way of optimized performance (Daniels, 2012).

For the purpose of this study, the survey was designed to determine the current state organizational communication practices and beliefs to gain insight in leadership styles to create an effective organizational environment, in addition to transformational and transactional behaviors within the questions to gain insight into three points of interest for this study.
(1) The operating culture of the organization as viewed by employees, which will determine the organizational culture and leadership style within the organization.

(2) How current leadership communication is perceived by employees, which will determine if current leadership style is affective in generating greater organizational performances.

(3) Leadership effects on employee productivity within the organization (i.e., supporting transformational leadership will create greater employee performance within a small organization).

Survey Questions

1. Leadership style can affect employee performance
2. A shared vision by leader and employee is key to organization communication
3. My performance is driven by company leadership
4. Organizational performance is a product of leadership style within the organization
5. Under a transformational leadership style, you would be more productive
6. Under a transactional leadership style, you would be more productive
7. Performance levels are determined by employee not leadership style
8. The organization clearly communicates goals and objectives
9. The company involves each department in efforts to increase performance.
10. I have a good understanding of the mission and the goals of this organization.
11. I understand how my work directly contributes to the overall success of the organization.
12. My supervisor provides me regular communication about the mission and the goals of this organization.

13. I have adequate opportunities for professional growth in this organization.

14. I receive the training I need to do my job well.

15. My manager is actively interested in my professional development and advancement.

16. My manager encourages and supports my development.

Interview Questions

Interview questions were based on a fifteen minute interview with one manager within the organization. The questions proposed to the manager concerned present thoughts and opinions, focusing on how to improve and develop communication among employees and leader.

The second part of the interview covered thoughts and opinions on the effects of leadership and how current leadership directs individual and organizational productivity.
### Leadership style can affect employee productivity

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### A shared vision by leader and employee is key to organization and employee growth

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### My productivity is driven by company leadership

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### Productivity is a product of leadership style within the organization

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### Under a Transformational leadership style you would be more productive

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<td>0%</td>
<td>25%</td>
<td>75%</td>
</tr>
</tbody>
</table>

### Under a Transactional leadership style you would be more productive

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neither A nor D</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>65%</td>
<td>25%</td>
<td>5%</td>
<td>5%</td>
<td>0%</td>
</tr>
</tbody>
</table>

### Productivity levels are determined by employee not leadership style

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neither A nor D</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>20%</td>
<td>0%</td>
<td>30%</td>
<td>40%</td>
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</tbody>
</table>

### The organization clearly communicates goals and objectives

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neither A nor D</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>45%</td>
<td>15%</td>
<td>0%</td>
<td>10%</td>
<td>30%</td>
</tr>
</tbody>
</table>
The company involves each department in efforts to increase productivity  

65% 25% 5% 5% 0%

I have a good understanding of the mission and the goals of this organization  

45% 30% 0% 20% 5%

I understand how my work directly contributes to the overall success of the organization.  

65% 10% 0% 5% 20%

My supervisor provides me regular information about the mission and the goals of this organization  

70% 20% 0% 10% 0%

I have adequate opportunities for professional growth in this organization  

80% 15% 0% 5% 0%

I receive the training I need to do my job well.  

70% 15% 5% 10% 0%

My manager is actively interested in my professional development and advancement  

45% 30% 15% 10% 0%

My manager encourages and supports my development  

75% 25% 0% 0% 0%
Survey Results

The results from this survey have shown considerable evidence that leaders of this organization must understand and respond to the desired change of leadership style to effectively communicate with its employees and ultimately change the existing culture of non-communication to an effective collaborative communicating organizational culture. The data shows that leadership communication is vital to organizational performance and employee success within the organization.

Through the process of transformational leadership discovery, transformational leadership style showed a significant positive reaction among the employees of LKK Communication, confirming that this style of leadership appears to be more effective than transactional leadership in employee communication and productivity within an organization of this size. To facilitate a successful performance, it is important to understand and accurately measure leadership performance (Day & Lord, 1988; Kaiser, Hogan, & Craig, 2008).
Survey question: *Can leadership style affect employee performance?* 75% percent of the survey pool strongly agreed that leadership style will affect employee performance. The leader’s ability to effectively communicative will inspire, motivate and create commitment to a common goal is crucial (Bass, 1997).
Survey Question: *Under a transformational leadership style, you would be more productive.* The survey found that, based on working knowledge of this leadership style, 90% of the pool strongly agreed that a transformational leadership style would make them a more productive employee. Transformational leadership allows for shared values between employees, leaders, and the organization. Li and Hung (2009) showed that a balanced relationship will lead to a more productive environment for its employees and organization.
Survey Questions: Under a transactional leadership style, you would be more productive. The survey found that, based on working knowledge of this leadership style, 80% of the pool strongly disagreed that this leadership style would cause them to be more productive. Burns’ (1978) view is that transformational leadership is more effective, as it appeals to the social values of the employee and organization and encourages people to collaborate rather than work as individuals.
Data from the survey illustrates that leadership style supports and impacts communication with the organization that will either hinder or enhance employee and organizational performance within this organization. When asked what leadership style would be most effective for employee performance, 75 percent of the employees believed that a transformational leadership style would allow them to be more productive within the organization. This falls in line with scholars who have suggested that visionary leadership will result in high levels of cohesion, commitment, trust, motivation, and hence performance within the organizational environment (Zhu et al, 2005).

Questions relating to traits that exist within transformational leadership received upwards of a 50 percent positive response: i.e., those transformational traits would allow for greater overall employee and organizational performance.

Survey Questions 2, 8, 15, 16 were based on traits we find within the transformational leader.

- The transformational leader will develop a shared vision and clearly communicate the organizational goals with employees.
- The transformational leader will have an active interest in an employee’s development and advancement, and encourage and support employee development.

Results of Survey Questions 2, 8, 15, 16

(2) 95% surveyed agree a shared vision by the leader and the employee is key to organization and employee growth.

(8) 60% surveyed felt the organization did not clearly communicate goals and objectives
(15) 75% surveyed do not feel that their manager is actively interested in their professional
development and advancement

(16) 90% percent surveyed felt that their managers do not encourage and support their
development

The results from this grouping of survey questions indicate the preferred style of
leadership within the organization to be transformational. Based on survey results, it is clear that
the transformational leadership style is the style that will lead the organization’s employees to a
more effective performance level for the company.

Interview Results

The manager interview discussed perceptions of current communication efforts and
leadership effects on productivity and the current leadership style within the organization.
Management disclosed that the current operations were not a style that was most effective for
employee productivity. Management indicated that, due to upper management operating as
transactional leaders, they were tied into to following in a similar direction. When asked about
organization communication and effectiveness, management agreed that leadership is needed to
generate effective communication and employee productivity. Although employees should be
inherently productive, leadership will often determine just how productive an employee can be.
In conclusion, management felt a need for change, but is limited due to the traditional corporate
structure and has no clear path towards change. They did agree that based on the information
gathered by this study, a change in communication and leadership style needs to be made within
the organization.
Statistical Results

Data from this survey clearly indicates employees of this organization would achieve greater levels of performance and growth within the organization if and when the organization allows for the leadership to communicate in a manner that would allow for the transformation from a traditional transactional leadership style that is limited in creating and organizational culture of vision and collaboration to the preferred style of transformational leadership.

Discussion

Considerable evidence derived from the literature review, scholarly studies and this independent study suggest that leaders and organizations which understand and respond to the complexities of organizational growth and employee performance will develop an organizational culture that will lend itself to higher employee satisfaction, and greater employee productivity.

Transformational leadership motivates employees to take part in the vision of the company and be active contributors to organization and self-development through active leader participation. It is through the communication traits of a transformational leader that a higher productivity level will be obtained from employees.
CHAPTER 5: SUMMARIES AND CONCLUSIONS

Through literary review and a survey study of employees of LKK Communications, this thesis has provided evidence reflecting the hypothesis that effective organizational communication can be achieved through the transformational leadership that will generate greater organizational and employee performance within this small organization.

Studies have shown varying ranges of the effects of transformational and transactional leadership style. The findings of MacKenzie (2001) revealed that transformational behaviors had a stronger association with performance and organizational citizenship than transactional leadership. In addition, transformational leadership has important effects on creativity at both individual and organizational levels.

The foundations of this thesis are based on a comparative study of organizational behaviors with transformational leadership and transactional leadership theories from Bass and Burns. The literary review presented previous studies that support the notion that the organizations need to find a communication style that will create and achieve higher performance levels coupled with supporting evidence that transformational leadership style is the more effective leadership style when compared to transactional leadership style: it will create an organizational culture with higher employee performance within a small organization.

Limitations of the Study

Time was an issue, as the initial surveys could be taken, but time restraints did not allow for measurements of change in communication and leadership style that management may take based on the results of this study. The study pool is limited by its size, due to the organization of the study. Additionally, group interviews would have been of great assistance in identifying
leadership communication gaps as it is perceived within the organization. Conclusions from this study are based on the given organization, and do not offer a greater comparison with additional organizations. Such limitations have not changed the outcome of this study, but might have given greater validity to this study and its conclusions.

Organizational Recommendations

*Develop a Basic Communications Plan*

Whether planning your internal or external communications efforts, it helps a great deal to develop a communications plan, either informally or formally. For example, consider:

1. What key messages do you want to convey?
2. To what key stakeholders do you want to convey the key messages (e.g., consider clients, funders, community leaders, service providers, etc.)?
3. What's the best approach to reach each key stakeholder, including who/how should the message be conveyed?
4. How will you know if you're reaching these stakeholders or not?

*Develop Effective Organizational Characteristics:*

1. It must allow a worker to feel personally responsible for a meaningful portion of the work accomplished. An employee must feel ownership of and connection to the work he or she performs. Even in team situations, a successful effort will foster an individual's awareness that his or her contributions were important in accomplishing the group's tasks.
2. It must provide outcomes which have intrinsic meaning to the individual. Effective work that does not lead a worker to feel that his or her efforts matter will not be maintained. The outcome of an employee's work must have value to him or hers and to others in the organization.

3. It must provide the employee feedback about his or her accomplishments. A constructive, believable critique of the work performed is crucial to a worker's continuance or improvement of that which has already been performed. (Cuthie, 2012)

Further Areas of Study

(1) Generate a larger scale for the survey pool by incorporating other small organizations from other industries in order to determine if leadership beliefs are universal among all employees within small organizations.

(2) Group discussion to accompany survey questions; survey questions were designed to obtain a direct response that did not allow for personal expression. Greater discussion would be key to understanding how each employee felt about productivity and leadership effects on personal and organizational communication.

(3) Include outside small organizations (i.e., manufacturing and service-driven) to ascertain if the styles of leadership that currently exist within other organizations allow for discussion on why a particular leadership style is used.
Employees’ ratings on survey questions clearly show a pattern of desired change and belief in the style of leadership that will not only allow for organizational growth, but also employee opportunity and growth within this organization. This study provides support for the hypothesis that effective organizational communication within a small organization can be achieved with transformational leadership. This leadership style is the most effective in employee communication and creating a positive organizational culture thus increasing organizational and employee productivity. This style of leadership shows a significant impact in beliefs and operations of employees within this small organization.

Burns (1978) finds that transformational leadership is more effective than transactional leadership, based on the appeal of social values that encourage, rather than an environment based on singular needs and wants by a leader and organization. The transformational leadership style must be viewed as the foundation to organizational growth and employee productivity. For employees to be given the proper tools to succeed, organizations must look at management and leadership styles to facilitate the continued expansion of communication between both the organization and the employee.

The transformational leader will raise employee awareness of goals and values (Bass, 1996). Idealized behavior and inspirational motivation will motivate followers to go beyond personal or individual interest for the good of the organization. This is consistent with the findings of this study.
Conclusion

Organizational communication and the effects of leadership style within organizations have been studied and used to determine how an organization will take direction and lead employees to the highest performance levels. Organizational theory allowed for the results of this study to view and record the behavior and attitudes of employees with respect to the current communication beliefs and practices within the organization.

Through social exchange theory I was able to analyze the current basis of reward system within the organization and the effectiveness of organization to communicate its vision and objectives to the employees. Studies have shown that effective organizational communication is key for employee and organizational success.

Transformational leadership has been identified as an important subject in the field of organizational communication. Transformational leadership has one of the most dynamic effects on an individual’s organizational interactions. It is the ability of this leadership style to execute a collaborative effort that will inspire and lead employees to an enhanced efficiency and enable them to meet personal and organizational goals through a collaborative environment.

Studies have shown that effective organizational communication is key to for employee and organizational success. Transformational leadership is positively associated with work attitudes and behaviors at both an individual and organizational level (Dumdum, Lowe & Avolio, 2002). Transformational leaders create a collaborative working environment, improving accountability, communication and are proactive towards change. The transformational leader also facilitates employees toward motivation and being involved in the
vision to produce. Webb (2007) noted the behavioral advantage of transformational leadership is having highly motivated and satisfied employees.

The differences between transformational and transactional leadership styles are in the way of motivating others. Kouzes & Posner (1995) explained that leaders must be able to pioneer projects, and be willing to experiment and take risks to seek out new opportunities to improve the organization. They must have courage to face failures and take them as learning experiences, rather than threats. Hence, leaders and employees within an organization must not remain passive but must learn to go beyond individual perceptions and seek to develop collaborative working environments. Allowing for new communication opportunities through leadership styles to develop and be reflective of the organizational culture will create the opportunity for growth and greater performance among the organization.

Kouzes & Posner’s (1995) collaborative environment is created with the transformational leader who enhances the motivation, morale and performance of followers by connecting the follower's sense of identity and self to the mission and the collective identity of the organization. The leader challenges followers to take greater ownership for their work, and understands the strengths and weaknesses of followers, so the leader can align followers with tasks that optimize their performance (Wikipedia, 2012). It is the understanding and building of employee and organizational culture that will allow for transformational leaders to increase productivity within small organizations, as transactional leaders will not look past the initial point of task and reward.
Leadership style is an individual and organizational choice. The extent of the impact of the new leadership styles and their ability to communicate effectively must be properly determined and not be taken lightly and neglected otherwise, instead of appreciating the changes for better organizational outcomes, employees and even management will become cynical about any vision of change. Organizations and leaders must be willing to look internally at employee perceptions and self-perceptions of current leadership styles, in an effort to develop the transformational leadership within LKK Communications and other organizations.

Effective organizational communication through transformational leadership creates an organizational culture in which an employee are encouraged and taken in as part of the group vision of the organization. It is this additional support through transformational leadership that allows and encourages employees to want to exceed the general practice of doing what is simply required to maintain employment.

Productivity is an individual choice: an employee must be inherently productive, otherwise the employee will simply not have a job for too long-- but what gets the employee and organization to succeed beyond employee capabilities? It is the contention of this study, and is supported by the findings of this study, that the communication power of the transformational leadership will in fact cause this transformation for employee and organization.

The efforts of this study have presently developed an open dialog of communication between management, organization and employee. The study has allowed for a collaborative effort among the company to establish a clear vision for the organization and employees. With the knowledge and principles of social exchange and organization theory, LKK Communications
has embarked on an organizational change to communicate under the traits and foundations of
the transformational leader opening the path to a renewed opportunity for organizational and
employee growth.
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