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# Transformational leadership, job satisfaction, and team performance: A multilevel mediation model of trust

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#### ABSTRACT

In spite of calls for deliberate differentiation between individual and team levels of analysis, leadership research based on well-grounded theory referring to multiple levels is scarce. We seek to fill this gap by analyzing the relations between transformational leadership, trust in supervisor and team, job satisfaction, and team performance via multilevel analysis. Results are based on a sample of 360 employees from 39 academic teams. Transformational leadership was positively related to followers' job satisfaction at individual as well as team levels of analysis and to objective team performance. The relation between individual perceptions of supervisors' transformational leadership and job satisfaction was mediated by trust in the supervisor as well as trust in the team. Yet, trust in the team did not mediate the relationship between team perceptions of supervisors' transformational leadership and team performance. Implications for theory and research of leadership at multiple levels as well as for practice are discussed.

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#### 1. Introduction

Nowadays, organizations' predominantly team-based structures require leaders "to lead and motivate not only individuals but also teams as a whole" (Chen, Kirkman, Kanfer, Allen, & Rosen, 2007, p. 331). Leading teams yields several challenges, like aligning individual goals with a shared mission, managing resources, establishing a positive climate of trust and support, and coordinating information transfer and task completion (Zaccaro, Rittman, & Marks, 2001). Yet, while scholars stressed that "the study of leadership is inherently multilevel in nature" (Bliese, Halverson, & Schriesheim, 2002, p. 4), leadership research has been suffering from a dearth of deliberate theoretical and empirical differentiation between levels of analysis (Yammarino, Dionne, Chun, & Dansereau, 2005).

Transformational leadership – arguably the most researched leadership concept to date – is closely related to desired outcomes for individuals (e.g., Casimir, Waldman, Bartran, & Yang, 2006; Judge & Piccolo, 2004; Liu, Siu, & Shi, 2010) and teams (e.g., Bass, Avolio, Jung, & Berson, 2003; Peus, Kerschreiter, Frey, & Traut-Mattausch, 2010; Schaubroeck, Lam, & Cha, 2007; Schaubroeck, Lam, & Peng, 2011). Yet, with some recent exceptions (e.g., Wang & Howell, 2010) research analyzing effects of transformational leadership at individual as well as team levels is still scarce. Thus, the first aim of this study is to further investigate relations between individual and team perceptions of supervisors' transformational leadership and desired outcomes

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for individuals (i.e., job satisfaction) and teams (i.e., team performance). That is, in addition to effects at the individual level, transformational leadership is posited to also have an impact at the team level of analysis. This assertion is based on a direct consensus model, which employs consensus among lower level units to specify another form of a construct at a higher level (Chan, 1998). This model is assumed because transformational leadership (a) comprises individual-focused as well as team-focused behaviors (Wang & Howell, 2010) and (b) as a participative leadership style, it contributes to mental model convergence in teams (Dionne, Sayama, Hao, & Bush, 2010).

Even more limited than insights into the direct relations between transformational leadership and performance at multiple levels is knowledge about multilevel mediators. Strong positive relationships between individual perceptions of supervisors' transformational leadership and trust in the supervisor have been established (Casimir et al., 2006; Jung & Avolio, 2000; Pillai, Schriesheim, & Williams, 1999; Pillai, Williams, Lowe, & Jung, 2003; Podsakoff, MacKenzie, Moorman, & Fetter, 1990). Recent research also revealed trust as a mediator between team perceptions of supervisors' transformational leadership and team performance (Schaubroeck et al., 2011). While research on trust in leader-follower relationships flourished, effects of trust among team members have been "virtually ignored" (Lau & Liden, 2008, p. 1130). Thus, the second aim of this study is to investigate trust in the supervisor and trust in the team as multilevel mediators.

Finally, a lack of context-specificity in leadership research has been widely criticized (Jordan, Dasborough, Daus, & Ashkanasy, 2010; Liden & Antonakis, 2009; Schriesheim, Wu, & Scandura, 2009; Yukl, 1999). Concordantly, the third aim of this study is to extend the investigation of transformational leadership and its effects to a previously understudied context for leadership, that is, the academic one. Our focus lies on academic institutions because they have a major impact on our society (e.g., by building the foundation of our knowledge-based economy and educating future leaders). Moreover, preliminary evidence indicates the relevance of transformational leadership for academic institutions (Bryman, 2007) and innovative work (Eisenbeiss, van Knippenberg, & Boerner, 2008). Unlike most previous research (see Dvir, Eden, Avolio, & Shamir, 2002) our analyses also comprise an objective outcome measure of team performance.

#### 2. Theory and hypotheses

#### 2.1. Transformational leadership at multiple levels

We concur with the view that "leadership is by nature a multiple-level phenomenon" (Chun, Yammarino, Dionne, Sosik, & Moon, 2009, p. 689). It occurs not only between individual leaders and their followers, but also between leaders and teams, and even between multiple teams in an organization. Theoretically defining appropriate levels of analysis is a complex issue (Yammarino et al., 2005) since theoretical constructs and their relations can vary according to (a) differences between teams, (b) differences within teams, or (c) differences between followers independent of their teams (Chun et al., 2009; Klein, Conn, Smith, & Sorra, 2001; Klein, Dansereau, & Hall, 1994). The impact of leadership on organizational outcomes can therefore comprise several plausible levels.

#### 2.1.1. Individual-level relationships

Many studies have investigated the effects of transformational leadership at an individual level (Judge & Piccolo, 2004; Judge, Woolf, Hurst, & Livingston, 2006). In particular, individual perceptions of supervisors' transformational leadership related positively to job satisfaction in numerous investigations (Judge & Piccolo, 2004; Podsakoff, MacKenzie, & Bommer, 1996; Podsakoff et al., 1990). Transformational leaders show individualized consideration, and are thereby able to recognize and respond "to each individual's abilities, aspirations, and needs" (Walumbwa, Orwa, Wang, & Lawler, 2005, p. 238). They adjust their inspirational motivation and idealized influence behavior to the specific goals and interests of individual followers (Chun et al., 2009), and ensure that each individual follower is able to voice concerns through intellectually stimulating behavior (Liu et al., 2010). Therefore, we conclude that followers' job satisfaction will in part rely on these and similar direct, individual experiences with their supervisor. Accordingly, we hypothesize:

**Hypothesis 1.** Individual perceptions of supervisors' transformational leadership are positively related to individual followers' job satisfaction.

#### 2.1.2. Team-level relationships

If theoretical constructs relate to individuals nested in teams, one must acknowledge the team as a meaningful entity. That is, considering individual values on the construct (e.g., individual perceptions of supervisors' transformational leadership) relative to the team value (e.g., team perceptions of supervisors' transformational leadership) "is not only informative but *necessary* to interpret an individual's placement or standing" (Klein et al., 1994, p. 202). Indeed, it has been suggested that "transformational leaders are often thought to have their greatest effect by changing how work groups (rather than individuals) function" (Lord & Dinh, 2011, p. 31).

Following hitherto published research we therefore assume that team perceptions of supervisors' transformational leadership yield positive relationships with team outcomes. Bass and colleagues (2003) first observed that team perceptions of supervisors' transformational and contingent reward leadership positively predicted unit performance of U.S. Army light infantry units in combat simulations. The importance of team perceptions of supervisors' transformational leadership for team performance was also

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