

**The relationship between perceived leadership  
styles and employee engagement : The  
moderating role of employee characteristics**

**By**

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# TABLE OF CONTENTS

<b>LIST OF TABLES</b>	<b>vi</b>
<b>LIST OF FIGURES</b>	<b>ix</b>
<b>ABSTRACT</b>	<b>xii</b>
<b>STATEMENT OF CANDIDATE</b>	<b>xiv</b>
<b>ACKNOWLEDGMENTS</b>	<b>xv</b>
<b>CHAPTER 1: INTRODUCTION</b>	<b>1</b>
<b>1.1 Overview of Chapter 1</b>	<b>1</b>
<b>1.2 Research background and significance</b>	<b>1</b>
1.2.1 Why study employee engagement?	1
1.2.1.1 Impacts of employee engagement	2
1.2.1.2 Current level of employee engagement	5
1.2.1.3 Problems in previous research into employee engagement	7
1.2.2 Why study the relationship between perceived leadership styles and employee engagement?	8
1.2.3 Why study the direct supervisor (under certain leadership styles)?	8
1.2.4 Why may employee characteristics moderate the relationship?	10
<b>1.3 Research questions</b>	<b>13</b>
<b>1.4 Thesis structure</b>	<b>14</b>
<b>CHAPTER 2: LITERATURE REVIEW</b>	<b>17</b>
<b>2.1 Overview of Chapter 2</b>	<b>17</b>
<b>2.2 Conceptual framework</b>	<b>17</b>
<b>2.3 Leadership, leadership styles, and followership</b>	<b>18</b>
2.3.1 Definition of leadership	18
2.3.2 Why adopt Avery's typology of leadership styles?	21
2.3.3 Contents of Avery's leadership styles	23

2.3.3.1	Classical leadership	23
2.3.3.2	Transactional leadership	24
2.3.3.3	Visionary (transformational, charismatic) leadership	26
2.3.3.4	Organic leadership	27
2.3.4	Followership	30
<b>2.4</b>	<b>The construct of employee engagement</b>	<b>33</b>
<b>2.5</b>	<b>Possible moderating employee characteristics</b>	<b>40</b>
2.5.1	Need for achievement	44
2.5.2	Equity sensitivity	45
2.5.3	Need for clarity	48
<b>2.6</b>	<b>Research hypotheses</b>	<b>50</b>
2.6.1	Logical reasoning behind developing the hypotheses about employee engagement	50
2.6.2	Predictors of employee engagement and their relationships with the characteristics of leadership styles	51
2.6.3	Research hypotheses	61
<b>2.7</b>	<b>Summary</b>	<b>67</b>
<b>CHAPTER 3: RESEARCH METHODOLOGY</b>		<b>69</b>
<b>3.1</b>	<b>Overview of Chapter 3</b>	<b>69</b>
<b>3.2</b>	<b>Justifications</b>	<b>69</b>
3.2.1	Rationale for adopting certain demographic variables	69
3.2.2	Justification for combining face-to-face and mail survey methodology	71
<b>3.3</b>	<b>Unit of study, population, and sample</b>	<b>73</b>
3.3.1	Unit of study	73
3.3.2	Population	73
3.3.3	Sample size	74
3.3.4	Nature of sample	75

<b>3.4</b>	<b>Questionnaire</b>	<b>76</b>
3.4.1	Questionnaire design	77
3.4.1.1	Question format	77
3.4.1.2	Rating scales	77
3.4.2	Content of questionnaire	78
3.4.3	Measures of variables	79
3.4.3.1	Measures of independent variables	79
3.4.3.2	Measures of moderating variables	80
3.4.3.3	Measure of dependent variable	83
3.4.4	Coding questionnaires, questions, and data	90
<b>3.5</b>	<b>Data collection</b>	<b>91</b>
3.5.1	Role of the research assistants	91
3.5.2	Approaching respondents	92
3.5.3	Ethics approval	94
3.5.4	Pilot study	94
3.5.5	Main study	95
<b>3.6</b>	<b>Summary</b>	<b>95</b>
<b>CHAPTER 4: DATA PREPARATION AND FACTOR ANALYSIS</b>		<b>97</b>
<b>4.1</b>	<b>Overview of Chapter 4</b>	<b>97</b>
<b>4.2</b>	<b>Data preparation</b>	<b>97</b>
4.2.1	Labeling the variables	97
4.2.2	Data cleaning	98
4.2.3	Missing data handling	99
<b>4.3</b>	<b>Descriptive statistics</b>	<b>100</b>
4.3.1	Response rate	101
4.3.2	Characteristics of respondents	101

4.3.3	Means and standard deviations of the latent variables	102
<b>4.4</b>	<b>Normality test</b>	<b>103</b>
<b>4.5</b>	<b>Brief introduction to Structural Equation Modeling (SEM)</b>	<b>106</b>
<b>4.6</b>	<b>Factor analysis</b>	<b>108</b>
4.6.1	Measurement model evaluation	108
4.6.1.1	One-factor congeneric measurement model	108
4.6.1.1.1	One-factor congeneric model of classical leadership	108
4.6.1.1.2	One-factor congeneric model of transactional leadership	111
4.6.1.1.3	One-factor congeneric model of visionary leadership	113
4.6.1.1.4	One-factor congeneric model of organic leadership	116
4.6.1.1.5	One-factor congeneric model of need for achievement	117
4.6.1.1.6	One-factor congeneric model of equity sensitivity	118
4.6.1.1.7	One-factor congeneric model of need for clarity	120
4.6.1.1.8	One-factor congeneric model of say	121
4.6.1.1.9	One-factor congeneric model of stay	123
4.6.1.1.10	One-factor congeneric model of strive	124
4.6.1.2	Higher-order factor analysis	125
4.6.2	Reliability and validity analysis	127
4.6.2.1	Reliability analysis	127
4.6.2.2	Validity analysis	131
<b>4.7</b>	<b>Summary</b>	<b>132</b>
<b>CHAPTER 5: HYPOTHESIS TESTING AND RESEARCH FINDINGS</b>		<b>133</b>
<b>5.1</b>	<b>Overview of Chapter 5</b>	<b>133</b>
<b>5.2</b>	<b>Group difference assessment</b>	<b>133</b>
5.2.1	Independent t-test	134
5.2.2	One-Way ANOVA test	135

<b>5.3</b>	<b>Path analysis</b>	<b>140</b>
<b>5.4</b>	<b>Moderating effect analysis</b>	<b>155</b>
<b>5.5</b>	<b>Hypothesis testing results summary</b>	<b>196</b>
	<b>CHAPTER 6: DISCUSSION AND CONCLUSIONS</b>	<b>199</b>
<b>6.1</b>	<b>Overview of Chapter 6</b>	<b>199</b>
<b>6.2</b>	<b>Summary of the study</b>	<b>201</b>
<b>6.3</b>	<b>Conclusions and inconclusive finding from this research</b>	<b>206</b>
6.3.1	Conclusions from this research	207
6.3.2	Inconclusive research finding	216
<b>6.4</b>	<b>Contributions and implications</b>	<b>217</b>
6.4.1	Contributions to knowledge	217
6.4.2	Managerial implications	220
<b>6.5</b>	<b>Limitations and recommendations for future research</b>	<b>221</b>
<b>6.6</b>	<b>Concluding remarks</b>	<b>223</b>
	<b>REFERENCES</b>	<b>225</b>
	<b>APPENDICES</b>	<b>251</b>
	Appendix 1 Questionnaire	251
	Appendix 2 Data entry	256
	Appendix 3 Data-collection procedure emphases	257
	Appendix 4 Introductory scripts	260
	Appendix 5 Information and consent form	261
	Appendix 6 Survey situation report	263
	Appendix 7 Introduction letter sample	264
	Appendix 8 Lottery arrangement	266
	Appendix 9 Dataset	267

## LIST OF TABLES

Table 1.1	Employee engagement levels	6
Table 2.1	Bergsteiner's (2008) leadership matrix	20
Table 2.2	Summary of major definitions of employee engagement	34
Table 2.3	The construct of employee engagement and relevant constructs	36
Table 2.4	Summary of moderators found in the leadership literature	41
Table 2.5	Summary of moderators found in the employee engagement literature	42
Table 2.6	Summary of the relationships between employee engagement predictors and leadership styles' characteristics	60
Table 2.7	Research hypotheses	66
Table 2.8	Illustrating research hypotheses	67
Table 3.1	Measures of moderating variables from the literature	81
Table 3.2	Employee-engagement-related scale items in the literature	84
Table 4.1	Labels and sources of the 11 latent variables and six observed variables	98
Table 4.2	Survey response rate	101
Table 4.3	Frequency table of respondent profile	102
Table 4.4	Means and standard deviations of the latent variables	103
Table 4.5	Summary of commonly-used model fit indices in SEM	107
Table 4.6	Model fit summary for classical leadership	110
Table 4.7	Model fit summary for classical leadership after modification	111
Table 4.8	Model fit summary for transactional leadership	112
Table 4.9	Correlations among the five observed variables measuring transactional leadership	113
Table 4.10	Model fit summary for visionary leadership	114
Table 4.11	Model fit summary for visionary leadership after modification	115
Table 4.12	Model fit summary for organic leadership	117

Table 4.13	Model fit summary for need for achievement	118
Table 4.14	Model fit summary for equity sensitivity	120
Table 4.15	Model fit summary for need for clarity	121
Table 4.16	Model fit summary for say	122
Table 4.17	Model fit summary for stay	123
Table 4.18	Model fit summary for strive	125
Table 4.19	Model fit summary for employee engagement	127
Table 4.20	Item reliability (SMCs)	129
Table 4.21	Internal consistency reliability of (amended) scales	130
Table 5.1	't-test' table for mean difference in employee engagement by gender	135
Table 5.2	ANOVA table for mean differences in employee engagement by age	136
Table 5.3	ANOVA table for mean differences in employee engagement by working pattern/hours	137
Table 5.4	ANOVA table for mean differences in employee engagement by organizational (employee) tenure	138
Table 5.5	ANOVA table for mean differences in employee engagement by duration of the leader-follower relationship	139
Table 5.6	ANOVA table for mean differences in employee engagement by organizational size	139
Table 5.7	Model fit summary for Hypothesis 1.1	141
Table 5.8	Model fit summary for Hypothesis 1.2	145
Table 5.9	Model fit summary for Hypothesis 1.3	147
Table 5.10	Model fit summary for Hypothesis 1.4	149
Table 5.11	Model fit summary for Hypothesis 2.1	151
Table 5.12	Model fit summary for Hypothesis 3.1	153
Table 5.13	Model fit summary for Hypothesis 4.1	155
Table 5.14	Model fit summary for Hypothesis 2.2 concerning classical leadership with both employee groups	157

Table 5.15	Model fit summary for Hypothesis 2.2 concerning transactional leadership with both employee groups	163
Table 5.16	Model fit summary for Hypothesis 2.3 concerning visionary leadership with both employee groups	164
Table 5.17	Model fit summary for Hypothesis 2.3 concerning organic leadership with both employee groups	170
Table 5.18	Model fit summary for Hypothesis 3.2 concerning classical leadership with both employee groups	171
Table 5.19	Model fit summary for Hypothesis 3.2 concerning transactional leadership with both employee groups	174
Table 5.20	Model fit summary for Hypothesis 3.3 concerning visionary leadership with both employee groups	180
Table 5.21	Model fit summary for Hypothesis 3.3 concerning organic leadership with both employee groups	183
Table 5.22	Model fit summary for Hypothesis 4.2 concerning classical leadership with both employee groups	184
Table 5.23	Model fit summary for Hypothesis 4.2 concerning transactional leadership with both employee groups	187
Table 5.24	Model fit summary for Hypothesis 4.3 concerning visionary leadership with both employee groups	193
Table 5.25	Model fit summary for Hypothesis 4.3 concerning organic leadership with both employee groups	196
Table 5.26	Summary of hypothesis testing results	197
Table 6.1	Summary of conclusions	216

## LIST OF FIGURES

Figure 2.1	Conceptual framework of the study	18
Figure 4.1	Histograms of the latent variables with normal curves	105
Figure 4.2	One-factor congeneric model of classical leadership	109
Figure 4.3	One-factor congeneric model of classical leadership after modification	110
Figure 4.4	One-factor congeneric model of transactional leadership	112
Figure 4.5	One-factor congeneric model of visionary leadership	114
Figure 4.6	One-factor congeneric model of visionary leadership after modification	115
Figure 4.7	One-factor congeneric model of organic leadership	116
Figure 4.8	One-factor congeneric model of need for achievement	117
Figure 4.9	One-factor congeneric model of equity sensitivity	119
Figure 4.10	One-factor congeneric model of need for clarity	120
Figure 4.11	One-factor congeneric model of say	122
Figure 4.12	One-factor congeneric model of stay	123
Figure 4.13	One-factor congeneric model of strive	124
Figure 4.14	Higher-order factor analysis of employee engagement	126
Figure 5.1	Standardized parameter estimates for Hypothesis 1.1	142
Figure 5.2	Standardized parameter estimates for Hypothesis 1.2	144
Figure 5.3	Standardized parameter estimates for Hypothesis 1.3	146
Figure 5.4	Standardized parameter estimates for Hypothesis 1.4	148
Figure 5.5	Standardized parameter estimates for Hypothesis 2.1	150
Figure 5.6	Standardized parameter estimates for Hypothesis 3.1	152
Figure 5.7	Standardized parameter estimates for Hypothesis 4.1	154
Figure 5.8	Standardized parameter estimates for Hypothesis 2.2 concerning classical leadership with high-need-for-achievement employee	158

group

Figure 5.9	Standardized parameter estimates for Hypothesis 2.2 concerning classical leadership with low-need-for-achievement employee group	159
Figure 5.10	Standardized parameter estimates for Hypothesis 2.2 concerning transactional leadership with high-need-for-achievement employee group	161
Figure 5.11	Standardized parameter estimates for Hypothesis 2.2 concerning transactional leadership with low-need-for-achievement employee group	162
Figure 5.12	Standardized parameter estimates for Hypothesis 2.3 concerning visionary leadership with high-need-for-achievement employee group	165
Figure 5.13	Standardized parameter estimates for Hypothesis 2.3 concerning visionary leadership with low-need-for-achievement employee group	166
Figure 5.14	Standardized parameter estimates for Hypothesis 2.3 concerning organic leadership with high-need-for-achievement employee group	168
Figure 5.15	Standardized parameter estimates for Hypothesis 2.3 concerning organic leadership with low-need-for-achievement employee group	169
Figure 5.16	Standardized parameter estimates for Hypothesis 3.2 concerning classical leadership with high-equity-sensitivity employee group	172
Figure 5.17	Standardized parameter estimates for Hypothesis 3.2 concerning classical leadership with low-equity-sensitivity employee group	173
Figure 5.18	Standardized parameter estimates for Hypothesis 3.2 concerning transactional leadership with high-equity-sensitivity employee group	175
Figure 5.19	Standardized parameter estimates for Hypothesis 3.2 concerning transactional leadership with low-equity-sensitivity employee group	176
Figure 5.20	Standardized parameter estimates for Hypothesis 3.3 concerning visionary leadership with high-equity-sensitivity employee group	178
Figure 5.21	Standardized parameter estimates for Hypothesis 3.3 concerning visionary leadership with low-equity-sensitivity employee group	179
Figure 5.22	Standardized parameter estimates for Hypothesis 3.3 concerning	181

	organic leadership with high-equity-sensitivity employee group	
Figure 5.23	Standardized parameter estimates for Hypothesis 3.3 concerning organic leadership with low-equity-sensitivity employee group	182
Figure 5.24	Standardized parameter estimates for Hypothesis 4.2 concerning classical leadership with high-need-for-clarity employee group	185
Figure 5.25	Standardized parameter estimates for Hypothesis 4.2 concerning classical leadership with low-need-for-clarity employee group	186
Figure 5.26	Standardized parameter estimates for Hypothesis 4.2 concerning transactional leadership with high-need-for-clarity employee group	188
Figure 5.27	Standardized parameter estimates for Hypothesis 4.2 concerning transactional leadership with low-need-for-clarity employee group	189
Figure 5.28	Standardized parameter estimates for Hypothesis 4.3 concerning visionary leadership with high-need-for-clarity employee group	191
Figure 5.29	Standardized parameter estimates for Hypothesis 4.3 concerning visionary leadership with low-need-for-clarity employee group	192
Figure 5.30	Standardized parameter estimates for Hypothesis 4.3 concerning organic leadership with high-need-for-clarity employee group	194
Figure 5.31	Standardized parameter estimates for Hypothesis 4.3 concerning organic leadership with low-need-for-clarity employee group	195
Figure 6.1	Discussion structure	197

## **ABSTRACT**

Employee engagement has long been regarded as important to business performance. Numerous consultants and some academic researchers report a strong link between employee engagement and organizational performance, while other studies have suggested that up to 80 percent of workers are ‘not engaged’ or ‘disengaged’ at their workplace. Gallup estimated that disengaged workers cost US business \$270–343 billion per year because of low productivity, making the topic of how to increase employee engagement of great interest to leaders and human resource practitioners. Yet, despite the practical importance of understanding employee engagement better, relatively little research has been conducted into this field by academic researchers.

To gain insight into how to enhance employee engagement levels, this study investigated the relationship between employee engagement and four perceived leadership styles – classical, transactional, visionary (transformational or charismatic), and organic (distributed). Much of the literature emphasizes that follower characteristics also influence the leader-follower relationship and, in this thesis, the roles of three employee characteristics were examined: employees’ need for achievement, equity sensitivity, and need for clarity.

A sample of 439 sales assistants in Sydney, Australia, completed a questionnaire survey. Multiple item scales measured leadership styles, employee engagement, and the three moderator variables of employee characteristics. Structural Equation Modeling was used for factor, path, and multi-group analyses.

Overall, the results suggest that employee engagement is associated with an employee’s perception of leadership style in his/her direct supervisor – negatively when classical or transactional leadership styles are perceived, and positively in the case of visionary or organic leadership. Moreover, the three employee characteristics moderate the relationship between perceived leadership styles and employee engagement in different ways. Regarding need for achievement, the higher employees’ score on this variable is, the weaker the negative association is between employee engagement and classical or transactional leadership, and

the stronger the positive association is between perceived visionary or organic leadership styles and employee engagement. By contrast, the higher equity sensitivity is, the stronger is the negative association between perceived classical or transactional leadership styles and employee engagement, and the weaker is the positive association between visionary or organic leadership and employee engagement. Finally, the higher employees' need for clarity is, the weaker is the negative association found between perceptions of classical or transactional leadership and employee engagement, whereas where employees' need for clarity is high, the positive association between visionary or organic leadership styles and employee engagement is weakened. The above results show that, as defined, the moderating variable has a strong contingent effect on the original relationship between the independent and dependent variables.

This thesis makes three main contributions to knowledge. The first is in introducing a new scale verifying that the behavioral-outcome factors in the employee engagement construct consist of say, stay, and strive. The second contribution is the finding that perceived leadership styles are associated in varying ways with employee engagement. The third contribution is to theory by providing empirical support for leadership and followership theories that emphasize the role of the follower; specifically, this thesis demonstrates that employee characteristics moderate the relationship between perceived leadership styles and employee engagement.

The findings have three major practical applications. (1) During the recruitment process, organizations should aim to appoint employees who exhibit characteristics predicting potentially high employee engagement. (2) Direct supervisors should adopt leadership styles that drive engagement in their employees. (3) Employee characteristics should be considered when adopting leadership styles for enhancing employee engagement.

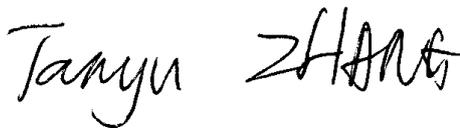
## STATEMENT OF CANDIDATE

This thesis is submitted in fulfillment of the requirements of the degree of PhD, in the Graduate School of Management, Macquarie University. This represents the original work and contribution of the author, except as acknowledged by general and specific references.

Ethics committee approval was obtained for this thesis on 4 August 2009, with reference number: HE31JUL2009-D00057.

I hereby certify that this has not been submitted for a higher degree to any other university or institution.

Signed:

A handwritten signature in black ink that reads "Tanyu ZHANG". The first name "Tanyu" is written in a cursive style, while "ZHANG" is written in all caps with a more structured, slightly cursive font.

Tanyu Zhang

10 November 2010

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