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PERCEIVED LEADERSHIP BEHAVIOR AND JOB SATISFACTION IN OIL COMPANIES OF KAZAKHSTAN

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ÖZET

Yüksek Lisans Tezi

Kazakistan'nın Petrol Şirketlerindeki Algılanan Liderlik Davranışı ve İş Memnuniyeti

Dameli YECHSHANOVA

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Diğer eski Sovyetler Birliği ülkeleri gibi, Kazakistan da bağımsız olduktan sonra, ticarî altyapı sisteminde hızlı bir dönüşüm içine girdi. Bugünlerde Kazakistan'da çok sayıda Batılı şirket çalışmaktadır. Serbest piyasa ekonomisi koşullarına uygun olarak Kazakistan, örgütsel ve yönetimsel yapılarda Batılı şirket tarzlarını uygulamıştır. Böylece, bu tarz yapıların uygulanabilirliğini öğrenme ihtiyacı doğmuştur. Bu araştırma, Kazakistan'daki yöneticilerin liderlik davranışlarını anlamak ve liderlik davranışları ile petrol şirketlerindeki iş memnuniyetini kavramak amacıyla gerçekleştirilmiştir.

Liderliğe ilişkin kuramsal teori ve yaklaşımlar ve onların pratik uygulamaları ele alındı. Bu model, edimsel-dönüşümcü değerler paradigmayı vurgulamaktadır. Araştırmanın hipotezleri iki bağımsız değişkenin olduğunu, edimsel ve dönüşümcü liderliğin olumlu ve bırakınız yapsınlar ilkesine dayalı liderliğin de, bütünsel meslek memnuniyeti, işle memnuniyet ve yöneticiden memnuniyet olmak üzere üç bağlı varyasyona giden olumsuz korelasyon oluşturabileceğini gösterdi.

Araştırma Kazakistan'ın petrol üretim merkezleri olan iki şehir Atırav ve Aktöbe'de ve Kazakistan'ın ticaret merkezleri olan iki ana şehir Almatı ve Astana'da konuşlanmış 16 petrol şirketinin çalışanlarına uygulanmıştır.

Araştırma sonuçları şunları göstermiştir: a) Dönüşümcü liderliğin bütün etmenleri, meslek memnuniyeti, işten memnuniyet ve yönetimle memnuniyet konuları arasında olumlu korelasyon vardır b) Edimsel liderliğin ödüle bağlı çeşitli yönleri, belirgin ve olumlu bir şekilde bütün değişkenlerle uyumludur, aktif istisnalarla yönetim, meslek memnuniyetiyle belirgin ve olumlu bir ilişkiye sahiptir, c) bırakınız yapsınlarcı liderlik meslek memnuniyeti, işten memnuniyet ve yönetimden memnuniyet konuları arasında belirgin bir şekilde olumsuz bir ilişki bulunmuştur.

Anahtar Kelimeler: Dönüşümcü Liderlik, Edimsel Liderlik, Bırakınız Yapsınlarcı Liderlik, İşle Memnuniyet, Kazakistan, Petrol şirketleri

ABSTRACT

Master Thesis

Perceived Leadership Behavior and Job Satisfaction in Oil Companies of Kazakhstan

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Independent Kazakhstan, like other countries of the former Soviet Union has gone through rapid transformation of the business-related infrastructure. Nowadays more western companies operate in Kazakhstan. In the conditions of the free market economy Kazakhstan applied Western concepts in organizational and managerial structures. Thus, there is a need to assess the applicability of such concepts. This study is aimed to understand the leadership behaviors of managers in Kazakhstan and the relationship between perceived leadership behavior and job satisfaction in oil companies.

The theoretical assumptions and practical implications of Full Range Model of Leadership are discussed. This model emphasizes the transactional-transformational paradigm. The hypotheses of this study propose that two independent variables transactional and transformational leadership would be positively, and laissez-fair leadership would be negatively correlated to the three dependent variables, overall job satisfaction, satisfaction with work, and satisfaction with supervisor. The present study was conducted in Kazakhstan within employees of 16 oil companies situated in two main oil producing cities Atyrau, Aktyube and two main cities of Kazakhstan Almaty and Astana, which are business centers of the Republic.

The study results indicate that: a) all factors of transformational leadership are positively correlated to overall job satisfaction, satisfaction with work and satisfaction with supervision, b) the facets of transactional leadership, contingent reward is significantly and positively related to all independent variables, management by exception active is significantly and positively related to overall job satisfaction, c) laissez-faire leadership as expected is significantly and negatively related to overall job satisfaction, satisfaction with work, and satisfaction with supervisor.

Key Words: Transformational Leadership, Transactional Leadership, Laissez-faire Leadership, Job Satisfaction, Kazakhstan, Oil Companies

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION TO THE STUDY

> Leadership is not a fad. It's a fact. It's not here today, gone tomorrow. It's here today, here forever. (James M.Kozner)

Kazakhstan is a large Central Asian country with rich natural resources. For a long time it was a part of the biggest country in the Soviet Union. In 1991 Kazakhstan obtained its own independence. After the break-up of the Soviet Union it had severe problems, but recent economic growth resulting in the successful development of the country presents Kazakhstan as a prime example of a transition state making economic progress (Luthans F. et al., 1998:196).

In 1994 there was short-term contraction of the economy with the steepest annual decline. Between 1995 and 1997 the government programs and privatization brought to a substantial shifting of assets into the private sector. Since the beginning of 2000, Kazakhstan has experienced rapid growth and the main catalysts for this growth have been economic reform and foreign investment, much of which has been concentrated in the energy sector. Kazakhstan is one of the ten countries in the world with the largest proved hydrocarbon reserves. These proven hydrocarbon reserves contain oil and gas resources. According to British Petroleum statistical review Kazakhstan's combined onshore and offshore proven reserves are 5.5 billion tones or 39.8 billion barrel, which make Kazakhstan's oil sector very attractive for major foreign investors. The opening of the Caspian Consortium pipeline in 2001, from western Kazakhstan`s Tengiz oil field to the Black Sea, substantially raised export capacity. Exports of crude oil have grown significantly and Kazakhstan is the second largest oil producer among the former Soviet republic region. As a result, vast hydrocarbon resources have helped Kazakhstan to develop an energy policy which has formed the basis for accelerated national economic growth. The Kazakhstani oil and gas industry has been transformed from a centralized state-owned organization into a fragmented free market enterprise, which has increased its pull of investments and has caused

Kazakhstan to become a leader in terms of its estimated quantity of hydrocarbon deposits not only among post-Soviet states but also among major oil producing nations. 30 percent of Kazakhstan's GDP and over half of its revenues come from petroleum industry. Major oil reserves in Kazakhstan (over 90 %) are concentrated in 15 major resources: Tengiz, Kashagan, Karachaganak, Uzen, Zhetybai, Zhanazhol, Kalamkas, Kenkiyak, Karazhanbas, Kumkol, Northern Uzachi, Alibek Molla, Central and Eastern prorva, Kenbai, Korolevskoye. The main locations of resources are on the territory of 6 out 14 Kazakhstani oblasts (districts). These are Aktyubinsk, Atyrau, Western Kazakhstan, Karaganda, Kyzyl Orda and Mangistau. About 70 % of total hydrocarbon reserves are located in West Kazakhstan oblast (Namazbekov, 2008).

The country creates a favorable investment climate for national and foreign oil companies. The oil companies have performed a key part in the country's domestic economy since Kazakhstan's oil industry is compared to a locomotive that should haul all the other sectors of economy. The Kazakhstan's oil companies have been contributed to the global energy demand and are being the largest employers in the country (Abenov, 2009). As well as other oil companies all over the world the areas of functioning of oil companies in Kazakhstan can be grouped into the following:

- Production, which involves the extraction of crude oil from reserves, followed by its refinement
- Distribution is an everyday distribution of oil to various sectors of the national economy, which is followed by the commercialization of oil products (Economy Watch, 2009).

The country's leading oil company is state-owned oil company KazMunaiGas. KazMunaiGas is developing 41 fields in Western Kazakhstan. The proved plus probable oil reserves were estimated to be 241 million tonnes (1,775 million barrels) in 2008. The company controls approximately 60% of oil pipelines, 100% of main gas pipelines and 30% of oil refineries (KazMunaiGas, 2008)

In 2005, the government introduced new restrictions granting state-owned oil and gas company KazMunaiGas the status of contractor and at least half of any **Production Sharing Agreement** (**PSA**) (US Energy Information Agency, 2009).

The landmark foreign investment in Kazakh oil industry is the TengizChevroil (TCO) joint venture, owned 50% by ChevronTexaco, 25% by ExxonMobil, 25% by the KazMunaiGas, and 5% by LukArco of Russia. The Karachaganak natural gas and gas condensate field is being developed by British Gas (UK), Agip (Italy), ChevronTexaco (US), and Lukoil (Russia). Also Chinese and Korean oil companies are involved in the Kazakhstan's oil industry (see Appendix A).

Independent Kazakhstan, like other countries of the former Soviet Union has gone through rapid privatization of its industrial enterprises, liberalization of financial markets and a transformation of the business-related legal infrastructure. These processes in turn have opened wide the market and new business opportunities for Western companies. However, successful business cooperation with the former Soviet Union countries depends on understanding the specificity of national and business culture as well as management styles prevalent in these countries. In the Soviet Union organizational culture and management style were highly centralized, bureaucratized and organizations were managed autocratically. Managerial behavior included scrupulous rule-following, a lack of initiative and contentment with low grade product quality. The enterprise managers were completely dependent on the central authorities for resources, and at the same time had unlimited authority over the subordinates in everything concerning internal resources allocation and job assignments (Ardichvili & Gasparishvili, 2001).

Nowadays highly centralized economy was replaced by the elements of free market economy, which subsequently brought about changes in enterprises. The changes have occurred in structure, process of management, form of government and human resources.

Much research has been devoted to exploring organizational behavior in Western countries. They were analyzed via different concepts and constructs. In the present time as the Western companies operate more in the multicultural environment there is a need to assess the applicability of the Western concepts in other countries. One such construct that plays a key role in Western organizational and management sciences is leadership (Ardichvili, 2001; McLean, 1991).

Research on leadership styles of managers in the former USSR is scarce. The focus is principally concerned with culture and leadership behavior (Luthans F. et al., 1998; Ardichvili & Gasparishvili, 2001; Ergeneli, Gohar, & Temirbekova, 2007).

The research of Ardichvili and Gasparishvili (2001) was devoted to the comparison of socio-cultural values, internal work culture assumptions and leadership styles in manufacturing firms in Russia, Georgia, Kazakhstan and Kyrgyz Republic. It has found difference between these four countries in all parts, in spite of the similarities in economic systems and organizational and managerial structures. Managers in four countries had high scores on transactional and laissez-faire leadership than comparable samples of managers in US. Furthermore, although charisma is considered to be one of the most efficient elements of transformational leadership style in US, it was not as high on the priority list of managers in the four post-communist countries.

In order to fully understand leadership behaviors of managers in Kazakhstan there is a necessity for more research in this field.

There is an abundance of the leadership research in North America since the late 1980s, and almost all of it has concentrated on the distinction between two styles of leadership: transactional and transformational leadership (Ardichvili & Gasparishvil, 2001; Avolio et al., 1995; Bass, 1985; Yukl, 1989; Den Hartog, 1997). There have been numerous studies related to transformational leadership in recent years all around the world (Chiok Foong Loke, 2001; Erkutlu, 2008; Hetland & Sandal, 2003; Kirkbride, 2006; Sarros & Santora, 2001). The results of these studies suggest that transformational leadership typically provides a positive augmentation in leader performance beyond the effects of transactional leadership. Furthermore, Bass (2006)

suggests that transformational leadership should be a more effective form of leadership worldwide because this leadership style is consistent with people's prototypes of an ideal leader.

The transformational leader seeks to transform not only an organization, the follower are transformed too, because transformational leadership requires employee empowerment. This type of leader motivates and inspires followers to do more than they expected to do, they put enthusiasm and energy into everything, create a vision of future that will excite and change potential followers. In contrast to transactional leaders who clarify what they expected from followers and what followers will receive, the transformational leaders serve the followers and goes beyond self-interest for the good of them. The transformational leadership has beneficial effects on organizational and individual outcomes. Research has demonstrated the relationship of the transformational leadership to job satisfaction, effectiveness, and organizational commitment (Bass, 2006). Such leaders have more satisfied followers. The satisfaction of employees is closely related to the employee loyalty, their devotion to the organization's interests, common values and goals. It is suggested that job satisfaction is a state of pleasure gained from applying one's values to a job (Locke, 1969). The job satisfaction is very important for an organizations in order to retain its employees, reduce turnover rate and absenteeism. Employees who are not satisfied will often engage in unproductive behavior and task avoidance. Waldman, Bass, and Yammarino (1990) suggest that the most effective leadership is a combination of both transformational and transactional.

As this topic has received more research attention it can also be explored in Kazakhstan. Mostly, research is directed to the relationship between leadership behaviors and job satisfaction, organizational effectiveness, organizational performance, and organizational culture (Bass & Avolio, 2003; Tarabishy et al., 2005; Catalano, 2002; Detamore, 2007).

There are a lot of studies concerning leadership and job satisfaction which have been conducted within education and healthcare, consulting and manufacturing firms while very little work has been done in the oil industry.

Therefore, the aim of this study is to research and examine the relationship between supervisors' leadership behavior and subordinates' job satisfaction in oil companies of Kazakhstan.

1.2 BACKGROUND OF THE STUDY

As we live in the rapidly changing world, with an unstable and uncertain environment, leadership matters more than ever. Contemporary organizations need more new approaches to leadership in order to be successful. More and more researchers have focused recently on the emotional and symbolic frame of leadership, rather than traditional or transactional approaches - this aspect is simply called "transformational theories" (Zagorsek, 2004; Ergeneli, Gohar and Temirbekova, 2007)

According to House (1988) leadership research can be divided into micro-level research that focuses on the leader in relation to his or her subordinates and immediate superiors, and macro-level research that focuses on the total organization and its environment (Tarabishy et al., 2005). This study has focused on micro-level research and has considered relationship between leader and follower in order to find out how employees perceive their immediate supervisors' leadership styles and what will be the relationship between perceived leadership style and subordinates' job satisfaction in the framework of transactional and transformational leadership theory.

The transactional and transformational construct first was developed by Burns (1978) and it was stated that transactional and transformational leadership were at the opposite ends of the same continuum, meaning leaders were one or the other (Bass& Avolio, 1995). Thereafter Bass (1985) extended Burns' work and proposed that augmentation of transactional leadership with transformational leadership factors raises individuals to higher levels of performance more than those solely under the auspices of a transactional leader. To prove his theory, he suggested the Model of the Full Range of Leadership and forms continuum, which describes the laissez-faire style of leadership at one end, then towards the middle of the continuum the transactional leadership style appears, and finally transformational style of leadership resides. In order to provides an instrument to measure degrees of the existence these

styles of leadership as perceived by followers Avolio and Bass (1995) developed the Multifactor Leadership Questionnaire.

Transactional leadership theories consider leader-follower relations on the basis of a series of exchanges between leaders and followers. It is contained in idea that, when the job and the environment of the follower do not provide the necessary motivation, direction and satisfaction, the leader, through his or her behavior, will be effective by compensating for the deficiencies. The leaders clarify what they expected from followers and what followers will receive in return (Den Hartog et al., 1997: 20). For example, leaders give subordinates something that they want (e.g. salary increase) in exchange for something that leaders desire (e.g. productivity, conformity to standards) this process creates interdependence from each other (Humphreys & Einstein, 2003).

In contrast to the transactional leader who practices contingent reinforcement of followers, the transformational leader inspires, intellectually stimulates, and is individually considerate of them. Transformational leaders communicate a vision that motivates others to do more than they originally intended and often even more than they thought possible (Bass, 1999). This leader inspire followers to incorporate higher values, they pay attention to the concerns and needs of followers, and change followers by helping them to look at old problems in new ways. They are often charismatic, building an image and demonstrate confidence.

Job satisfaction is one of the important themes in organizational science. In today's organizations there is a tendency that successful ones put people first. According to Robbins (2003) for the organization its employees are only true competitive advantage, because competitors can match products, processes, locations, distribution channels, but it is difficult to emulate with a workforce made up of highly knowledgeable and motivated people.

The relationship between leadership behavior and job satisfaction is very important for today's organizations. As people are considered as main assets of organizations managers must understand how to direct, motivate and manage them. The right

leadership behavior can shown advantageous effect not only on individual outcomes but also on organizational outcomes.

Bass (1999) suggested while transactional and transformational leadership complement each other, leaders who demonstrated mostly transformational characteristics have more satisfied employees. Thus, transformational leadership positively correlated to job satisfaction.

"Transformational leadership, which fosters autonomy and challenging work, became increasingly important to followers' job satisfaction" (Bass, 1999:10). Transformational leadership instills a higher level of commitment in employees, reduces stress and increase moral, which is by turn enhanced employee satisfaction and lead to increased overall organizational performance.

Transactional leadership also positively correlated to outcomes, but, in general, the relationships were considerably weaker than those found for transformational leadership. The transactional leader relies more on exchange between a leader and a follower. Transactional leadership style has found effective when subordinates know and successfully execute their task in order to receive a desirable job reward (Avolio& Bass, 1995)

On the other part of continuum there is a non leadership style (laissez-faire), characterized by avoidance or absence of leadership. This is the most inactive; it is also the most ineffective style. *Laissez-faire leaders* exercise minimal leadership functions that give no direction and do not praise or punish followers. This leadership style is almost uniformly negatively correlated with outcomes (Bass, 1995).

1.3 PURPOSE OF THE RESEARCH

The purpose of this study is to research and examine the relationships between perceived leadership behavior of supervisors and subordinates' job satisfaction in oil companies of Kazakhstan. This study examined three perceived leadership styles: transformational, transactional, and laissez-faire to find an effect (if any) on the three

aspects of job satisfaction (overall job satisfaction, satisfaction with supervisor, and satisfaction with work).

1.4 RESEARCH QUESTIONS AND HYPOTHESES

There are three research questions and nine hypotheses presented in order to guide the study and analyzed in detail the relationship between three independent variables, perceived transactional, transformational, and laissez-faire leadership behaviors and three dependent variables, overall job satisfaction, satisfaction with supervisor, and satisfaction with work.

Research Question 1.

What are the relationships between leadership behaviors (as measured by the Multifactor Leadership Questionnaire (MLQ) 5X Rater Form) and subordinates' overall job satisfaction in oil company?

Research Question 2.

What are the relationships between leadership behaviors (as measured by the Multifactor Leadership Questionnaire (MLQ) 5X Rater Form) and subordinates' satisfaction with supervisor in oil company?

Research Question 3.

What are the relationships between leadership behaviors (as measured by the Multifactor Leadership Questionnaire (MLQ) 5X Rater Form) and subordinates' satisfaction with work in oil company?

Hypotheses:

H_1: There is a positive correlation between subordinates' perception of their supervisors' transformational leadership behavior and subordinates' overall job satisfaction in oil company

H_2: There is a positive correlation between subordinates' perception of their supervisors' transformational leadership behavior and subordinates' satisfaction with supervisor in oil company

H_3: There is positive correlation between subordinates' perception of their supervisors' transformational leadership behavior and subordinates' satisfaction with work in oil company

H_4: There is a positive correlation between subordinates' perception of their supervisors' transactional leadership behavior and subordinates' overall job satisfaction in oil company

H_5: There is a positive correlation between subordinates' perception of their supervisors' transactional leadership behavior and subordinates' satisfaction with supervisor in oil company

H_6: There is positive correlation between subordinates' perception of their supervisors' transactional leadership behavior and subordinates' satisfaction with work in oil company

H_7: There is negative correlation between subordinates' perception of their supervisors' laissez-faire leadership behavior and subordinates' overall job satisfaction in oil company

H_8: There is negative correlation between subordinates' perception of their supervisors' laissez-faire leadership behavior and subordinates' satisfaction with supervisors in oil company

H_9: There is negative correlation between subordinates' perception of their supervisors' laissez-faire leadership behavior and subordinates' satisfaction with work in oil company

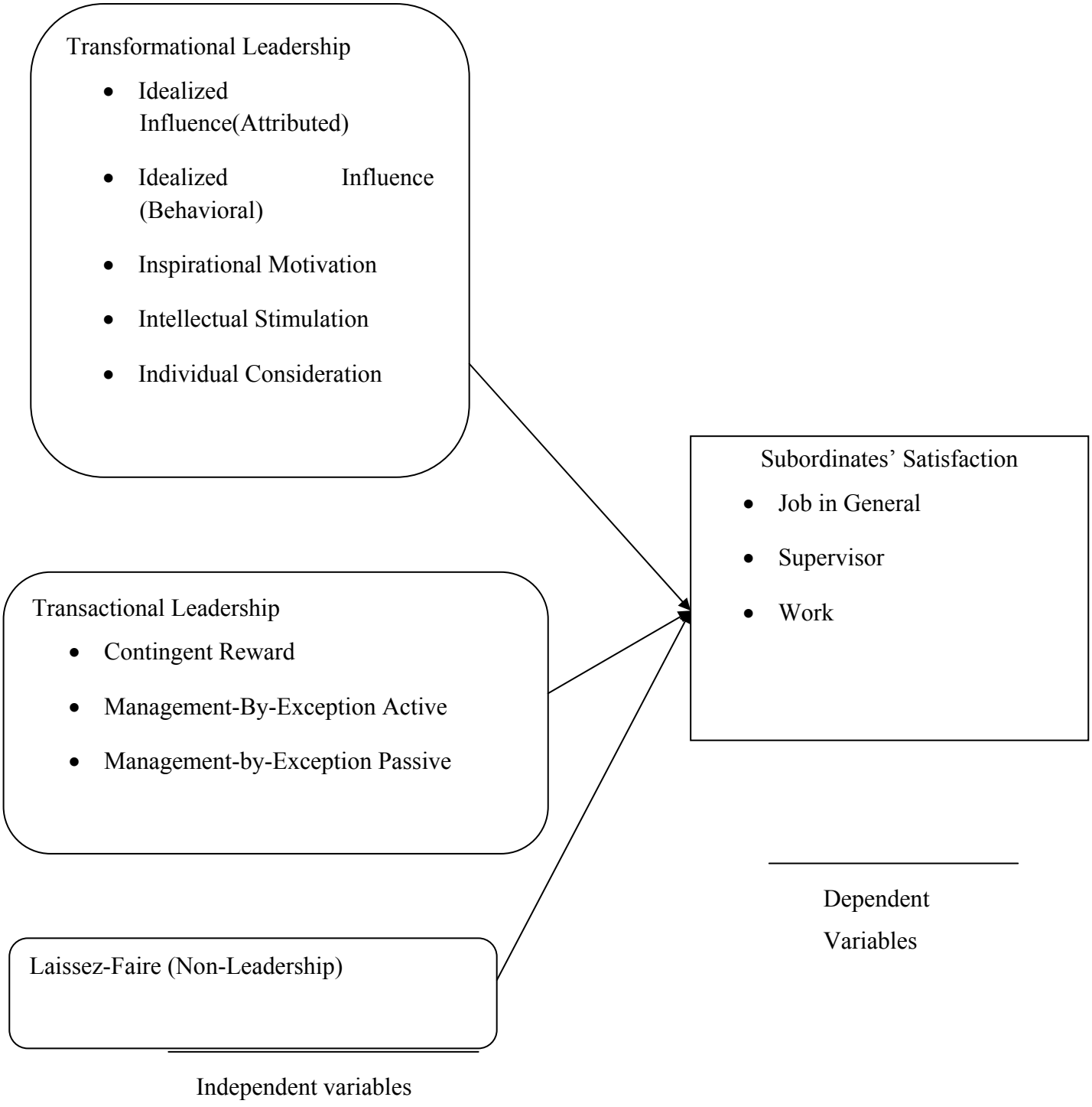

Figure 1: *Theoretical Framework*

1.5 DEFINITION OF TERMS

Transformational leadership **(TF).** This leadership style involves inspiring followers to commit to a shared vision and goals for an organization or unit, motivate others to do more than they originally intended, challenging them to be innovative problem solvers, and developing followers' leadership capacity via coaching, mentoring, and provision of both challenge and support (Bass, 2006).

Charisma. Charisma is recognized as an integral transformational factor, it gives emotional appeal to those around, however it doesn't alone explain transformational leadership (Bass, 1985).

Idealized Influence Attributed (IIA). This is a facet of transformational leadership, which describes leaders who serve as role models for their associates. Leaders are admired, respected and trusted. Followers endow leaders with extraordinary capabilities, determination and want to emulate their leaders (Bass, 1999).

Idealized influence Behavioral (IIB). This is a facet of transformational leadership, which describes leaders who can be counted on to do the right thing through high ethical and moral standards (Bass, 1999).

Inspirational Motivation **(IM).** This is a facet of transformational leadership, which portray leader who motivates and inspires those around them by providing meaning and challenge to their followers' work. The leader clearly communicates expectations that followers want to meet, and demonstrates commitment to goals and the shared vision (Bass, 2006).

Intellectual Stimulation (IS). This is a facet of transformational leadership, which portray leader who stimulates followers' to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways (Bass, 2006).

Individualized Consideration (IC). This is a facet of transformational leadership, which portray leader who acts as a coach or mentor by paying special attention to each individual follower's needs for achievement and growth. Leaders with individual consideration encourage followers, demonstrate acceptance of individual differences (Bass, 2006).

Transactional leadership (TR). This leadership style involves a leader follower exchange relationship in which the follower receives some reward in return for compliance with the leader's expectations (Bass, 1985).

Contingent Reward (CR). This is a facet of transactional leadership, which portray leader who assigning or obtaining follower agreement on what needs to be done with promised or actual rewards offered in exchange for satisfactorily carrying out the assignment (Bass, 2006).

Management-by exception active (MBA). This is refers to leadership behavior, which portray leader who arranges to actively monitor deviances from standards, mistakes, and errors in the follower's assignments and to take corrective action as necessary (Bass, 2006).

Management-by-exception passive (MBP). This is refers to leadership behavior, which portray leader who waiting passively for deviances, mistakes, and errors to occur and then taking corrective action (Bass, 2006).

Laissez-faire leadership (LF). Laissez- faire leadership is the avoidance or absence of leadership. This type of leader is indolent, rather than reactive or proactive (Bass, 2006).

Job Satisfaction. Job satisfaction is a pleasurable emotional state resulting from the appraisal of one's job as achieving or facilitating one's job values (Weiss, 2002).

Overall Job Satisfaction. This refers to the global, long-term evaluation of an employee's job, which is distinct and separate from facet satisfactions (Detamore, 2008; Ironson, Smith, Brannick, Gibson, & Paul, 1989).

Satisfaction with work. This is a facet of job satisfaction concerning an employee's satisfaction with the work itself (Smith et al., 1969)

Satisfaction with supervisor. This is a facet of job satisfaction, which describes an employee's satisfaction with their supervisor (Smith et al., 1969).

1.6 ASSUMPTIONS AND LIMITATIONS

The assumptions of this study:

1. The instruments of this study are reliable and accurately measure all variables.
2. The participants responded to the questions sincerely and honestly

The limitations of this study are:

1. Present research was conducted during the financial crisis which affected all parts of economy all around the world and Kazakhstan isn't an exception. This crisis causes companies to downsize and general feeling of depression among employees leading to the exaggeration of facts due to the emotional involvement of the respondent.
2. The research may be restricted because of the quantitative nature of the data gathering. The using only a questionnaire method, unfortunately, gives incomplete knowledge. That is why using of qualitative or mixed method can help to obtain from participants more deep feelings relating to the subject.
3. Oil companies have strict regulation procedures for providing information about their internal work.
4. Another possible limitation of this study is the orientation only on subordinates' perception. The dyadic relationship when the behaviors of leader and follower affect and are affected by each other did not consider, because of limited access to managers. If the leaders had assessed their own behavior by themselves that would probably have given us more information about interrelations between leader and subordinate.

5. Possible limitations also could be sample size, and its selection. The findings may not be generalized to general population, other sectors or other cultural background.
6. Despite the fact that majority of companies are multinational, the study did not consider cultural aspects that influence on leadership and organizational process. The possible consideration of religion, ethnic background, history, language variables and etc. would give us broader picture about leadership situation in oil companies.
7. The study was used existing and established measurement instruments to assess constructs such as leadership and job satisfaction that quite possible have highly situational and temporal aspects not captured here.

1.7 DIVISION OF THE STUDY

This study consists of five chapters. Chapter 1 is the introduction part of the study in general. It presents a background of the study, purpose of the study, research questions and hypotheses; in addition, terms definitions and assumptions with limitations are explained. Chapter 2 begins with the concept of leadership and provides literature review, which describes the development manner of leadership theories. The definitions, theories and measurement of job satisfaction are given and also it summarizes researches relevant to relationship between job satisfaction and leadership. Chapter 3 contains information about the methods and design of the research, describes hypotheses, population and sample, study instruments, data analysis. Chapter 4 discusses the findings, such as demographic characteristics of respondents, the results of research questions and hypotheses testing. Chapter 5 summarizes the study, presents conclusions, and recommendations for oil companies and future research

CHAPTER 2

LITERATURE REVIEW

2.1 CONCEPT OF LEADERSHIP

Concepts and ideas of leadership are the subject of much thought, discussion, writing, teaching and learning (De Pree, M., 1989). That is why leadership may be one of the most investigating and important issue in social science study. Scholars have attempted to identify the formula for successful leadership (Bass, 1990). Theorists have attempted to give a definition for leadership, but there are as many opinions as there are people. The definitions are given below can help to have a general idea about leadership.

"Leadership is not contained in a gene any more or any less than other pursuits. Leadership is not a place, it's not a position, and it's not a secret code that can't be deciphered by ordinary people. Leadership is an observable set of skills and abilities" (Kouzes J., 2003: xvii).

According to this definition, we can obviously see the opposite view to earlier theories of leadership, the Trait theories. These theories stated that the leaders were born and their abilities were inherited. However, these theories are not widely accepted today. According to definition the leaders are not born and not assigned to a position. A person becomes a leader by demonstrating a particular set of skills and abilities, which sets him apart from the majority. In spite of position and status, person who doesn't have certain abilities of a leader can't be considered as a true leader who can lead. Therewith, leadership is not only sets of ability but also a relationship between those who lead and those who chose to follow. The same author defined this idea as follow:

"Leadership is a relationship between those who aspire to lead and those who chose to follow. Sometimes the relationship is one-to-one; sometimes it's one-to-many. But regardless of whether the followers number one or one thousand, leadership is a relationship" (Kouzes J., 2003: xix).

The leaders in organization can have charisma, communication ability, good will and other qualities, but they also must learn how to apply these abilities in their relationship with followers. There are internal and external environment of organization, and effective leaders must cope with the problems in both side. Having only a charismatic personality is not enough, they must also learn how to communicate, influence, and direct people, especially in the case of stress and crisis situation. Thus, effective leaders must have both a good relationship with whom they are going to lead and ability.

The difference between manager and leader

Defining leadership includes, in part, differentiating the role of leader from that of manager. According to Bennis and Nanus (1985) leaders could be differentiated from managers as "Managers are people who do the things right and leaders are people who do the right things".

Some people think that these two concepts are similar, but leadership and management are different. They rather complement each other, each has its own function and characteristic activities and each are necessary for firms to be successful.

While improving their ability to lead, companies must remember one thing that strong leadership with weak management is no better, and is sometimes worse, than the reverse (Kotter, 1999).

Managers and leaders have different point of view concerning the work process. The managers consider work as an interaction between people and ideas to establish strategies and make decisions. They use different tactics, which appear flexible: on one hand negotiation and bargain; on the other hand they use rewards, punishments and other form of coercion. Whereas leaders develop fresh approaches to problems and open issues to new options. They create images that excite people and then develop choices to realize these images (Zaleznik, 1992:128)

According to Kotter (1999) management is about coping with complexity, and leadership by contrast is about coping with change and they do following activities

- Companies manage complexity first by *planning and budgeting*-setting targets and goals, establishing detail steps for achieving those targets. By contrast, leading an organization is to construct change and set to a direction, this means developing a vision for the future.
- In order to achieve its plan management creates organizational structure and sets plan, stuffs the jobs with qualified individuals, delegates responsibility for carrying out the plan. Leadership activity, however, is *aligning people*. This means communicating new direction with those who can create coalition that understand the vision and are committed to its achievement.
- Finally, management ensures accomplishment of plan by *controlling and problem solving*- monitoring results both formally and informally, by means of reports, meetings and other tools. But for leadership, achieving vision requires *motivating and inspiring*-keeping people moving in the right direction, despite major obstacles to change, by appealing to basic but often untapped human needs, values, and emotions.

As we can see above, it is clear that management is related to functions of organizing, planning, directing and controlling. In turn description of leadership consists of a wide variety of elements.

2.1.1 LEADERSHIP THEORIES

For the purpose of this study leadership theories are classified according to the research approaches behind them. There are 5 categories: Trait, Behavior, Contingency, Charismatic and Transformational approaches

2.1.1.1 Trait Approach

The trait approach is one of the earliest used to study leadership. It emphasizes the personal traits of leaders. The phrase “a leader is born, not made” sums up this approach. Leadership ability arises from inherent traits. Such traits as “superior

intelligence, imposing stature, self-confidence, effectiveness at communicating, ability to motivate others, and the need for achievement, decisiveness and creativity have all been identified by various scientific researchers as traits characteristic of those who are successful in business"(Montana & Charnov, 2000:261).

This theory began with the concept of "Great Man" theory, which saw power as being vested only limited number of people whose birthright and destiny made them leaders. Those of the right breed could lead; all others must be led (Bennis & Nanus, 1985:5)

The trait theory of leadership is not widely accepted today. It does, however, continue to stay the topic of research. The five year research, within 1500 companies on the New York Stock Exchange (NYSE), conducted by Collins (2000) and aimed to find out the kind of leadership that has taken mediocre companies to greatness has following results, only 11 companies in 30 years made this jump from average to extraordinary and that all their leaders had two traits in common: a self-effacing humility and will (Collins, 2000).

However, in today's organization leadership is much more than just traits people possess and one or another characteristics alone are not enough to be effective leader. The main shortcoming of this approach is being oriented on inherited traits; it doesn't suppose that traits can be learned. Many leadership traits such as communication skills can be learned and imposing appearance can be created. Consideration of those leadership traits that were learned motivated managerial researchers to focus on leadership behaviors.

2.1.1.2 Behavioral Approach

The behavioral approach is a research based effort designed to understand leadership. Researchers switched their focus from who the leader was to observations of what effective and ineffective leaders actually did on the job. The works of two research groups known as the University of Michigan studies and the Ohio State studies examined leader's behavior. They described leadership behavior in terms of two basic dimensions.

Each study used different terms to describe dimensions of leadership; the main meaning, however, remained. These dimensions referred to as task orientation (initiating structure) and people orientation (consideration).

Being task oriented versus people oriented considers whose needs are being met when making decision. Task oriented involves the creation of structure and setting goals as well as planning how to realize them, whereas a people oriented leadership style concentrated on the maintenance or personal relationships, open communications and the development of potential (Eeden, 2005).

The Ohio State study revealed two dimensions of leadership. They were called *initiating structure* and *consideration* and corresponded to earlier presented task orientation and employee orientation dimensions. The researchers began their study with opinion that successful leader would show both a high level of task orientation and a high level of employee orientation. This did not prove to be the case and no one right style of leadership always proved effective. Different combinations of task orientation and employee orientation were considered as characterize effective leadership (Montana & Charnov, 2000: 263)

The next research group at The University of Michigan compared two units within a large corporation and used terms such as *job-centered* and *employee-oriented*. Both units showed high levels of productivity, but were different in leadership styles. One unit had a leadership style high in employee orientation with satisfied employees, low absenteeism and low turnover, while another unit had leadership style high in task orientation with lower employee satisfaction, high absenteeism and higher turnover. Researchers concluded that effectiveness of a leadership style could not be evaluated only on the basis of achieved levels of productivity, but such measures as employee satisfaction, turnover rates, and absenteeism must be taken into account (Montana & Charnov, 2000:264).

As the result, these two studies considered leadership behavior and subordinate reaction correlation and concluded that effectiveness of a leadership depends not only on productivity level but also such measure as employee satisfaction.

Some researchers created graphic portrayal of a two-dimensional view of leadership. Black and Mouton (1968) suggested managerial grid of leadership styles. This is a matrix, concentrating on five major styles, they are: a) *laissez-faire management style* (minimal concern for both people and production), b) *country club management style* (high concern for people but a minimal concern for production), c) *task or authoritarian management style* (high priority for accomplishing the desired production while devoting little concern to the needs of employees), d) *team or democratic management style* (equally concern for both task and people) represents the ideal management style (Robbins, 2003)

In the three year study of about 1,500 managers Kouzes and Posner (1989) inferred five practices and ten behavioral commitments that characterized effective leaders. They developed a self-assessment and leadership assessment tool, the Leadership Practices Inventory to measure these ten dimensions. The five practices and their ten related behavioral commitments are:

- Challenging the process: *Search for opportunities; Experiment and Take Risk*
- Inspiring a Shared Vision: *Envision the Future; Enlist Others*
- Enabling others to Act: *Foster Collaboration; Strengthen Others*
- Modeling the Way: *Set the Example; Plan Small Wins*
- Encouraging the Heart: *Recognize Individual Contribution; Celebrate Accomplishments*

In response to the criticism of the trait approach, theorists began to research leadership as a set of behaviors. The main purpose of the behavior approach school was to find an ideal leadership behavior. The shortcoming of this approach is that there was no right way to behave. The theorists of this approach did not consider other contingent factors which can surface. That is why a further group of contingency researchers tried to determine when a particular behavior was the most appropriate to achieve leadership effectiveness in different situations.

2.1.1.3 Contingency Approach

The contingency approach pays attention to the nature of the work performed by the leader's unit, the individual characteristics of the followers or the nature of the external environment. The theories of this approach stress using different styles of leadership appropriate to the needs created by different organizational situations.

There is no one best way to influence people. Which leadership style a person should use with individuals or groups depends on the readiness level of the people the leader is attempting to influence (Hersey, 1985).

One of the earliest theories was *Fiedler's Contingency model*. Fiedler and his associates argue that group productivity is dependent upon the match between: (1) a personality trait labeled task versus relationship motivation, and (2) the "favorableness" of the leadership situation (Jago, 1982). Task versus relationship motivation is measured by Fiedler's Least Preferred Co-worker scale. Individuals are asked to name the person with whom they have worked least well in the past, and then to rate the personality of that person; those who do so critically receive low LPC scores, while those who are more positive in their evaluations receive high scores. The interpretation of the scores has changed over the time. Fiedler believes that leadership effectiveness is a function of the individual's score and several other factors in the situation. Therefore, some leaders will be more effective in certain situations, while others will do better on other situations. Fiedler argues that leader-member relationship, positional power, and the structure of the task all contribute to the degree of fit between an individual and a situation.

According to Eeden (2005) weaknesses of this model are that the instrument of measuring leadership style is up in the air, leader's technical competencies and the competencies and characteristics of subordinates are not considered, and the model does not provide a clear explanation of the leadership process.

The *Situational Leadership* method from Kenneth Blanchard and Paul Hersey states that managers must use different leadership styles depending on the situation. The main considerations are situation itself and subordinate characteristics.

Hersey and Blanchard (1988) use a two dimensional grid with Task Orientation and People Orientation axes. This is an extension of the leadership theory presented by Blake and Mouton with their Managerial grid.

"Task behavior is defined as the extent to which the leader engages in spelling out the duties and responsibilities of an individual or group. These behaviors include telling people what to do, how to do it, where to do it, and who is to do it. Relationship behavior is defined as the extent to which the leader engages in two way or multi-way communication. The behaviors include listening, facilitating and supportive behaviors" (Hersey and Blanchard, 1988: 112)

Depending on employees' competences in their task areas and commitment to their tasks, one's leadership style should vary from one person to another.

The maturity of the subordinate determines what mix of people versus task orientation is appropriate for that subordinate. Immature subordinates require a more directive, task-oriented leader, while mature subordinates who are willing to take responsibility will respond better to a more people oriented leader (Hersey&Blanchard, 1988).

Contingency Theory is similar to Situational theory in that there is an assumption that there is no one simple way that is always right. The main difference is that situational theory focuses more on the behaviors which the leader should use. In contrast Contingency Theory takes a broader view, which includes not only contingent factors about a leader's capability, but also includes other variables within the situation.

Path goal theory is a contingency model of leadership which concludes that it's a leader's job to assist followers in attaining their goals and to provide the necessary direction. Developed by Robert House this theory is related to Expectancy theory of motivation, concerning the belief that people are motivated by their level of expectations that they can do the work, be rewarded and value the reward offered to them (Robbins, 2003).

House (1971) described it as the motivational function of the leader that included personal pay-offs to subordinates for work-goal attainment. The leader made the path to these pay-offs easier by clarifying it and reduced obstacles to them, and also increased the opportunities for personal satisfaction en route.

Leadership is said to be effective when a leader helps create an obvious path to a desired reward. This may be accomplished by a combination of leadership behaviors, as being *directive leader* by giving specific guidance, the *supportive leader* by being friendly and shows concerns for needs of followers, the *participative leader* by consulting with followers and using their suggestions and eventually being an *achievement-oriented leader*, who sets challenging goals and expects followers to perform at their highest level (Montana & Charnov, 2000; Robbins, 2003).

We can characterize path- goal theory as the significant component of transactional leadership behavior, because it clarifies the importance of determining what job must be accomplished and as well as the rewards offered for the desired task accomplishment.

2.1.1.4 Charismatic Approach

The change in organizations in early 1980s brought to occurrence of new theories of leadership, which were labeled as charismatic and transformational leadership. However the term "charismatic authority" first was introduced by Max Weber in 1925. According to Weber (1947) charismatic authority is found in the personal qualities of an individual leader, one deriving his or her particular legitimacy not from traditions, rules or position, but rather from faith in the leader's exemplary character. The leader characterized as having superpower and mystical. Therefore, charismatic leaders are selected by followers because they believe a leader is extraordinarily gifted (Conger & Kanungo, 1994).

Tucker (1968) described first leadership model which was showed the relationship between charismatic leaders and followers. He noted that charismatic leadership exists only when followers say it does, that is why leader must periodically highlight the leadership perception by demonstrated exceptional qualities or abilities.

Otherwise, over time, followers lose confidence and charismatic perception will fade. (Kessler, 1993)

House (1977) believed that charismatic leadership based on the leaders' personal characteristics, his behavior (emotional impact on subordinates), and situational characteristics. He was one of the first to conscientiously study the follower. The charismatic leadership is measured by the following:

- Followers trust in the correctness of the leader's beliefs
- Similarity of followers' beliefs to the leader's beliefs
- Unquestioning acceptance of the leader by followers
- Followers' affection for the leader
- Followers' willing obedience to the leader
- Emotional involvement of followers in the mission of the organization
- Heightened performance goals of followers
- Belief of followers that they are able to contribute to the success of the group's mission

The Attribution theory of charisma from Conger and Kanungo (1994) more based on leader traits and behaviors which help make the leader seem charismatic for followers:

- Championing a vision that is *radically different* from the status quo- although not so different that followers will find it unacceptable.
- Employing *unconventional* methods and strategies to realize the vision
- Taking personal *risk* and making *sacrifices:* followers trust a leader who may incur personal loss if the undertaking fails

In the opposed to Weber's opinion that charismatic leader is extraordinary gifted attributed theory proposed that behavior of charismatic leader can be taught.

The theory outlines two processes by which charismatic leaders actually influence followers:

- **Personal identification**. Followers admire the leader, and as a result want to become more like him(her)
- **Internalization of values and beliefs**. This process runs deeper than personal identification, which is often limited to the limitation of superficial leader traits. Followers who internalize the values and beliefs of the leader become motivated on their own to perform.

The charismatic leadership is similar to transformational leadership, because they both deal with changes and focus on relationship between leader and follower. In addition, charisma is recognized as an integral transformational factor, which gives emotional appeal to those around an individual. However, charismatic leadership recognize mainly leader's role in the relationship between leader and follower. The followers characterize as dependent on a leader. In other words followers just act according to the leader and without any autonomy. The transformational leadership focuses more on the needs of the follower than on the leader. According to Humphreys & Einstein (2003) all people with charisma are not transformational leaders.

The charismatic theories have measured leadership from the standpoint of *perceived leader behavior* whereas the transformational theories to date have concerned themselves primarily with *follower outcomes*. Basically, the two formulations of charismatic and then transformational in organizational literature are highly complementary and study the same phenomenon from a different point (Conger & Kanungo, 1994)

2.1.1.5 Transformational leadership theories

The transformational leadership theory occurred simultaneously with charismatic leadership theory. In contrast to charismatic leadership transformational leadership requires employee empowerment, not employee dependence (Bass, 1985; Lowe, 1986). Both leaders and followers inspire one another to elevated moral behavior.

In 1978, in his productive work *Leadership,* political scientist James McGregor Burns coined the terms transactional and transformational leadership to illustrate the two fundamentally different patterns of interaction that might occur between leader and followers (cited in Conger&Kanungo, 1994; Humphreys & Einstein, 2003). He proposed this construct by evaluating the literature on traits, leadership styles, leader-member exchange research, as well as his own observations. Burn considered the transformational leader to be distinct from the transactional leader and both of them are considered as being on opposite ends of the same continuum, meaning leaders were either one or other (Lowe, 1996; Bass& Avolio, 1995).

According to Burn (1978) the transactional leader initiates contact with subordinates in an effort to exchange something of value, such as rewards for performance, or mutual support. In an opposite manner, the transformational leader is the one who engages with others in such a way that the leader and follower raise one another to a higher level of motivation and morality (Lowe, 1996).

Tichy & Devanna (1990) considered transformational leaders as having a truly transforming influence on organizations as well as on individuals. These leaders transform organizations by defining the need for change, creating new visions, and mobilizing commitment to these visions.

The new leaders of new epochs are not born out of nothing. Instead they emerge when organizations face new problems that cannot be solved by unguided evolution. Effective leadership can move organizations from current to future states create visions of potential opportunities, instill within employees a commitment to change and instill new cultures and strategies in organizations (Bennis & Nanus, 1985)

Bass (1985) viewed transformational and transactional leadership as complimentary constructs and saw transformational leadership as ineffective with a total absence of transactional relationship between leader and follower. Thus, transformational leadership augments transactional management. The augmentation of transactional leadership with transformational leadership factors raises individuals to higher levels of performance more than those solely under the auspices of a transactional leader. The followers feel trust, admiration, loyalty, and respect towards the leader, and they are motivated to do more than they originally would have been expected to do (Lowe, 1996; Bass & Avolio, 1995).

To prove his theory Bass (1985) proposed the Model of the Full Range of Leadership which included leadership characteristics of transformational leadership and transactional leadership models, as well as non-leadership factor coded laissez-faire. He began his study on transformational leadership with military organizations and conducted qualitative research, which later developed into quantifiable survey tool. So, Bass developed first Multifactor Leadership Questionnaire to achieve higher levels of subordinate performance which was consisting of 73 items using a Likert scale. The survey exposed six leadership factors, two transactional (contingent reward, and management by exception), three transformational factors (charisma, individual consideration, and intellectual stimulation), and one non-leadership factor (laissez-faire leadership).

The content of the MLQ has varied somewhat over time, and additional transformational and transactional behaviors have been added to the recent versions (Yukl, 1999). The term charisma in transformational leadership has been replaced and the factor divided into idealized influence (attributed) and idealized influence (behavioral). The transactional factor of management by exception has been divided into management by exception (active) and management by exception (passive). Therefore, the recent version of **transformational leadership** includes *idealized influence (attributed)* or *charisma*, *idealized influence (behavioral)*, *inspirational motivation*, *individualized consideration*, and *intellectual stimulation*. **Transactional leadership** includes *contingent reward*, *management-by-exception active* and

*management-by-exception passive***. Non leadership** as a factor remained *laissez-faire*.

Transformational Leaders

Transformational leadership is built on top of transactional leadership and focuses on directly increasing followers' confidence and elevating followers' need level on Maslow's hierarchy to induce extra effort and to generate performance beyond what would occur with a transactional approach alone (Robbins, 2003; Bass,1985)

Transformational leaders seek new ways of working, seek opportunities in the face of risk, prefer effective answers to efficient answers, and are less likely to support the status quo. Transformational leaders do not merely react to environmental circumstances they attempt to shape and create them. Such leaders promote growth in their employees by soliciting new ideas and rewarding creative problem solving. They encourage new and innovative approaches to old problems. These leaders listen attentively and give special attention to growth needs and achievements (Bass, 1985).

Avolio, Bass, and Jung (1999) identified the distinct components of transformational leadership. The transformational leaders achieve superior results by using five transformational dimensions: Idealized influence Attributed (IIA), Idealized influence Behavioral (IIB), Individual Consideration (IC),Intellectual Stimulation (IS), and Inspirational Motivation (IM)

Idealized influence (II). Such leaders are regarded as a role model either because they exhibit certain personal characteristics or "charisma" or because they demonstrate certain moral behavior traits. These leaders are admired, respected, and trusted. The leader shares risks with followers and is consistent in conduct with underlying ethics, principles, and values (Kirkbride, 2006).

There are two dimensions to idealized influence: attributed and behavioral. *Attributed idealized influence* is based upon the subordinate's perceptions of the characteristics attributed to a leader. *Behavioral idealized influence* relates to the

subordinate's perception of the observable leader behaviors, which they believe are required of an effective leader (Bass & Avolio, 1997).

*Individualized consideration (IC)***.** Leaders demonstrate concern for their followers, pay attention to each individual's need for achievement, create a supportive climate in which to grow. Kirkbride (2006) argued that key indicators of this style are: the recognition of differences among people, their strengths and weaknesses, likes and dislikes; the leader is an "active" listener and assigns projects based on individual ability and needs and also encourages a two-way exchange of views and promotes self-development.

Another dimension of transformational leadership is *intellectual stimulation (IS),* which essentially involves the leader stimulating followers' efforts to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways. There is no public criticism of individual members' mistakes, indeed the leader encourages followers to revisit problems and creates a "readiness" for changes in thinking (Bass et al.,2003; Kirkbride, 2006)

The inspirationally motivating (IM) leader has the ability to motivate the followers to a superior level of performance, presents an optimistic and attainable view of the future. Individual and team spirit is aroused. Raising the consciousness of workers about the organization's mission and vision, and encouraging others in understanding and committing to the vision is a key facet of inspirational motivation(Bass et al., 2003; Kirkbride, 2006; Sarros &Santora, 2001).

Transactional Leaders

Transactional leaders are the kind of leaders who guide or motivate their followers, through rewards or discipline, clarifying for followers the kinds of rewards that should be expected for various types of behavior; they pursue a cost benefit and an economic exchange with them (Goodwin et al., 2001;Robbins,2003; Sarros, &Santora,2001).

Transactional leadership theories are all concentrated on the leader-follower relations that based on a sequence of exchanges between leaders and followers and mainly focused on behaviors related to basic administrative and management tasks required for groups to function well in the short term. It occurs when the job and environment of the follower fail to provide the necessary motivation, direction and satisfaction and leader through his behavior will be effective compensating for the deficiencies. Transactional leadership includes Contingent Reward (CR), Active Management-by-Exception (MBA), Passive Management-by-Exception (MBP) (Tarabishy A. et al.,2005; Den Hartog et.al, 1997).

Contingent reward (CR) is the classic transactional style. According to Bass (1985) transactional contingent reward leadership builds the foundation for relationships between leaders and followers in terms of specifying expectations, clarifying responsibilities, negotiating contracts, and providing recognition and rewards for achieving expected performance. A contingent reward trasactional leader provides assistance for effort, is specific about who is responsible, is clear on performance goals, and is satisfied when expectations are met (Bass &Avolio, 1997).

Management-by-exception passive (MBP) refers to the process where leader take action only when problems occur, mistakes are made, or deviations from standard are apparent. But under normal circumstances they act as laissez- faire leaders. Such leaders avoid unnecessary changes; enforce corrective action when mistakes are made and fix the problem and resumes normal functioning (Kirkbride, 2006)

In contrast, *the active Management-by-Exception (MBA)* leader monitors and control systems to provide early warnings of such problems. They pay very close attention to any problems or deviations and train followers to avoid mistakes. MBA is negatively related to innovation and creativity in the organization (Kirkbride, 2006).

"Management-by-exception behavior often is related to high employee turnover, absenteeism, low satisfaction and poor perception of organizational effectiveness. Contingent rewards can be an effective style of leadership. However, leaders will not get more than they bargain for when practicing this style of leadership" (Barbuto & Cummins-Brown, 2007:2)

Laissez-Faire

The transformational and transactional leaders are active leaders. In contrast the laissez-faire leader avoids decision making and supervisory responsibility. This type of leader is indolent, rather than reactive or proactive. In a sense, this extremely passive type of leadership indicates the absence of leadership (Den Hartog et.al, 1997). Mostly laissez-faire leaders tend to avoid taking a stand on issues, offer little in terms of direction or support; they do not emphasize results and are unaware of employee performance (Barbuto & Cummins-Brown, 2007; Kirkbride, 2006)

Bass (1990) concludes that there is a negative association between laissez-faire leadership and a variety of subordinate performance, effort and attitudinal indicators. This implies that laissez-faire leadership is always an inappropriate way to lead. However, according to Eeden (2005) depending on the characteristics of followers, the task and the organization, highly active leadership might not always be necessary. A less active leadership style could lead to empowerment of followers.

Bass (1990) suggested that a favorable association between employees and supervisor is one factor that contributes to employees' satisfaction. The job satisfaction issue performed important role in today's organization, as people are considered as main assets. Thus, supervisor must understand how to direct, motivate and manage people, because the right leadership behavior can shown advantageous effect not only on individual outcomes but also on organizational outcomes.

2.2 JOB SATISFACTION

2.2.1 Definitions

Job satisfaction is one of the important themes in organizational science. In today's organizations there is a tendency that successful ones put people first. According to Robbins (2003) for the organization, its employees are only true competitive advantage, because competitors can match products, processes, locations, distribution channels, but it is difficult to emulate with a workforce made up of highly knowledgeable and motivated people.

Job satisfaction has been defined as emotional state and as affective and cognitive attitudes held by employees about various aspect of their work. For example, Locke (1969) defined job satisfaction as ''pleasurable emotional state resulting from the appraisal of one's job as achieving or facilitating one's job values. Job dissatisfaction is the unpleasant emotional state resulting from the appraisal of one's job as frustrating or blocking the attainment of one's values'' (Weiss, 2002). According to Robbins (2003) job satisfaction is a general attitude of people toward their job. A person with a high job satisfaction holds positive attitude, whereas a person who is dissatisfied holds negative attitudes about the job.

2.2.2 THEORIES OF JOB SATISFACTION

2.2.2.1 Maslow's Hierarchy of Needs Theory

In the 1950's, content theories of job satisfaction began to be developed. They focused on factors related to job satisfaction. One of the most well known of these theories is Maslow's (1954) needs hierarchy theory.

Abraham Maslow (1954) devised needs hierarchy system, which is commonly used scheme for classifying human motives. He stated that people are motivated by unmet needs which are in hierarchical order; they are motivated to achieve higher level, as lower levels of hierarchy are achieved.

These needs are:

1. Physiological: Food, water, shelter, and sex

2. Safety: Protection against danger, threat and deprivation.

3. Social: Giving and receiving of love, friendship, affection, belonging and acceptance.

4. Ego needs:

- Need for achievement, adequacy, strength and freedom. In essence this is the need for autonomy or independence.
- Status, recognition, appreciation and prestige, which in essence the need for self- esteem or self-worth.

5. Self-actualization: The need to realize one's potentialities for continued self-development and the desire to become more and more of what one is and what one is capable of becoming.

This hierarchy of needs is closely related to person's level of aspiration and can help managers to determine individual route which the person takes for the satisfaction of his needs. How managers integrate elements that satisfy higher order human needs determines their potential for motivating people (Pardee, 1990)

2.2.2.2 Herzberg's Motivation Hygiene Theory

Herzberg et al. (1959) conducted a study which is directed to identify factors that influenced job satisfaction. He used Maslow's (1954) theory of human needs as the foundation for his work. Herzberg hypothesized that motivation could be viewed in two rather five factors. The study results became the basis for a Herzberg's motivation hygiene theory, which is often called the two factor theory.

Herzberg concluded that satisfaction and dissatisfaction were not opposite feelings. Rather, the opposite of satisfaction was the absence of satisfaction. The opposite of

dissatisfaction was the absence of dissatisfaction. The two separate factors influenced job satisfaction and dissatisfaction. He also suggested that factors are lead to job satisfaction are primarily intrinsic, whereas factors leading to job dissatisfaction are primarily extrinsic (Herzberg. 2003). First set of factors are related to job itself and may be compared to Maslow's (1954) higher level needs. Herzberg et al. (1959) referred to these needs as *satisfiers* or *"motivators"* because they fulfilled a psychological need. They are: 1) Achievement, 2) Recognition, 3) Work itself, 4) Responsibility, 5) Advancement, and 6) Growth. The second set of factors influenced job dissatisfaction and compared to Maslow's lower level human needs. These were factors that were related to the work environment. These *dissatisfiers* were called *"hygiene"* factors because they related to the "preventive and environmental conditions of work". There are: 1) Company Policy, 2) Supervision, 3) Working conditions, 4) Interpersonal relations, 5) Salary, 6) Status, 7) Job security, 8) Personal life (Herzberg, 2003)

2.2.2.3 McClelland' Need for Achievement Theory

The need theory further developed by the study of McClelland (1961) who proposes need for achievement theory and determined three fundamental needs that exist in different balances. McClelland suggested that when a need is strong in a person, its effect is to motivate the person to use behavior which leads to satisfaction of the need (Detamore, 2008)

- Need for Achievement (n-ach): Individuals with strong need to achievement seek achievement, attainment of goals and advancement. They have strong need for feedback, sense of accomplishment and progress.
- Need for Affiliation (n-affil): Individuals with high affiliation motive strive for friendships, interaction and to be liked.
- Need for Power (n-pow): Individuals with this need tend to be concerned with prestige and gaining influence over others than with effective performance. Authority motivated needs to influence and make an impact.

McClelland developed a descriptive set of factors which reflect a high need for achievement. They are:

- The situations where achievers take personal responsibility for finding solutions to problems
- Achievers set moderate achievement goals and take well considered risk
- Achievers want concrete feedback about how well they are doing (Pardee, 1990)

Gruneberg (1979) suggests that overall job satisfaction is determined by subordinates' needs, values, and expectations of their job. For example, some individuals have a greater need for job security, while others have a need for achievement (Kessler, 1993). This statement is consistent with the research of Friedlander (1963) who examined job satisfaction sources available to workers in the job environment and determined several significant factors:

- Interpersonal (social and technical aspects of supervision, the work group, and working conditions)
- Intrapersonal (development and use workers' capacities and talents)
- Impersonal (opportunities for recognition leading to increasingly challenging assignments and responsibilities

The Friedlander's research concluded that older workers, who were less well paid and educated, derived satisfaction from social and technical interaction. They were usually complying with the leadership of others and placed more emphasis on job security. Younger and white collar workers laid emphasis on development and the utilization of capabilities. Salary and security were not as important as an opportunity to gain training and experience.

It is obvious that there is a relationship between Maslow's hierarchy of needs theory, Herzberg's two factor theory of motivation and McClelland's need for achievement theory. The relationship shows the overlap of higher level needs and motivators and the coincide overlap of hygiene and lower level needs. Higher level needs of Maslow's or motivators of Herzberg serve to motivate people and are of intrinsic

value. Whereas, lower level needs or hygiene factors must be met before higher level needs in order to prevent job dissatisfaction.

2.2.2.4 Goal-Setting Theory

Goal-setting theory was developed within industrial/organizational psychology since 1960s and based on some laboratory and field studies. These studies showed that specific, hard goals lead to a higher level of task performance than do easy goals. So long as a person is committed to the goal, has the requisite ability to attain it, and does not have conflicting goals, there is a positive, linear relationship between goal difficulty and task performance. Hard goals are motivating because they require one to attain more in order to be satisfied than do low, or easy, goals. Feelings of success in the workplace occur to the extent that people see that they are able to grow and meet job challenges by pursuing and attaining goals that are important and meaningful (Locke & Lantham, 2006)

Robbins (2003) goes on to state that while goal setting leads to higher performance, there is no evidence that it leads to increased job satisfaction. Therefore, managers need to be specific in what they are trying to achieve before implementing goal-setting initiatives.

As we can see above the main reason of all job satisfaction theories is to help understand what is the employees need and how they are can be motivated. When managers learn about the needs of their employees it will be easy to manage, direct and lead them. Job satisfaction is the feelings people experience at work and the leaders have direct influence on the production of such moods and emotions. This idea is clearly evident in the transformational leadership literature, because these types of leaders use strong emotions to arouse similar feelings in their associates. “Leaders who feel excited, enthusiastic, and energetic themselves are likely to similarly energize their followers, as are leaders who feel distressed and hostile likely to negatively activate their followers” (Brief & Weiss, 2002:289).

2.2.3 MEASUREMENT OF JOB SATISFACTION

Situational theories assume that the interaction of variables such as task characteristics, organizational characteristics and individual characteristics influences job satisfaction (Hoy& Miskel, 1996; Crossman& Abou-Zaki, 2003)

Job satisfaction is a complex construct, and there is no universal definition, therefore, there is no universally accepted method of measuring it. In order to measure job satisfaction there are two approaches which most widely used, they are a single global rating and a summation score made up of a number of job facets. The *single global rating* method is where an individual is asked to respond to one question asking how satisfied the individual is with their job. The other approach is *a summation of job facets* or *multiple item job satisfaction measure* that identifies key elements in a job and asks for the individual's feelings about each job facet. Typical facets consist of the nature of the work, present pay, promotional opportunities, relations with co-workers, and supervision (Robbins, 2003).

The multiple-item job satisfaction measures generate information that can provide managers with data with which to initiate action aimed at improving the overall job satisfaction of their workers. It also serves to inform managers on aspects of their operations which workers enjoy and which should be sustained as much as possible. In essence, it helps managers to improve on their human and organizational management (Oshagbemi, 1999)

The first contemporary measure of job satisfaction, published by Hoppock in 1935, was a 4-item measure of general job satisfaction. A great number of measures followed to assess both general job satisfaction and specific facets of satisfaction (Stanton et al., 2001).

Smith et al. (1969) developed the Job Descriptive Index (JDI) using the definition of job satisfaction as feelings or responses to facets of the work situation. For Smith, the facets are (a) satisfaction with work, (b) satisfaction with pay, (c) satisfaction with opportunities for promotion, (d) satisfaction with supervision, and (e) satisfaction with co-workers. Each JDI facet scale contains either 9 or 18 adjectives or short

adjectival phrases describing various aspects of the respondent's work experiences. The JDI has been described as the most popular and widely used measure of job satisfaction (Buckley, Carraher, & Cote, 1989; DeMeuse, 1985; Zedeck, 1987; Stanton et al., 2001). Researchers have updated the item content, validity evidence, and national norms in the three decades since JDI's original publication. The various revisions of the instrument have been used in more than 300 published and unpublished research projects to date (Smith et al., 1987, Stanton et al., 2001).

2.3 THE RELATIONSHIP BETWEEN TRANSFORMATIONAL, TRANSACTIONAL, AND LAISSEZ-FAIRE LEADERSHIP STYLES WITH JOB SATISFACTION

Transformational leadership has consistently shown advantageous effects on a range of individual and organizational outcomes. There have been numerous studies in different sectors conducted addressing the relationship of employees' job satisfaction and leader effectiveness to transformational and transactional leadership styles. The findings of these studies have generally indicated that there is a high correlation between the components of transformational leadership and job satisfaction.

Thus, research on leadership and job satisfaction in industry demonstrates a positive correlation between leaders with high transformational characteristics and increased job satisfaction of the employee (Avolio& Bass, 1990). The research findings in education suggest that a balance of transactional and transformational leadership styles may be most effective for school leaders wishing to improve the satisfaction of teachers (Parkinson, 2008). The variety of nursing research findings also stated that leaders who possess high transformational characteristics have employees with higher levels of job satisfaction and those high in transactional characteristics have employees with decreased job satisfaction (Gipe, 1997)

Lowe et al. (1996) performed 33 independent empirical studies using the Multifactor Leadership Questionnaire (MLQ) to study the relationships between leadership styles and leadership effectiveness. They concluded that there was a strong positive correlation between all the components of transformational leadership and subordinate satisfaction with supervision.

”Leaders who are inspirational and show commitment to a cause or organization, who challenge their followers to think and provide input, and who show genuine concern for them (or, for that matter, leaders who contingently reward followers) should have more satisfied followers” (Bass, 2006)

The present study takes into consideration all these results and proposed following hypotheses:

***H*$_1$**: There is a positive correlation between subordinates’ perception of their supervisors’ transformational leadership behavior and subordinates’ overall job satisfaction in the oil company

***H*$_2$**: There is a positive correlation between subordinates’ perception of their supervisors’ transformational leadership behavior and subordinates’ satisfaction with supervisor in the oil company

***H*$_3$**: There is positive correlation between subordinates’ perception of their supervisors’ transformational leadership behavior and subordinates’ satisfaction with work in the oil company

The transformational factors are usually found more highly correlated with outcomes in effectiveness and satisfaction of employees than is transactional factors. However, transformational leadership does not replace transactional leadership. Waldman et.al (1990) state that when a transformational leader find himself not in win-win situation, he tried to convert this situation to a win-win problem solving situation. If this is not possible leader may choose the transactional skills. The both of transformational and transactional leadership contribute to a commitment to the organization and job satisfaction.

Contingent reward facet of transactional leadership is ordinarily more highly correlated with outcomes than is managing-by-exception, active and passive. Nevertheless, the present study proposed hypotheses that all facets of transactional leadership positively correlated to job satisfaction:

H_4: There is a positive correlation between subordinates' perception of their supervisors' transactional leadership behavior and subordinates' overall job satisfaction in the oil company

H_5: There is a positive correlation between subordinates' perception of their supervisors' transactional leadership behavior and subordinates' satisfaction with supervisor in the oil company

H_6: There is a positive correlation between subordinates' perception of their supervisors' transactional leadership behavior and subordinates' satisfaction with work in the oil company

Two meta-analyses (Dumdum, Lowe, & Avolio, 2002; Lowe et al., 1996 cited in Bass, 2006) show very high average correlations (ranging from .51 to .81) between all of the components of transformational leadership and measures of follower satisfaction. In comparison, mean correlations of contingent reward and satisfaction are somewhat lower (r = .34 to .60), and follower satisfaction tends to be negatively correlated with management-by-exception and laissez-faire leadership.

Non-leadership style or *laissez-faire leaders* exercise minimal leadership functions that give no direction and do not praise or punish followers. *Laissez-faire* leadership is almost uniformly negatively correlated with outcomes (Bass,1999). Thus, following hypotheses are presented:

H_7: There is a negative correlation between subordinates' perception of their supervisors' laissez-faire leadership behavior and subordinates' overall job satisfaction in the oil company

H_8: There is a negative correlation between subordinates' perception of their supervisors' laissez-faire leadership behavior and subordinates' satisfaction with supervisors in the oil company

H_9: There is a negative correlation between subordinates' perception of their supervisors' laissez-faire leadership behavior and subordinates' satisfaction with work in the oil company

Here presents some researches which conducted in industry. Detamore (2007) in a quantitative non-experimental survey investigated relationship between job satisfaction, leadership and intent to leave within an engineering consulting firm. The survey instruments were the MLQ 5X Short Rater Form, used to analyze perceived leadership styles, the Abridged JDI/Abridged JIG, used to analyze aspects of job satisfaction and The Staying and Leaving Index (SLI) which helped to analyze intent to leave. The sample consisted of employees, 3,400 in total, who had a company email address within an engineering consulting firm in the US. The sample size was 1, 002 of useable responses. The questions were directed to find out if there is a linear relationship between perceived leadership styles (measured by MLQ 5X Short Rater Form) and job satisfaction (measured by AJDI/AJIG), and intent to leave (measured by SLI). These questions were answered using the Pearson Moment Correlation and multiple regressions because they are parametric tests and appropriate for interval data. The results show many statistically significant correlations. At the overall levels of leadership, transformational leadership has weak to moderate relationships with all job satisfaction scales, with supervision being the highest followed by job satisfaction in general being next highest. All other job satisfaction facets had statistically significant yet weak correlations to transformational leadership style. The strongest of these was opportunities for promotion. The correlations with transactional leadership style had only one statistically significant correlation and that was with opportunities for promotion. Laissez-faire leadership style had all negative statistically significant correlations; the correlation with supervision being the most negative.

To summarize, transformational leadership style is highly correlated to job satisfaction in general. The contingent reward facet of transactional leadership style is highly correlated to job satisfaction in general, and laissez-faire style and management by exception passive are highly negatively correlated to job satisfaction in general.

Catalano (2002) analyzed the relationship between leadership behaviors and job satisfaction among aerospace engineers. The subjects of the study were technical staff employed by aerospace company. The convenience sample was 120 employees, comprised mainly of engineers or employees having engineering-related responsibilities. Useable responses were 97. Instruments to collect data were the MLQ 5X short form and the Job Descriptive Index (JDI). Correlation analysis was used to test six hypotheses. The resulting analysis revealed that (a) transactional leadership was not positively related to job satisfaction with the following exception: contingent reward was significantly and positively related to satisfaction with supervision. (b)Transformational leadership was related to job satisfaction in the following ways: satisfaction with the job in general was weekly correlated with intellectual stimulation; satisfaction with supervision was moderately-to-strongly correlated with all three variables of transformational leadership (intellectual stimulation, inspirational motivation, individual consideration); satisfaction with work was weakly related to intellectual stimulation and individual consideration.

This literature review provides a view of the concept of leadership and main leadership theories. The five leading theories of leadership are reviewed. Most recent researches are devoted to exploring perceived leadership behavior and its correlation with different outcomes of work. The current research focused on Bass's Model of the Full Range of Leadership which included leadership characteristics of transformational leadership and transactional leadership models as well as non-leadership factor laissez faire. Additionally, this chapter presents definitions of job satisfaction, the theories and measurement of job satisfaction. Moreover, various studies which aim to determine relationship between perceived leadership behavior and job satisfaction are discussed.

CHAPTER 3

METHODOLOGY

The methodology part of the study presents research method and includes such information as: research questions and hypotheses, the sample selection, instrumentation and data collection.

The purpose of this study is to examine the relationships between the perceived leadership behavior of the supervisors in oil companies of Kazakhstan and employees' job satisfaction. This study considers the propositions of Bass and his colleagues' work on the importance of transformational leadership dimensions, as affecting the performance of work groups and organization which leads to an extraordinary effort and outcome. Researchers stated that both transformational leadership and contingent reward have positive relationships to follower job satisfaction; and the relationships between management-by-exception and laissez-faire leadership and follower satisfaction ranged from slightly positive to negative. This study takes into consideration these propositions and examines it in oil companies of Kazakhstan.

3.1 RESEARCH QUESTIONS AND HYPOTHESES

There are three research questions and nine null hypotheses presented in order to guide the study and analyzed in detail the relationship between three independent variables, perceived transactional, transformational, and laissez-faire leadership behaviors and three dependent variables, overall job satisfaction, satisfaction with supervisor, and satisfaction with work.

Research Question 1.

What are the relationships between leadership behaviors (as measured by the Multifactor Leadership Questionnaire (MLQ) 5X Rater Form) and subordinates' overall job satisfaction in oil company?

Research Question 2.

What are the relationships between leadership behaviors (as measured by the Multifactor Leadership Questionnaire (MLQ) 5X Rater Form) and subordinates' satisfaction with supervisor in oil company?

Research Question 3.

What are the relationships between leadership behaviors (as measured by the Multifactor Leadership Questionnaire (MLQ) 5X Rater Form) and subordinates' satisfaction with work in oil company?

Hypotheses

H_1: There is a positive correlation between subordinates' perception of their supervisors' transformational leadership behavior and subordinates' overall job satisfaction in oil company

H_2: There is a positive correlation between subordinates' perception of their supervisors' transformational leadership behavior and subordinates' satisfaction with supervisor in oil company

H_3: There is positive correlation between subordinates' perception of their supervisors' transformational leadership behavior and subordinates' satisfaction with work in oil company

H_4: There is a positive correlation between subordinates' perception of their supervisors' transactional leadership behavior and subordinates' overall job satisfaction in oil company

H_5: There is a positive correlation between subordinates' perception of their supervisors' transactional leadership behavior and subordinates' satisfaction with supervisor in oil company

H_6: There is positive correlation between subordinates' perception of their supervisors' transactional leadership behavior and subordinates' satisfaction with work in oil company

H_7: There is negative correlation between subordinates' perception of their supervisors' laissez-faire leadership behavior and subordinates' overall job satisfaction in oil company

H_8: There is negative correlation between subordinates' perception of their supervisors' laissez-faire leadership behavior and subordinates' satisfaction with supervisors in oil company

H_9: There is negative correlation between subordinates' perception of their supervisors' laissez-faire leadership behavior and subordinates' satisfaction with work in oil company

3.2 RESEARCH DESIGN

This study used quantitative analysis that tested hypotheses in order to examine relationship between the perceived leadership behavior of supervisor and subordinates' job satisfaction.

3.3 POPULATION AND SAMPLE

The population of this study was all employees of oil companies within Kazakhstan, except that employees who are heavy labor and working in oil derrick. As sample size we determined employees of companies situated in two main oil producing cities Atyrau, Aktyube and two main cities of Kazakhstan Almaty and Astana, which are business centers of the Republic. The survey instruments were translated into Russian because while all potential respondents were of different nationalities, they all have a good knowledge of Russian. The translated versions of instruments are presented in Appendix B. The employees of 16 companies participated in the survey. The means of selecting a sample to represent a workforce was through random selection. Survey instruments were distributed via the Internet. At first we contacted the HR department and asked for assistance. The distribution of the questionnaires

was carried out by the human resources departments of the participating companies who forwarded questionnaires onto employees by email.

The survey process started on 2nd February and lasted 5 weeks, until 7th March. The study instruments were distributed to 200 employees in 16 companies. The final count revealed that 115 (57, 5%) completed questionnaires were returned.

3.4 INSTRUMENTS

The independent variables as transformational, transactional and laissez-faire leadership were measured using the Multifactor Leadership Questionnaire Rater Form 5X, while dependent variables such as job satisfaction, supervisor, and job in general were measured by Job Descriptive Index (JDI) and Job in General (JIG). In order to find out demographic and career information the third instrument used in this study was a questionnaire consisting of the demographic characteristics of each respondent. All study instruments are given in Appendix C.

3.4.1 Multifactor Leadership Questionnaire (MLQ) Rater Form 5X

This study used The Multifactor Leadership Questionnaire, which based on the Full Range Leadership Model developed by Bass and Avolio, in order to measure subordinates' perception of their supervisors' leadership style.

The MLQ is a short and comprehensive survey of 45 items that measures a full range of leadership styles. The original MLQ consisted of 73 items, measuring five factors. After criticism of scholars concerning incorporation of items, factor structure and subscales, the MLQ was substantially revised. There are two forms of MLQ. The first is the Leader Form that asks the leader to rate themselves. However, research has shown that self-ratings of one's own leader behavior are prone to bias. Therefore, the more important version of the MLQ is the Rater Form. The MLQ Rater Form requires associates of leaders to rate the frequency of their leader's transactional and transformational leadership behavior by using the 5-point Likert rating scale (0 = Not at all, 1=Once in a while, 2=Sometimes, 3=Fairly often, 4 = Frequently, if not

always). The Rater Form is generally used in research to measure transformational and transactional leadership.

The revised form of the MLQ Rater Form 5X consisted of a 36 item leadership scale, a 2 item subordinate satisfaction scale, a 3 item subordinate extra effort scale, and a 4 item organizational effectiveness scale. The 36 item leadership scale consisted of 9 leadership subscales including idealized influence (attributed), idealized influence (behavioral), inspirational motivation, intellectual stimulation, individualized consideration, contingent reward, management by exception active, management by exception passive and laissez-faire. Each subscale consisted of four items. Twenty items measure transformational leadership, twelve items measure transactional leadership and 4 items measure laissez-faire leadership.

For study purposes three aspects of leadership, transformational, transactional and laissez-faire were used to measure the perceived leadership style of the supervisor. Three outcome factors of leadership were not considered.

The MLQ has excellent validity and reliability and has been used all around the world. The scales of MLQ have demonstrated good to excellent internal consistency with alpha coefficients above the 0.80 level for all MLQ scales (Bass, 2006).

Researchers have stated that internal consistency reliability data from various studies range from .60 and .92 with a median of .86 for transformational leadership and between .62 and .93 with the median of .83 for transactional leadership (Hater & Bass, 1988; Yammarino & Bass, 1990 cited in Catalano, 2002)

3.4.2 Job Descriptive Index

The Job Descriptive Index (JDI) and Job in General (JIG) were used to analyze aspects of subordinates' job satisfaction within oil companies in Kazakhstan. The JDI was a result of the work of Smith, Kendall, & Hulin (1969). It provides five subscales that measure different facets of job satisfaction and each facet scale contains either 9 or 18 adjectives or short adjectively phrases describing various aspects of the respondents' work experience. There are 72 items: work itself (18

items), pay (9 items), promotion (9 items), supervision (18 items), and co-workers (18 items).

The JDI has been described as the most popular and widely used measure of job satisfaction (Buckley, Carraher, & Cote, 1989; DeMeuse, 1985; Zedeck, 1987; Stanton et al., 2001).

Job in General is a multidimensional scale developed by Smith et.al (1989) to measure the employees' feelings about their overall job satisfaction. The instrument consists of 18 one- to three word adjectives.

For the purposes of this study, the Satisfaction with work scale, the Supervision Scale, and Job in General Scale were used. For work on present position such adjectives as "good", "boring" are offered. The Supervision Scale includes short phrases such as "praises good work", "asks my advice" or adjectives such as "lazy" and"stubborn". The Job in General also contains both phrases as "waste of time" and adjectives like "bad". An individual responded to each item by selecting "Agree" (Yes) if the item described his/ her job, "Disagree" (No) if the item didn't describe his/her job and "Neither agree nor disagree"(?) if he/her could not decide. Positive responses to positive adjectives, such as "good", are scored 3, "?s" are scored 1, and negative responses are scored 0. Negative responses to negative adjectives, such as "bad" are scored 3, "?s" are scored 1, and positive responses are scored 0. A higher overall score indicates greater job satisfaction and vice versa.

The Respondent profile questionnaire developed to obtain demographic and career information of respondents. Demographic items refer to age, gender, marital status, education, and nationality. The career items included present position, years of experience in present position and years of experience in oil sector.

The research instruments were translated to Russian language by professional translator. A pilot study was conducted with a sample of 10 employees, who works in different industry to identify potential problems with interpretation of terms and concepts. Generally items were understood. There was a problem with some MLQ items. Particularly, respondents considered that items of management-by-exception

passive and laissez-faire leadership were too similar. Probably the problems occurred when some word combinations in English replaced with word combinations in Russian which is closer to original meaning but not exactly the same.

3.5 DATA ANALYSIS

Data analysis was done using the Statistical Package for the Social Sciences (SPSS 11.0). Descriptive statistics including the mean, standard deviation, and frequency distribution gave us information about sample characteristics. The reliability analysis (Cronbach alpha) was used as a measurement of internal consistency for instruments. It is conventional to view an α of 0.7 or greater as indicating a reliable scale (Hinton, 2004). In order to test research questions and hypotheses Pearson correlation coefficient **r** and multiple regression analysis were used. Correlation coefficient **r** represents the nature of the relationship between the two variables. The importance of r is that, as well as telling us the strength and direction of a correlation, it also provides us with a formula for predicting the scores on one variable by using the scores of the other variable. The strength of the relationship is indicated by the magnitude of the r-value. If the value of coefficient is 0 this means that there is no linear relationship between variables. As the r-value approaches ±1 the strength of the relationship increases. A positive correlation indicates that the two variables covary in the same direction. A negative sign indicates covariation in the opposite direction. A prediction about a correlation can be one-tailed or two-tailed. A one-tailed test specifically states whether the correlation will be positive or negative, whereas a two-tailed prediction merely predicts a significant correlation. To test our hypotheses we need to take a one-tailed test. The Multiple Regression analysis gives opportunity to make predictions of the dependent variable based on several independent variables. As multiple regression is merely an extension of bivariate linear regression, only the linear relationships between the independent variables and the dependent variables are tested. This analysis measured which of the independent variables were the most important in predicting the dependent variables.

3.5.1 Reliability of MLQ and JDI/JIG

Cronbach's alpha, which is a numerical coefficient of reliability, was computed to find out the internal consistency of the scale. Reliability is needed when variables developed from summated scale, as summated scales are collection of interrelated items developed to measure underlying constructs, it is very important to know whether the same set of items would elicit the same responses. It is conventional to view an α of 0.7 or greater as indicating a reliable scale, but lower thresholds are sometimes used (Hinton, 2004).

Table 1: Reliability Coefficients for MLQ 5X Rater Form		
Factors	Number of Items	Reliability Coefficient (α)
Transformational Leadership		
• Idealized Influence Attributed	4	0,7576
• Idealized Influence Behavioral	4	0,7506
• Inspirational Motivation	4	0,7488
• Intellectual Stimulation	4	0,8049
• Individual Consideration	4	0,8163
Transactional Leadership		
• Contingent Reward	4	0,7803
• Management-by-exception Active	4	0,7409
• Management-by-exception Passive	4	0,7428
Non- Leadership		
Laissez- faire	4	0,6588

For this study alpha was computed for MLQ and JDI/JIG instruments. For the MLQ (Table 1), the coefficient alphas ranged from 0, 6588 to 0, 8163. For the JDI/JIG the alpha for supervision is 0, 8610, for work on present 0, 7970, for job in general 0,

8606. According to alpha coefficient we can state that instruments are reliable and we can test our hypotheses.

3.5.2 Factor Analysis

Factor analysis was performed to validate survey instrument and to examine homogeneity of the items with original instrument. According to alpha reliability of JDI and JIG job satisfaction scales showed good result and it was decided that factor analysis wasn't perform for these scales. The translated version of Multifactor Leadership Questionnaire was subjected to a factor analysis as some problems with items were arisen while conducting pilot study. The data from 115 usable questionnaires were used. A Principle Component Extraction method with Varimax rotation was used in analysis. Before conducting factor analysis KMO and Bartlett's test of sphericity were measured. The Kaiser-Meyer-Olkin (KMO) is a measure for sample size adequacy. It shows whether the sample size is enough or not.

Table 2 : KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,808
Bartlett's Test of Sphericity	Approx. Chi-Square	2269,459
	df	630
	Sig.	,000

The KMO's value under 0, 50 is considered as unacceptable. Base on the measure 0,808, we can see that our sample size is enough to conduct the factor analysis. Bartlett's test shows that significant level is, 000, which means that there is strong correlation among variables and we can continue our analysis. After the factor analysis of the 36 original items, some items change their position.

Table 3. Factor Loadings after Varimax Rotation

		Component		
	item number	1	2	3
Instills pride in me for being associated with him/her	q 10	,612	,277	-,007
Acts in ways that builds my respect	q 21	,718	,273	-,139
Specifies the importance of having a strong sense of purpose	q 14	,613	,252	,019
Considers the moral and ethical consequences of decisions	q 23	,557	,388	-,137
Emphasizes the importance of having a collective sense of mission	q 34	,637	,295	-,129
Talks optimistically about the future	q 9	,589	,292	-,072
Talks enthusiastically about what needs to be accomplished	q 13	,446	,402	,107
Re-examines critical assumptions to question whether they are appropriate	q 2	,511	,300	-,073
Seeks differing perspectives when solving problems	q 8	,673	,070	-,151
Gets me to look at problems from many different angels	q 30	,707	,033	-,172
Suggests new ways of looking at how to complete assignments	q 32	,741	,107	-,099
Spends time teaching and coaching	q 15	,511	,165	-,253
Treats me as an individual rather than just as a member of a group	q 19	,695	,157	,135
Considers me having different needs, abilities, and aspirations from others	q 29	,747	,067	-,112
Helps me to develop my strengths	q 31	,676	,158	-,057
Provides me with assistance in exchange for my efforts	q 1	,681	,045	-,126
Makes clear what I can expect to receive when performance goals are achieved	q 16	,754	,123	-,097
Expresses satisfaction when I meet expectations	q 35	,674	,053	-,116
Focuses attention on irregularities, mistakes, exceptions, and deviations from standards	q 4	,010	,702	,128
Concentrates his/her full attention on dealing with mistakes, complaints, and failures	q 22	,171	,610	,006

	item number	1	2	3
Keeps track of all mistakes	q 24	,176	,622	-,133
Directs my attention toward failures to meet standards	q 27	-,020	,693	,057
Goes beyond self-interest for the good of the group	q 18	,349	,365	-,353
Displays a sense of power and confidence	q 25	,186	,606	-,204
Talks about their most important values and beliefs	q 6	,287	,308	-,130
Articulates a compelling vision of the future	q 26	,219	,678	-,004
Expresses confidence that goals will be achieved	q 36	,409	,487	-,136
Discusses in specific terms who is responsible for achieving performance targets	q 11	,317	,565	-,051
Avoids getting involved when important issues arise	q 5	-,193	-,018	,575
Is absent when needed	q 7	-,179	,030	,550
Avoids making decision	q 28	-,309	-,132	,510
Delays responding to urgent questions	q 33	-,141	-,025	,572
Fails to interfere until problems become serious	q 3	,236	,132	,588
Waits for things to go wrong before taking action	q 12	-,093	-,007	,790
Shows taht he/she is a firm believer in “If it ain’t broke, don’t fix it”	q 17	-,037	-,146	,685
Demonstrates that problems must become chronic before taking action	q 20	,026	-,059	,619

Two of the five transformational leadership factors remained after the factor analysis, contingent reward factor of transactional leadership with three items (q1, q16, q35) added to transformational leadership, idealized influence attributed remained with two items (q10, q21), idealized influence behavioral with three items (q14, q 23, q34), and inspirational motivation with two items (q9, q13).

Within the dimension of transactional leadership, the management-by-exception active consisted of four items (q4, q22, q24, q27) and has remained in the transactional leadership factor. Two items of idealized influence attributed (q18, q25), two items of inspirational motivation (q26, q36), and one item of idealized

influence behavioral (q6), one item of contingent reward (q11) were added to the transactional leadership factor.

Four items of laissez-faire leadership have remained; additionally four items of management-by-exception passive (q3, q12, q17, q20) were added to factor.

The possible explanation of these changes could be translation problem, the lack of necessary words and terms in Russian language or the wrong perception of questions' meaning.

CHAPTER 4

RESULTS

The interpretation of related results is presented in this chapter. Specifically, this chapter presents a description of demographic profiles, and the results of hypothesis testing.

4.1 DEMOGRAPHIC FREQUENCIES

There are eight demographic variables: a) age, b) gender, c) marital status, d) education, e) present position, f) years of experience on present position, g) years of experience in oil industry, and h) nationality.

Despite the fact that the oil industry heavily masculine work 60 (52, 2%) of the respondents were females and 55 (47, 8%) were males. As the study mainly focused on employees working in administration it is a possible result.

The age group from 20-30 represents the largest group of respondents 74 (64,3 %), this group was followed by 31-40 years age group, which was composed from 19 (16, 5 %), 41-50 years age group composed 16 (13,9%), 51-60 years age group was composed form 4 respondents or 3,5% and 60< years age group was composed from 2 (1,7%) respondents.

The marital status of the sample showed that 66 (57,4%) of the respondents were single, and 49 (42,6 %) were married.

Table 4: Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	College	7	6,1	6,1	6,1
	University	94	81,7	81,7	87,8
	Master/Doctor	14	12,2	12,2	100,0
	Total	115	100,0	100,0	

The majority of respondents were university graduates 94 (81, 7%). There were 14 (12, 2 %) respondents having Master/Doctoral degree and 7 (6, 1 %) graduated college.

Table 5: Current Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Specialist	35	30,4	30,4	30,4
	Leading specialist	10	8,7	8,7	39,1
	Manager	28	24,3	24,3	63,5
	Engineer	24	20,9	20,9	84,3
	Other	18	15,7	15,7	100,0
	Total	115	100,0	100,0	

As we can see from results, the majority of respondents are in specialist group 35 (30,4%). The new recruits in the organization begin with a specialist position and in the order of promotion they become a leading specialist and a manager. It varies form organization to organization. Also the sample for this study was made up of 24 (20,9%) engineer, 28 (24, 3%) managers, and 10 (8,7%) leading specialist.

Table 6: Years in Present Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 1year	25	21,7	21,7	21,7
	1-3year	47	40,9	40,9	62,6
	4-6year	22	19,1	19,1	81,7
	7-9year	11	9,6	9,6	91,3
	10<	10	8,7	8,7	100,0
	Total	115	100,0	100,0	

As expected, relatively new recruits were in the majority 47 (40,9 %), followed by respondents with work experience below 1 year (21,7%).

Table 7: Years of Experience in Oil Sector

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 1 year	24	20,9	20,9	20,9
	1-3 years	43	37,4	37,4	58,3
	4-6years	24	20,9	20,9	79,1
	7-9years	14	12,2	12,2	91,3
	10<	10	8,7	8,7	100,0
	Total	115	100,0	100,0	

As we can see, most participants (37,4%) reported that they had been in the oil industry more than 1 year. 20,9 % of all respondents have experience in the oil sector of 4-6 years, as well as respondents with experience in the oil sector below 1 year. Only 8.7 % of all respondents have more than ten years of work experience in the oil sector.

As expected, the majority of respondents were Kazakhs 80 (69.6 %). There were also 17 (14, 8 %) Russians, and 18 (15,7%) other nationalities.

4.2 RESEARCH QUESTIONS AND HYPOTHESIS TESTING

Research Question 1.

What are the relationships between leadership behaviors (as measured by the Multifactor Leadership Questionnaire (MLQ) 5X Rater Form) and subordinates' overall job satisfaction in oil company?

Research question were tested using a multiple regression analysis. Statistical significance for these tests was determined at alpha 0,05 level. Table 8, Table 9 and Table 10 present the results of these analyses.

Table8. Multiple Regression Model Summary For Transformational, Transactional and Laissez-faire Leadership and Overall Job Satisfaction

R	R-squared	Adjusted R square	Std.Error of the Estimate	Durbin Watson	F	Sig.
,481a	,231	,211	,54193	1,762	11,140	,000

a Predictors: (Constant), LF, TRANSACL, TRANSFLE

b Dependent Variable: SJG

Table 8 shows that transformational, transactional and laissez-faire leadership (independent variables) explain 23% variation in overall job satisfaction (dependent variable) of subordinates' in oil companies. The results are statistically significant. There is no autocorrelation between variables.

In order to identify variation for each independent MLQ factors on overall job satisfaction the facets were considered individually.

Table 9. Regression Model of the MLQ Factors & Overall Job Satisfaction by Variation Analysis of R square, F Ratio and Beta

	R square	F ratio	Beta	Sig.
Idealized Influence (Attributed)	,144	18,935	,379	,000
Idealized Influence (Behavioral)	,128	16,560	,358	,000
Inspirational Motivation	,205*	29,196	,453	,000
Intellectual Stimulation	,144	18,935	,379	,000
Individual Consideration	,119	15,260	,345	,000
Contingent Reward	,092	11,442	,303	,001
Management-by-Exception Active	,058	7,006	,242	,009
Management-by-Exception Passive	,002	,221	-,044	,639
Laissez-faire	,073	8,897	-,270	,004

In an effort to develop a self-weighing estimating equation to predict what facets of leadership most strongly account for variations in overall job satisfaction, a multiple regression analysis was performed using stepwise selection.

Table 10. Multiple Regression Model Summary for Leadership and Overall Job Satisfaction

Model	R	R square	Adjusted Rsquare	Std.Error of the Estimate	Change Statistics				
					R square change	F change	df1	df2	Sig. F change
1	,453	,205	,198	,54615	,205	29,196	1	113	,000

a Predictors: (Constant), IM

b Dependent Variable: SJG

Table 10 shows that only Inspirational Motivation explains 20,5 % of variation in overall job satisfaction and there are other contributors to the subordinates' overall job satisfaction construct not explained by perceived leadership. The Inspirational Motivation is the only contributor to overall job satisfaction. This facet of transformational leadership describes leader who motivates and inspires those around them by providing meaning and challenge.

Research Question 2.

What are the relationships between leadership behaviors (as measured by the Multifactor Leadership Questionnaire (MLQ) 5X Rater Form) and subordinates' satisfaction with supervisor in oil company?

The overall contribution of transformational, transactional and laissez-faire leadership (independent variable) to subordinates' satisfaction with supervisor (dependent variable) tested by multiple regression and present in Table 11

Table 11. Multiple Regression Model Summary For Transformational, Transactional and Laissez-faire Leadership and Satisfaction with Supervisor

R	R-squared	Adjusted R square	Std.Error of the Estimate	Durbin Watson	F	Sig.
,735a	,540	,527	,40856	2,112	43,470	,000

a Predictors: (Constant), LF, TRANSACL, TRANSFLE

b Dependent Variable: SJG

The transformational, transactional and laissez-faire leadership explain 54% variation in satisfaction with supervisor, which is expected result as these constructs more connect with each other. This result is statistically significant. There is no autocorrelation between variables.

Table 12 shows the percentage of variation for each independent MLQ factor and satisfaction with supervisor scores

Table 12. Regression Model of the MLQ Factors & Satisfaction with supervisor by Variation Analysis of R square, F Ratio and Beta

	R square	F ratio	Beta	Sig.
Idealized Influence (Attributed)	,313*	51,496	,560	,000
Idealized Influence (Behavioral)	,314*	51,735	,560	,000
Inspirational Motivation	,182	25,100	,426	,000
Intellectual Stimulation	,320*	53,174	,566	,000
Individual Consideration	,420*	81,980	,648	,000
Contingent Reward	,235*	34,734	,485	,000
Management-by-Exception Active	,013	1,451	,113	,231
Management-by-Exception Passive	,028	3,255	-,167	,074
Laissez-faire	,245*	36,634	-,495	,000

In an effort to develop a self-weighing estimating equation to predict what facets of leadership most strongly account for variations in satisfaction with supervisor, a multiple regression analysis was performed using stepwise selection.

Table 13. Multiple Regression Model Summary for Leadership and Satisfaction with supervisor.

Model	R	R square	Adjusted Rsquare	Std.Error of the Estimate	Change Statistics				
					R square change	F change	df1	df2	Sig. F change
1	,648(a)	,420	,415	,45460	,420	81,980	1	113	,000
2	,733(b)	,537	,529	,40814	,117	28,190	1	112	,000
3	,749(c)	,561	,549	,39918	,024	6,086	1	111	,015
4	,759(d)	,577	,561	,39375	,016	4,082	1	110	,046

a Predictors: (Constant), IC

b Predictors: (Constant), IC, LF

c Predictors: (Constant), IC, LF, IIB

d Predictors: (Constant), IC, LF, IIB, MBA

e Dependent Variable: SSUPERVI

Table 13 shows that individual consideration explains 42% of the variance in satisfaction with supervisor. Adding laissez-fair adds another 11,7% of the explaining power. Adding idealized influence behavioral adds another 2,4%, management-by-exception active another 1,6%, for a total of 57,7% explanation of the variance in satisfaction with supervisor. The overall statistically significant equation represented by this analysis from Table 14 is:

$$Y = 1,375 + ,318X(1) - ,242X(2) + ,195X(3) - ,112X(4)$$

where Y is satisfaction with supervisor, X(1) is individual consideration, X(2) is laissez-fair, X(3) is idealized influence behavioral, X(4) is management-by-exception active.

Table 14. Multiple Regression Coefficients for Leadership and Satisfaction with supervisor

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	1,092	,128		8,538	,000
	IC	,436	,048	,648	9,054	,000
2	(Constant)	1,506	,139		10,851	,000
	IC	,376	,045	,559	8,407	,000
	LF	-,279	,053	-,353	-5,309	,000
3	(Constant)	1,229	,176		6,990	,000
	IC	,304	,052	,453	5,804	,000
	LF	-,252	,053	-,319	-4,801	,000
	IIB	,159	,065	,196	2,467	,015
4	(Constant)	1,375	,188		7,319	,000
	IC	,318	,052	,473	6,095	,000
	LF	-,242	,052	-,306	-4,646	,000
	IIB	,195	,066	,240	2,950	,004
	MBA	-,112	,055	-,137	-2,021	,046

The results of stepwise analysis are differing from regression analysis. The management-by-exception active when considered alone did not have any variation in satisfaction with supervisor. However, according to the results of stepwise analysis in consideration with all factors together management-by-exception active also contributed for variations in satisfaction with supervisor even though with a small percentage.

Research Question 3.

What are the relationships between leadership behaviors (as measured by the Multifactor Leadership Questionnaire (MLQ) 5X Rater Form) and subordinates' satisfaction with supervisor in oil company?

The overall contribution of transformational, transactional and laissez-faire leadership (independent variable) to subordinates' satisfaction with work (dependent variable) tested by multiple regression and present in Table 15.

Table15. Multiple Regression Model Summary for Transformational, Transactional and Laissez-faire Leadership and Satisfaction with work.

R	R-squared	Adjusted R square	Std.Error of the Estimate	Durbin Watson	F	Sig.
,555a	,308	,290	,49314	1,763	16,490	,000

a Predictors: (Constant), LF, TRANSACL, TRANSFLE

b Dependent Variable: SPP

The transformational, transactional and laissez-faire leadership explain 29% variation in satisfaction with work. The result is statistically significant, and there is no autocorrelation between variables.

Table 16 shows the percentage of variation for each independent MLQ factor and satisfaction with supervisor scores

Table 16. Regression Model of the MLQ Factors & Satisfaction with Work by Variation Analysis of R square, F Ratio and Beta

	R square	F ratio	Beta	Sig.
Idealized Influence (Attributed)	,188*	26,090	,433	,000
Idealized Influence (Behavioral)	,209*	29,892	,457	,000
Inspirational Motivation	,168	22,812	,410	,000
Intellectual Stimulation	,135	17,642	,367	,000
Individual Consideration	,184*	25,517	,429	,000
Contingent Reward	,092	11,397	,303	,001
Management-by-Exception Active	,002	,225	,045	,636
Management-by-Exception Passive	,005	,559	,070	,456
Laissez-faire	,118	15,154	-,344	,000

In an effort to develop a self-weighing estimating equation to predict what facets of leadership most strongly account for variations in satisfaction with work, a multiple regression with stepwise selection was performed.

Table 17. Multiple Regression Model Summary for Leadership and Satisfaction with Work.

Model	R	R square	Adjusted Rsquare	Std.Error of the Estimate	Change Statistics				
					R square change	F change	df1	df2	Sig. F change
1	,457(a)	,209	,202	,52260	,209	29,892	1	113	,000
2	,505(b)	,255	,242	,50944	,046	6,913	1	112	0,10
3	,543(c)	,295	,276	,49787	,040	6,262	1	111	0,14

a Predictors: (Constant), IIB

b Predictors: (Constant), IIB, IIA; c Predictors: (Constant), IIB, IIA, MBA; d Dependent Variable: SSP

Table 17 shows that idealized influence behavioral explains 20, 9% of the variance in satisfaction with work. Adding idealized influence attributed adds another 4,6% of the explaining power. Adding management-by-exception active adds another 4% for a total of 29,5% explanation of the variance in satisfaction with work.

The overall statistically significant equation represented by this analysis from Table 18 is:

$$Y =, 804 +, 290X (1) +, 221X (2) - , 179X (3)$$

where Y is satisfaction with work, X(1) is idealized influence behavioral, X(2) is idealized influence attributed, X(3) is management-by-exception active.

Table 18. Multiple Regression Coefficients for Leadership and Satisfaction with work

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	,710	,187		3,794	,000
	IIB	,366	,067	,457	5,467	,000
2	(Constant)	,564	,191		2,955	,004
	IIB	,251	,079	,313	3,188	,002
	IIA	,177	,068	,258	2,629	,010
3	(Constant)	,804	,210		3,833	,000
	IIB	,290	,078	,362	3,692	,000
	IIA	,221	,068	,322	3,242	,002
	MBA	-,179	,071	-,223	-2,502	,014

As with the previous research question the management-by-exception active when considered alone did not have any variation in satisfaction with work. However, according to the results of stepwise analysis in consideration with all factors together management-by-exception active also contributed for variations in satisfaction with work even though with a small percentage.

Hypotheses testing

The hypotheses were tested using a Pearson's Moment Correlations. The first three hypotheses stated that there is a positive correlation between transformational leadership and job satisfaction. For the Hypothesis 1 dependent variable was subordinates' overall satisfaction, for Hypothesis 2 subordinates' satisfaction with supervisor, and for Hypothesis 3 subordinates' satisfaction with work. The correlation coefficients used in hypotheses testing are presented in table 19.

Hypothesis 1, which stated that there would be a positive correlation between transformational leadership and subordinates' overall job satisfaction, was completely supported by the results. There are significant positive relationships existing between overall job satisfaction and idealized influence attributed (r= .379), idealized influence behavioral (r= .358), intellectual stimulation (r= .379), inspirational motivation (r=453), and individual consideration (r= .345).

Table 19: Correlations between Transformational Leadership Variables and Job Satisfaction Variables

Transformational Leadership Variables	Job Satisfaction		
	Overall	Supervision	Work
Idealized Influence Attributed	,379**	,560**	,433**
Idealized Influence Behavioral	,358**	,560**	,457**
Intellectual Stimulation	,379**	,566**	,367**
Inspirational Motivation	,453**	,426**	,410**
Individual Consideration	,345**	,648**	,429**

** p< ,01

Hypothesis 2, which stated that there would be a positive correlation between transformational leadership and subordinates' satisfaction with supervisor, was completely supported by the results. According to results, there is a positive moderate correlation existed between subordinates' satisfaction with supervisor and idealized influence attributed (r= .560), idealized influence behavioral (r= .560), intellectual stimulation (r= .566), inspirational motivation (r= .426), and individual consideration (r= .648).

Hypothesis 3, which stated that there would be a positive correlation between transformational leadership and subordinates' satisfaction with work, was also completely supported by the findings. There is positive significant correlation existed between subordinates' satisfaction with work and idealized influence attributed (r=.433), idealized influence behavioral(r= .457), intellectual stimulation (r= .367), inspirational motivation (r= .410), and individual consideration (r= .429).

Table 20 contains the correlations between the three transactional leadership variables (contingent reward, management-by-exception active, and management-by-exception passive) and three job satisfaction variables. These correlations are used to test Hypotheses 4, 5, 6.

Hypothesis 4, which stated that there would be a positive correlation between transactional leadership and subordinates' overall job satisfaction, was supported for contingent reward and management-by-exception active. Thus, there is a significant positive correlation existed between subordinates' overall job satisfaction and contingent reward (r= .303), and active management-by-exception (r= .242).

Table 20: Correlations between Transactional Leadership Variables and Job Satisfaction Variables

Transactional Leadership Variables	Job Satisfaction		
	Overall	Supervision	Work
Contingent Reward	,303**	,485**	,303**
Management-by-Exception Active	,242**	,113	,045
Management- by-Exception Passive	,044	-,167*	-,070

** p<.01, *p< .05

Hypothesis 5, which stated that there would be a positive correlation between subordinates' perception of their supervisors' transactional leadership and subordinates' satisfaction with supervisor, was supported for contingent reward (r= .485).

The hypothesis was not supported for management-by-exception either for active and passive. However, there is a significant negative correlation was found between the subordinates' satisfaction with supervisor and management-by-exception passive (r= .167, p< .05)

Hypothesis 6, which stated that there would be a positive correlation between subordinates' perception of their supervisors' transactional leadership and subordinates' satisfaction with work, was supported only for contingent reward (r= .303,p< .01)

The correlation between non-leadership variable (laissez-faire) and three variables of job satisfaction (overall job satisfaction, satisfaction with supervisor, and satisfaction

with work) are presented in table 21. These correlations are used to test Hypotheses 7, 8, 9.

Hypothesis 7, which stated that there would be a negative correlation between subordinates' perception of their supervisors' laissez-faire leadership and subordinates' overall job satisfaction, was supported by the findings. A significant negative correlation was found between overall job satisfaction and laissez-faire leadership (r= -, 270)

Table 21: Correlations between Non- Leadership Variable and Job Satisfaction Variables

Non- Leadership Variable	Job Satisfaction		
	Overall	Supervision	Work
Laissez-faire leadership	-, 270**	-, 495**	-, 344**

** p<.01

Hypothesis 8, which stated that there would be a negative correlation between subordinates' perception of their supervisors' laissez-faire leadership and subordinates' satisfaction with supervisor, was supported by the findings, there is a significant negative correlation was received between subordinates' satisfaction with supervisor and laissez-faire leadership style (r= - . 495)

Hypothesis 9, which stated that there would be a negative correlation between subordinates' perception of their supervisors' laissez-faire leadership and subordinates' satisfaction with work, was also supported by the findings, there is a significant negative correlation was received between subordinates' satisfaction with work and laissez-faire leadership style (r= - . 344)

The significant findings of hypotheses testing were as follows: 1) Transformational leadership was positively related to subordinates' overall job satisfaction, satisfaction with supervisor, and satisfaction with work. There is a significant moderate correlation exist between aspects of transformational leadership style and facets of

job satisfaction. 2) Transactional leadership was not positively related to job satisfaction with following exceptions: contingent reward was significantly and positively related with overall job satisfaction, satisfaction with the supervisor and satisfaction with work; active management-by-exception was significantly and positively related to overall job satisfaction($r = .242$, $p < .01$), and there is a significant negative correlation to be found between the subordinates' satisfaction with the supervisor and management-by-exception passive ($r = .167$, $p < .05$). 3) Non-leadership behavior was significantly and negatively related to subordinates' overall job satisfaction, satisfaction with supervisor, and satisfaction with work.

CHAPTER 5

SUMMARY AND CONCLUSIONS

Concluding Chapter 5 presents a summary and conclusions of the study, discussion of the findings, and recommendations for oil companies and future research

5.1 SUMMARY OF THE STUDY

The purpose of this study was to research and examine the relationships between perceived leadership behavior of supervisors in oil companies in Kazakhstan and subordinates' job satisfaction. As the base model of the study Bass and Avolio's Augmentation Model of Transformational and Transactional Leadership were chosen.

Contemporary organizations need more new approaches to leadership in order to be successful. More and more researchers have focused recently on the emotional and symbolic frame of leadership, rather than traditional or transactional approaches, this aspect simply called "transformational theories" (Zagorsek, 2004; Ergeneli, Gohar and Temirbekova, 2007). *Transformational leadership style* involves inspiring followers to commit to a shared vision and shared goals for an organization or unit, motivate others to do more than they originally intended, challenging them to be innovative problem solvers, and developing followers' leadership capacity via coaching, mentoring, and provision for both challenge and support (Bass, 2006).

The Augmentation Model of Transformational and Transactional Leadership proposes the idea that augmentation of transactional leadership with transformational leadership factors raises individuals to higher levels of performance, more so than those only under the support of a transactional leader (Bass, 1985). A review of the literature points out that transformational leadership usually provides a positive augmentation in leader performance beyond the effects of transactional leadership and positively influence on job satisfaction. Transformational leaders motivate followers to do more than they originally intended and achieve higher performances. Usually, transformational leaders have more committed and satisfied followers.

There have been numerous studies, all around the world, related to transformational leadership and different aspects of work, such as job satisfaction, performance, productivity (Chiok Foong Loke, 2001; Kirkbride, 2006; Sarros & Santora, 2001 Hetland & Sandal, 2003; Ardichvili & Gasparishvil, 2001; Bass, 1985; Yukl, 1989; Den Hartog, 1997; Avolio et al., 1995). However, research pertaining to the relationship between leadership behavior and job satisfaction in Kazakh companies is minimal. Furthermore, the majority of research on the relationship between leadership styles and job satisfaction is conducted mostly in health care, education, consulting, manufacturing firms, while very little work has been done in the oil industry.

The hypotheses were formulated on the basis of literature review and generally stated that there will be positive relationship between transformational leadership and job satisfaction and between transactional leadership and job satisfaction. Also it was proposed that there would be negative relationship between non-leadership behavior (laissez-faire leadership) and job satisfaction.

Leadership behavior was measured by the Multifactor Leadership Questionnaire Rater Form 5X (MLQ 5X Rater Form). There are five factors of transformational leadership (idealized influence (attributed), idealized influence (behavioral), inspirational motivation, individualized consideration, and intellectual stimulation), three factors of transactional leadership (contingent reward, management-by-exception active, management-by-exception passive), and one non-leadership factor is called laissez-faire. Job satisfaction was assessed using subscales of Job Descriptive Index as: satisfaction with supervision, satisfaction with work and Job in General scale. All study instruments were translated to Russian language.

The Multiple Regression was used to analyze research questions. The Pearson Moment Correlation was used in the analysis of hypotheses. The sample was made up of 115 participants from 16 oil companies in Kazakhstan. They were asked to assess their direct supervisors' leadership behavior, and answer questions related to aspects of job satisfaction.

5.2 DISCUSSION OF FINDINGS

Research questions were tested using a multiple regression analysis. The nine principal leadership styles were entered as predictors in a multiple regression analysis predicting job satisfaction. In an effort to develop a self-weighing estimating equation to predict what facets of leadership most strongly account for variations in job satisfaction the stepwise selection was performed.

The one significant predictor of overall job satisfaction was Inspirational Motivation which explained 23% variation in overall job satisfaction of subordinates' in oil companies $p = .05$. Therefore, while leadership is related to overall job satisfaction, there are other contributors to the overall job satisfaction construct not explained by perceived leadership. This finding would suggest that a leader exhibiting high transformational leadership, especially focused on inspirational motivation raise overall job satisfaction.

Wood (2008) conducted research on the relationship between hospital management leadership style and subordinate nurse job satisfaction, organizational commitment, and workplace empowerment and found that hospital leaders more frequently display a transformational leadership style. The study findings indicated that Idealized Influence (attributed), Idealized Influence (behavioral) and Inspirational Motivation were the primary predictors of job satisfaction, organizational commitment and workplace empowerment.

In the cross-cultural study of Ardichvili and Kuchinke (2002) the Inspirational Motivation received the highest scores in the former Soviet republics.

In the regression involving nine leadership styles and satisfaction with supervisor the individual consideration explains 42% of the variance in satisfaction with supervisor. Adding laissez-fair adds another 11.7% of the explaining power. Adding idealized influence behavioral adds another 2.4%, management-by-exception active another 1.6%, for a total of 57.7% explanation of the variance in satisfaction with supervisor. These findings would suggest that the leader should focus on individual

consideration, and idealized influence behavioral whereas minimize laissez-fair and management-by-exception active.

Evaluation of the study's data relating to leadership styles and satisfaction with work indicated that idealized influence behavioral, idealized influence attributed and management-by-exception active were the primary predictors of job satisfaction. Therefore idealized influence behavioral explains 20.9% of the variance in satisfaction with work. Adding idealized influence attributed adds another 4.6% of the explaining power. Adding management-by-exception active adds another 4% for a total of 29.5% explanation of the variance in satisfaction with work. According to these results a leader must pay more attention to his appearance and create image, focus on idealized influence behavioral and idealized influence attributed leadership style in order to achieve subordinates' satisfaction with work.

Relationships between Transformational Leadership and Job satisfaction

The findings of the study are in consistency with previous research. The transformational leadership was positively correlated with the job satisfaction. All facets of transformational leadership style (idealized influence attributed, idealized influence behavioral, intellectual stimulation, individual consideration, and inspirational motivation) are positively and moderately correlated with overall job satisfaction, satisfaction with work, and satisfaction with supervision. Thus, the results of this current study indicate that employee satisfaction in oil companies increased with increasing application of transformational leadership behavior. What does it mean? Employees' of oil companies are more satisfied with the leader who is inspired, who challenges followers to think and who shows true concern for them. This leader motivates followers; he or she develops in them higher levels of ability, and shows commitment to colleagues and the organization. The employees themselves feel both a part of an organization and valued by leadership, something which subsequently leads to greater job satisfaction.

In the majority of research in business, military and industry relating to job satisfaction and leadership behavior, the transformational leadership behavior showed significant and positive relationship to job satisfaction. So, according to the

study results in construction industry the emotional intelligence and transformational leadership behavior led to more satisfied employee (Butler, 2005); in Taiwan's IT industry all facets of transformational leadership positively correlated to overall job satisfaction, particularly the strongest relationship existed between individualized consideration and intellectual stimulation with overall job satisfaction (Chien, 2005); Palestinian large-scale industrial managers use more transactional leadership style, however transformational leadership style was found to induce the greatest satisfaction, willingness to exert extra effort, and effectiveness among employees (As-Sadeq, 2006)

In a study by Detamore (2008) on engineering consulting firm employees' perception of their leaders leadership style and the relationship to job satisfaction and intent to leave, positive strong relationship existed between job satisfaction and transformational leadership. Employees in an engineering consulting firm perceived their leadership to be high in Transformational leadership. Study results suggested that leaders high in the transformational leadership style and low in the laissez-faire style provided more satisfied employees.

Wong (2007) conducted study among advanced practice nurses (APNs) in order to explore the relationship between transformational leadership, organizational commitment, and job satisfaction. Structural equation modeling was used to determine the degree to which the factors transformational leadership, organizational commitment, and job satisfaction were related to nurses' intent to leave their employment. The data revealed the transformational leadership was the primary factor contributing to the promotion of organizational commitment, increased job satisfaction, and the employee retention. The respondents of this study scored high in their leadership skills and were intent to stay in their jobs. Furthermore job satisfaction was positively correlated to commitment to the organization and leadership behaviors.

The present study, additionally would suggest that leaders high in Transformational leadership style more effective in the case of stressful situation. Nowadays the world is in the grip of recession, which affected all parts of national and global economies.

And as the result of current crisis the bankruptcy of main financial institutions, cut back of production, loss of profits, and downsizing. The big Kazakhstani corporations of the energy industry downsized, the main financial institutions declared profit losses and a limitation of crediting. All of these things created a stressful environment for organizations and their employees. The transformational leader can be a model for an effective leader who promotes the development of warning systems and can help organization as well as its employees to cope with existing problems. A Transformational leader can use an idealized influence to portray a leader who is not panicking. A leader who is concerned but calm, who is decisive but not impulsive, and who is clearly in charge can inspire the confidence and trust of followers (Bass, 2006)

Relationships between Transactional Leadership and Job satisfaction

The study findings indicate that Contingent Reward is positively related to all outcome measures and the association is almost the same with transformational factors, Active Management-by-Exception was significantly and positively related to overall job satisfaction($r = .242$, $p < .01$), and there is a significant negative correlation was found between the subordinates' satisfaction with the supervisor and Management-by-Exception Passive ($r = .167$, $p < .05$).

The results from this study are in the line with assumptions that the Transactional factor contingent reward and Transformational leadership are at the core of transformational leadership theory and are complementary to each other (Yammarino, et al., 1998). Thus, subordinates of the oil company are much more satisfied with a leader who is familiar with follower needs and clarifies how those needs will be met in exchange for followers' work performance. The leader explains task requirements, which also may contribute to followers' assurance that, with some degree of effort, they can succeed in accomplishing their assignments.

This result is also consistent with findings of previous studies of the leadership profiles in post-communist countries (Georgia, Russian, Kazakhstan and the Kirghiz Republic). Generally transactional contingent reward leadership was used more often

than any other approach in the former Soviet Republic. (Ardichvili and Gasparishvili, 2001; Ardichvili and Kuchinke, 2002)

In a study by Detamore (2008), among the facets of transactional leadership style contingent reward had the highest significant correlation with job satisfaction. Management by exception, both active and passive, had negative correlations with job satisfaction in general. Study results indicated that use of contingent reward by leaders increased job satisfaction; however, the researcher suggested that transactional leadership, as a composite construct, did not correlate to job satisfaction because "engineers are highly rational thinking individuals who are quick to identify and address inequities of any kind in a transactional environment. They expect and receive equity" (Detamore, 2008:166).

In the Meta-analyses study of Bass (1998) in military, industry and education the highest positive correlations were found in 3 Meta-analyses for transformational leadership, next highest and positive was contingent reward. In the military active management-by-exception was low positive; elsewhere it was low negative. Passive management-by-exception was slightly negative and laissez-faire leadership was most negative (Bass, 2003)

The important result of present study is that Active Management-by-Exception significantly and positively related to overall job satisfaction. It can be considered important as well as transformational leadership and contingent reward leadership style, because it is related to subordinates' overall job satisfaction. Therefore, active managers increase overall job satisfaction of employees in oil companies. Employees more satisfied with the leader who plays close attention to mistakes and deviations and has control systems to provide early warnings of problems.

Bass (2006) proposed that Management-by-Exception is less effective than Contingent Reward within transactional factors, but required in certain situations. Indeed Active Management-by-Exception likely to be more effective than Passive Management-by-Exception. For example in the case of a crisis it is important for maintaining a readiness to avoid surprises produced at the last minute, to have confidence and support

Hater et al. (1990) found a significant positive relationship between satisfaction with a supervisor and an active management-by-exception style in the top performers' group; and a negative relationship between passive management-by-exception and satisfaction with supervisor.

Mancini (2007) examined the attitudes of directors, managers, and stuff in relation to transformational leadership, transactional leadership, organizational commitment, and job satisfaction within for-profit organizations and found a small positive relationship between Management-by-Exception Active and job satisfaction, and a negative relationship between Management-by-Exception Passive and job satisfaction. When leaders fail to intervene with problems and proactively resolve conflicts, job satisfaction of employees declines.

In generally according to researches, management-by-exception active and passive have both advantages and disadvantages. As advantages there is no need to watch closely at all subordinate activity, just exceptions; generating fewer decisions as a result; and improving services and productivity on an as-needed basis. Perhaps the major disadvantage is that focusing on staff errors is a corrective management style that may be experienced as castigatory; overreliance on this approach in the absence of positive feedback may be demoralizing for staff (Bass, 1990; Garman et al., 2003:804).

In this study Passive Management-by-Exception was found to be negatively related to satisfaction with supervision. This finding is also consistent with earlier studies. The employees are dissatisfied with the leader, who takes no action until a problem arises, and does not engage in an exchange relationship with subordinates. Thus, the satisfaction levels of subordinates decreases with the increasing use of the passive management-by-exception leadership style.

Relationships between Laissez- faire Leadership and Job satisfaction

The study findings indicated that the Laissez-Faire Leadership style is significantly and negatively related to subordinates' overall job satisfaction, satisfaction with supervisor, and satisfaction with work in oil companies in Kazakhstan. Thus,

subordinates' satisfaction level decreases with increasing apply of laissez-faire leadership behavior. The study results indicate that employees of oil companies dissatisfied with a leader who avoids making decision, and supervisor responsibility. According to Bass (1990) this type of leadership is always inappropriate way to lead. The management of organizations must understand the importance of the existence of the leadership to reach organizational goals and having more satisfied employees.

5.3 CONCLUSIONS

The results of this study suggest that the advantage of using a transformational leadership style in an organization is acknowledged in a number of studies from around the world is generalized in the Kazakhstan.

Overall, the findings of this present study support the results of studies that have been made before. The significant findings were as follows: 1) Transformational leadership was positively related to subordinates' overall job satisfaction, satisfaction with supervisor, and satisfaction with work. There is a significant moderate correlation existent between aspects of transformational leadership style and facets of job satisfaction. 2) Transactional leadership was not positively related to job satisfaction with following exceptions: contingent reward was significantly and positively related with overall job satisfaction, satisfaction with the supervisor and satisfaction with work; active management-by-exception was significantly and positively related to overall job satisfaction($r = .242$, $p < .01$) , and there is a significant negative correlation to be found between the subordinates' satisfaction with the supervisor and management-by-exception passive ($r = .167$, $p < .05$). 3) Non-leadership behavior was significantly and negatively related to subordinates' overall job satisfaction, satisfaction with supervisor, and satisfaction with work.

Based on the results companies should utilize more transformational leadership style, and leaders should limit the use of transactional leadership style management by exception passive to increase affectively committed employees.

Kazakhstan is in the grip of recession, as are other countries all over the world. The effects of the crisis may create a stressful environment for organizations and their

employees. Such unsteady times may increase people's feelings of helplessness and anxiety. And it is in these uncertain conditions that effective leadership is important.

According to McCauley (1987) leaders using both transformational and transactional ways of leadership style can convert a stressful situation into a challenging one. Contingent rewarding leaders reassure followers that there will be positive outcomes, and they know what these are. The leaders set clear and attainable goals and give interim rewards for progress. Inspirational leadership is employed to increase self-confidence. Envisioning, enabling, and empowering followers provides greater tolerance for ambiguity, uncertainty, and working in new and unfamiliar conditions (Bass, 2006:78)

Transformational leaders who are intellectually stimulating can help halt crises by questioning assumptions and disclosing opportunities. Inspirational leaders inspire courage and stimulate enthusiasm. Such a leader reduces stress among followers by creating a sense of identity with a social network of support. The insecurity of feeling isolated is replaced by the security of a sense of belonging (Bass, 2006).

5.4 RECOMMENDATIONS

As the summary of this study's findings the following recommendations for future research are provided.

5.4.1 Recommendations for Oil Companies

The study results indicate that leadership in oil companies' follows similar leadership trends as in other industries whether service, technical or traditional. The study findings are parallel to the results of leadership researches, which were conducted world wide.

The possible explanation of revealed findings is the fact that most of the companies which participated in this study are foreign companies. From 40 to 70% of leading positions in the foreign oil and gas projects are hold by foreign specialists. So, in 2003 among top managers foreigners made 58%, and in some projects this number was 90%. In order to meet the requirements stipulated by the strategy of industrially-

innovative development of Kazakhstan, companies, nowadays realize programs, which are aimed to replace foreign specialists by Kazakhstan citizens (Erzhigitova, 2005).

The oil industry of Kazakhstan has a lot of restrictions for future growth such as the lack of own investments for exploration, production and transportation of the petroleum, the shortage of new technology and up to date management experience. The majority of the oil companies in industry are multinational. They have operated almost since the independence time and brought with themselves new (western) culture that is differing from traditional Soviet culture.

The leaders in western counties are considered as a charismatic change agent that influence followers, motivate them, and individual considerate. In the Soviet period leadership priority was only in the hand of top managers. Other managers dependent on the central authorities and had unlimited authority over their subordinates. There were autocratically managed organizations. The relationship within organization was formed between powerful leader and passive follower. This situation still exists in Kazakhstan as communistic heritage of bureaucratic management. Cross cultural studies conducted recently revealed that some leadership behaviors have universality character, while others have country or culture specific character. Thus, for example, according to the results of the project GLOBE (Global Leadership and Organizational Effectiveness) research headed by Dr. Robert House and was aimed to explore interrelationship between societal culture, organizational culture and organizational leadership in 62 countries revealed that Kazakhstan like other counties of former Soviet union has high power distance, high collectivism, high uncertainty avoidance, and socio-political corruption. All this conditions has resulted in passive followers who have preference for powerful leader that will be “autocratic” leader who takes responsibility for providing guidance and direction to followers, who are the strong, empower employees, but at the same time who also maintain discipline and control. These desired attributes are closely related to transformational leadership style (Ismail, 2009). Thus, the cultural aspect is crucial element in consideration of leadership concept in Kazakhstan. It is also important while

implementing leadership development and training programs that usually practiced in Western countries.

As the country goes through transformation phase the top management of Kazakhstan's oil companies must understand that leadership, nowadays, is important for the existence and prosperity of an organization. Hence, special consideration must be given to leadership training and development programs that help to enhance individual leadership skills regarding improving job satisfaction and creating organizational commitment among employees and these programs should be implemented continuously along the career path and at all levels of employment. The oil companies usually send their employees abroad in order to participate in different training programs. Kazakhstan's oil companies must think about their own training programs that could take into consideration Western practices and at the same time carried national, cultural characteristics. The development of Kazakhs own leadership development programs on the base of all cultural, historical and national aspects is important not only for further growth of economy but all nations in whole. Approaches to training programs could be in the form of workshops that will be aimed to gather data, like, discussion with participants about their implicit concepts around ideal leadership, group coaching method that will be aimed to self-exploration of each participant; the participants also could be asked to create scenarios for future development of organization. The participants' conversations and behaviors could be taped on video and then analyzed by participants. They also could receive feedback from observers; compare it to their self-perceptions and then draw up their own action plans for personal and leadership development.

5.4.2 Recommendations for Future Research

The situation of crisis currently faced by companies can create certain biases in responses, which is why another longitudinal study is to be recommended. Subsequent research should explore other factors which have an influence on the job satisfaction of employees in oil companies. Mixed methods of research such as qualitative and quantitative are recommended in order to elicit a wider knowledge base in order to understand the issues within oil industry. Another piece of research

could consider separately the leadership styles and work outcome factors in Kazakh firms and joint venture companies (with foreign shareholding), as well as making the comparison between these companies, because companies with foreign shareholding can have a different organizational culture. The current study used already existed measurement instruments such as Multifactor Leadership Questionnaire and Job Descriptive Index that have high reliability and validity world wide. It is recommended to create measurement instruments that be considered national and cultural characteristics of Kazakh people. So further academic research, particularly more case-studies are necessary in order to better understand managerial and leadership behavior in organizations.

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APPENDIX A

KAZAKHSTAN MAJOR OIL AND NATURAL GAS PROJECTS

Name of Field/Project	Project Partners	Estimated Reserves
Abai	Kazmunaigaz, Statoil	2.8 billion barrels of oil
Aktobe	CNPC Aktobemunaigaz (88%), (within Block ADA partners include Korean National Oil Corp (KNOC), LG International Corp, Vertom)	1.17 billion barrels of oil
CPC: (Tengiz-Novorossiysk Pipeline)	Caspian Pipeline Consortium (CPC): Russia 24%; Kazakhstan 19%; Chevron (U.S.) 15%; LukArco (Russia/U.S.) 12.5%; Rosneft-Shell (Russia-U.K./Netherlands) 7.5%; ExxonMobil (U.S.) 7.5%; Oman 7%; Agip/Eni (Italy) 2%; BG (U.K.) 2%; Kazakhstan Pipeline Ventures LLC 1.75%; Oryx 1.75%	990 mile oil pipeline from Tengiz oil field in Kazakhstan to Russian's Black Sea port of Novorossiisk
Darkhan	Kazmunaigaz (Kaztransgas), possibly Chinese consortium including CNPC, and Repsol	11 billion barrels of oil
Egizkara	LG Internatinal Corp (50%), Others	200 million barrels of oil
Emba	Kazakhoil-Emba (Kazmunaigaz subsidiary) 51%, MOL Rt, Vegyepszer (Hungary) combined 49%	500 million barrels of oil
Karachaganak	Karachaganak Integrated Organization (KIO): Agip (Italy) 32.5%; BG (U.K.) 32.5%; Chevron (U.S.) 20%; Lukoil (Russia) 15%	2.3-6 billion recoverable barrels of oil & gas condensate reserves;
Karakuduk	Lukoil	Total estimated proved reserves of appr. 63 million barrels
Karazhanbas	Nations Energy	400 million barrels of oil
Kashagan	Agip Kazakhstan North Caspian Operating Company (Agip KCO) (formerly OKIOC): Eni, Total, ExxonMobil, and Shell (16.66%), ConocoPhillips (8.28%), Kazmunaigaz (16.81%), Inpex (8.28%)	9 billion to 13 billion recoverable (up to 38 billion probable)
Khvalinskoye	Kazakhstan and Lukoil	400 million barrels of oil. 12.3 trillion cubic feet of natural gas. Target start date 2014

Name of Field/Project	Project Partners	Estimated Reserves
Kumkol (North)	Turgai Petroleum: Petrokazakhstan (50%)*, and Lukoil (Russia)	97-300 million barrels of oil
Kumkol South and South Kumkol	PetroKazakhstan Kumkol Resource (PKKR), wholly owned by PetroKazakhstan*	116 million barrels of oil
Kurmangazy	AO Kazmunaiteniz Offshore Oil Company (a KazMunaiGaz subsidiary) 50%, Rosneft subsidiary OOO RN-Kazakhstan (25%). Russia's Zarubezhneft has an option on 25% in the project.	2.2-8.8 billion barrels of oil
Mangistau	Mangistaumunaigaz (Kazmunaigaz subsidiary).	500 million barrels of oil
North Buzachi	Lukoil (50%), China National Petroleum Corp. (50%)	1 to 1.5 billion barrels of oil
Nursultan ("N" Block)	Kazmunaigas operating independently. ConocoPhilips, Shell had been mentioned as participants	4.65 billion barrels of oil
Satpayev	Kazmunaigaz, Oil and Natural Gas Corp. (ONGC)	1.85 billion barrels of oil
Tengiz	TengizChevroil (TCO): Chevron (U.S.) 50%; ExxonMobil (U.S.) 25%; Kazmunaigaz 20%; LukArco (Russia) 5%, discovered in1979, agreement signed in 1993	9 billion barrels of oil
Tsentralnoye	Kazmunaigas, Gazprom, Lukoil	3.8 billion barrels of oil, and 3.24 Tcm
Tyub-Karagan	LUKoil (50%), Kazmunaigaz (50%)	7 billion barrels of oil
Uzen	Uzenmunaigaz (Kazmunaigaz subsidiary) 100%	147 million barrels of oil
Zhambyl	Kazmunaigaz (73%), Korean National Oil Consortium (27%) KNOC: KNOC (35%), SK Corp (25%), LG Corp (20%), Daesung and Samsung (10% each)	1.26 billion barrels of oil

* CNPC acquired PetroKazakhstan and its assets in Kazakhstan in October 2005 and sold a 33.3% stake in PetroKazakhstan to Kazmunaigaz

Sources: *FSU Oil and Gas Monitor*, Reuters, Interfax, WMRC/Global Insight, Company Websites, *Caspian Investor* (www.wtexec.com)

APPENDIX B

Questionnaire in Russian

Уважаемый Участник!

Просим вас принять участие в данном анкетирование. Целью проведения анкеты является определение *стиля лидерства вашего непосредственного руководителя*, т.е. модели поведения и способы взаимодействия, которые склонен использовать руководитель в общении с подчиненными. Анкета заполняется АНОНИМНО. Исследование направлено на изучение *стиля*, а не индивидуума. Полученная информация поможет определить, как каждый стиль влияет на степень удовлетворенности работников на данном рабочем месте. Искренние ответы очень важны для надежности результатов исследования.

Благодарим Вас и желаем успеха!

Часть 1

Данная часть анкеты посвящена демографическим характеристикам каждого участника. Пожалуйста, отметьте подходящий вам ответ.

Ваш возраст:

1. 20-30 лет
2. 31-40 лет
3. 41-50 лет
4. 51-60 лет
5. 60 и больше

Ваш пол:

1. Мужской
2. Женский

Ваше семейное положение:

1. Женат/Замужем
2. Холост/ Незамужем

Ваше образование:

1. Диплом средне-специального учебного заведения
2. Диплом о высшем образовании
3. Научная степень

Занимаемая вами должность:

1. Специалист
2. Ведущий специалист
3. Менеджер
4. Инженер
5. Другая, пожалуйста, укажите _____

Стаж работы на нынешней должности:

1. Меньше 1 года
2. 1-3 лет
3. 4-6 лет
4. 7-9 лет
5. 10 лет и более

Стаж работы в нефтяной сфере:

1. Меньше 1 года
2. 1-3 лет
3. 4-6 лет
4. 7-9 лет
5. 10 лет и более

Часть 2

Пожалуйста, опишите вашего непосредственного руководителя по следующим параметрам. Отметьте подходящий вам ответ.

Ваш руководитель:	**Никогда**	**Редко**	**Иногда**	**Довольно часто**	**Постоянно**
Поощряет Вас за ваши усилия					
Пересматривает необходимые предположения на соответствие					
Вмешивается в дела лишь тогда, когда проблема обретает серьезный характер					
Фокусирует внимание на неорганизованность, ошибки и отклонениятнорм и стандартов					
При возникновении серьезных проблем “прячет голову в песок”					
Всегда говорит об очень важных ценностяхи убеждениях					
Отсутствует, когда необходим					
Рассматривает разные точки зрения для решения проблем					
Говорит оптимистически о будущем					
Вы испытываете гордость при работе с ним					
Дает понять, кто будет ответственен за выполнение определенных задач					

Ваш руководитель:	**Никогда**	**Редко**	**Иногда**	**Довольно часто**	**Постоянно**
Будет ждать пока дела пойдут неправильно, и только тогда начнет действовать					
Воодушевленно говорит о целях					
Подчеркивает особую значимость чувство целеустремленности сотрудников					
Уделяет время на обучение и инструктаж					
Четко обозначает поощрения за выполнение определенных задач					
Приверженец идеи” пока окончательно не сломалось, не исправляй”					
Отказывается от личных интересов ради блага группы					
Относится к вам больше как к личности, нежели как рядовому сотруднику					
Демонстрирует, что проблема, которую вы решаете должна стать хронической и серьезной, прежде чем Он предпримет какие либо действия					
Его действия вызывают у вас уважение					
Сосредотачивает все свое внимание на исправление ошибок, неудач и удовлетворение жалоб					
Принимает во внимание нравственные и этические последствия всех решений					
Внимательно отслеживает все ошибки					

Ваш руководитель:	**Никогда**	**Редко**	**Иногда**	**Довольно часто**	**Постоянно**
Демонстрирует чувство уверенности и могущества					
Откровенно говорит о цели, которая должна быть достигнута в будущем, но требует больших стараний					
Направляет ваше внимание на недостатки, чтобы Вы соответствовали стандартам					
Избегает принимать решения					
Рассматривает каждого работника как личность со своими желаниями, способностями, и стремлениями					
Предоставляет вам возможность рассматривать проблему с разных сторон					
Помогает развить ваши сильные качества					
Предлагает новые пути выполнения ваших задач					
Задерживает свой ответ в срочных вопросах					
Придает особое значение чувству коллективной цели					
Высказывает удовлетворенность вами, когда вы оправдали его ожидания					
Выражает уверенность в том, что цели будут достигнуты					

Часть 3

В заключительной части анкеты вы найдете короткие фразы, которые помогут определить вашу удовлетворенность работой по занимаемой должности на данный момент, удовлетворенность вашим руководителем и работой в целом. Пожалуйста, отметьте наиболее подходящий вам ответ.

Работа по занимаемой должности на данный момент	**Не согласен**	**Согласен**	**Не знаю**
1. Приводит в восторг			
2. Рутинная (однообразная)			
3. Удовлетворительная			
4. Скучная			
5. Хорошая			
6. Креативная			
7. Уважаемая			
8. Испытываю неудобства			
9. Приятная			
10. Полезная			
11. Утомительная			
12. Полезная для здоровья			
13. Многообещающая			
14. Слишком много дел			
15. Раздражающая			
16. Легкая			
17. Повторяющаяся изо дня в день			
18. Дает ощущение чего- то достигнутого			

Мой Руководитель	**Не согласен**	**Согласен**	**Не знаю**
1. Спрашивает моего совета			
2. Ему трудно угодить			
3. Хвалит хорошо выполненную работу			
4. Тактичный			
5. Влиятельный			
6. Современный			
7. Не достаточно хорошо руководит			
8. Имеет любимчиков			
9. Оценивает мои успехи			
10. Надоедливый			
11. Упрямый			
12. Хорошо знает свое дело			
13. Плохой человек			
14. Интеллигентный			
15. Плохой стратег			
16. Всегда рядом, когда необходим			
17. Грубый			
18. Ленивый			

Моя Профессия	Не согласен	Согласен	Не знаю
1. Приятная			
2. Плохая			
3. Идеальная			
4. Пустая трата времени			
5. Хорошая			
6. Мне не подходит			
7. Стоящая			
8. Превосходная			
9. Увлекательная			
10. Малооплачиваемая			
11. Хуже всех			
12. Приемлемая			
13. Наилучшая			
14. Лучше всех других			
15. Неприятная			
16. Содержательная			
17. Неадекватная			

СПАСИБО ЗА ПРЕДОСТАВЛЕННУЮ ИНФОРМАЦИЮ!

APPENDIX C

Questionnaire in English

Dear Participants,

We are requesting your participation in a leadership study. This study involves asking you to assess leadership styles of your manager who is your immediate supervisor. The responses will be CONFIDENTIAL. The purpose of this research is to study styles not individuals. The data will be compiled with the intentions of identifying how each style impacts employees' level of satisfaction.

Thank you for your cooperation in this study!

Respondent Profile

Please answer the following questions related to demographic characteristics by circling the numbers of the appropriate response.

My age:

- 20-30
- 31-40
- 41-50
- 51-60
- Over 60

My sex:

- Male
- Female

My education:

- College degree
- Bachelors degree
- Masters/ Doctor degree

Marital Status:

- Married
- Single

My current position:

- Specialist
- Manager
- Engineer
- Other, please specify:
- _____

Years in present position:

- Less than 1 year
- 1-3
- 4-6
- 7-9
- More than 10 years

Years of experience in oil sector:

- Less than 1 year
- 1-3
- 4-6
- 7-9
- More than 10 years

Multifactor Leadership Questionnaire

Listed below are descriptive statements about the manager you are rating. For each statement, we would like you to judge how frequently your manger has displayed the behavior described. Make no more than one mark for each question.

My Supervisor	Not at all	Once in awhile	Sometimes	Fairly often	Frequent if not always
Provides me with assistance in exchange for my efforts					
Re-examines critical assumptions to question whether they are appropriate					
Fails to interfere until problems become serious					
Focuses attention on irregularities, mistakes, exceptions, and deviations from standards					
Avoids getting involved when important issues arise					
Talks about their most important values and beliefs					
Is absent when needed					
Seeks differing perspectives when solving problems					
Talks optimistically about the future					
Instills pride in me for being associated with him/her					
Discusses in specific terms who is responsible for achieving performance targets					
Waits for things to go wrong before taking action					
Talks enthusiastically about what needs to be accomplished					
Specifies the importance of having a strong sense of purpose					
Spends time teaching and coaching					
Makes clear what I can expect to receive when performance goals are achieved					

My Supervisor	Not at all	Once in awhile	Sometimes	Fairly often	Frequent if not always
Shows that he/she is a firm believer in "If it ain't broke, don't fix it"					
Goes beyond self-interest for the good of the group					
Treats me as an individual rather than just as a member of a group					
Demonstrates that problems must become chronic before taking action					
Acts in ways that builds my respect					
Concentrates his/her full attention on dealing with mistakes, complaints, and failures					
Considers the moral and ethical consequences of decisions					
Keeps track of all mistakes					
Displays a sense of power and confidence					
Articulates a compelling vision of the future					
Directs my attention toward failures to meet standards					
Avoids making decisions					
Considers me as having different needs, abilities, and aspirations from others					
Gets me to look at problems form many different angels					
Helps me to develop my strengths					
Suggests new ways of looking at how to complete assignments					
Delays responding to urgent questions					
Emphasizes the importance of having a collective sense of mission					
Expresses satisfaction when I meet expectations					
Expresses confidence that goals will be achieved					

Job Descriptive Index

Think of the work you do at present. How well does each of the following words and phrases describe your work? Please, mark appropriate word or phrase.

Work on present Job	Disagree	Agree	Don't know
Fascinating			
Routine			
Satisfying			
Boring			
Good			
Creative			
Respected			
Uncomfortable			
Pleasant			
Useful			
Tiring			
Healthful			
Challenging			
Too much to do			
Frustrating			
Simple			
Repetitive			
Gives sense of accomplishment			

Supervision	Disagree	Agree	Don't know
Asks my advice			
Hard to please			
Praises good work			
Tactful			
Influential			
Up-to-Date			
Doesn't supervise enough			
Has favorites			
Tells me where I stand			
Annoying			
Stubborn			
Knows job well			
Bad			
Intelligent			
Poor planner			
Around when needed			
Rude			
Lazy			

Job in General	Disagree	Agree	Don't know
Pleasant			
Bad			
Ideal			
Waste of time			
Good			
Undesirable			
Worthwhile			
Superior			
Enjoyable			
Poor			
Worse than most			
Acceptable			
Excellent			
Better than most			
Disagreeable			
Makes me content			
Inadequate			