LEADERSHIP STYLES AS PREDICTORS OF DECISION MAKING STYLES AMONG TOP, MIDDLE AND LOWER MANAGERS

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Abstract

The present study examined the role of transformational, transactional, and laissez-faire leadership style on prediction of rational, intuitive, dependent, avoidant, and spontaneous decision making style. Multifactor Leadership Questionnaire and General Decision Making Style Questionnaire were administered on a purposive sample of 300 top, middle, and lower level bank managers. Multiple regression analysis demonstrated that transformational leadership style positively predicted rational style whereas, negatively predicted dependent and avoidant styles. Transactional style positively predicted intuitive, dependent and avoidant style. Laissez-faire style positively predicted intuitive, dependent, and avoidant style and negatively predicted rational style. Finally, Leadership styles displayed non-significant effect on spontaneous style. The study was grounded in theory and it has both theoretical value and applied significance in the modern corporate sector.

Keywords: Leadership styles, decision making styles, bank managers

JEL Classification: Z000

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Introduction

Decision making is considered the prime responsibility of managers because the decision quality directly influences the career, rewards, and job satisfaction. A managerial decision determines the success or failure of an organization (Kinicki & Kreitner, 2006). Transformational leadership is a well-researched area in the mainstream of leadership literature. In a content analytic study, Lowe and Gardner (2001) found one third of the research published articles in Leadership Quarterly were related to transformational and charismatic leadership. During the past two decades (1990-2009), the Full Range Leadership Theory (comprising of transformational, transactional, and laissez-faire leadership style) was tested with a variety of variables including individual, group, and organizational outcomes. But the research work on the decision making of the transformational, transactional, and laissez faire leaders remained lacking. Limited research (Tambe & Krishnan, 2000) has been conducted so far. Keeping in view the research gap, the present study aims to investigate the role of leadership styles in the prediction of decision making styles.

Transformational Leadership and Decision Making

The term transformational and transactional leadership was introduced by Burns (1978) into the mainstream leadership literature. Bass (2000) and his colleagues (Bass & Reggio, 2006; Bass & Avolio, 2003) extended the previous work on transformational and transactional leadership and proposed the Full Range Leadership Theory which consists of three leadership styles including transformational, transactional, and laissez-faire leadership style.

Stephan and Roberts (2004) illustrate that transformation occurs at individual, group, and organizational levels. In the same manner, transformational decision making involves various entities including individuals, teams, departments, and organizations. The decisions made by transformational leaderships are knowledge based.
Leadership Styles as Predictors of Decision Making

Conscious enterprise in which superior organizational interests are secured (Brower & Balch, 2006). Leadership is rational and emotional at the same time. Rationality resides in leaders’ logical actions and emotions involve inspiration and stimulation. An effective leadership incorporates both sides in consideration (Bass, 1999; Gar, 1999). Transformational leaders employ both rational and emotional (intuitive) strategies in decision making.

Transformational leadership is characterized by promoting intelligence, rationality, logical thinking, and careful problem solving. They motivate followers to discover new ways of solving old problems (Avolio & Bass, 1988). Tambe and Krishnan (2000) found that transformational leadership is significantly positively related to rational decision making style. Transformational leadership was also significantly negatively related to avoidant decision making style which indicates that transformational leaders do not avoid decisions.

Transformational leaders are rational and intuitive in the same time. They approach feelings and emotions to make decisions in different situations. Downey, Papageorgiou and Stough (2006) found that female managers displaying more transformational leadership also exhibited more EI and intuition than managers displaying less transformational leadership. The underlying conception of transformational leadership is promoting change. Researchers (Andersen, 2000; Hansson & Andersen, 2001) argue that intuition decision making is more appropriate for organization facing pressures for change. In a study, principals belonging to intuitive type were more competent to make decisions under the pressure for change (Hansson, & Andersen, 2007). Intuition effectively contributes to leadership in organizations particularly on the top positions (Bass, 1990).

Avolio and Bass (2002) state that “decision making of transformational and transactional leaders can be directive or participative, as well as participative or authoritarian, elitist or leveling”
(p. 7). Bass and Riggio (2006) illustrate that “transformational leaders could share the building of vision and ideas that could be collective and democratic enterprise. They could encourage follower participation in the change process involved” (p. 11). Decision making of the transformational leaders is collective enterprise based on information sharing. Such sharing is for the sake of followers’ participation in decision making rather than learning. Thus transformational leaders do not make dependent decisions. Fischhoff (1992) argues that consultation involving inappropriate contradictory advices and impractical suggestions may lead to ineffective decision making.

Transformational leaders are spontaneous decision makers. Whenever the crisis knocks an organizational and the leaders are required to quickly make decisions, transformational leaders act spontaneously. Spontaneous decision making style is considered as a speedy intuitive decision making which involve urgency and time pressure (Thunholm, 2004). Transformational leaders are willing to take risks in instability and chaos (Bedeian & Hunt, 2005).

H1. Transformational leadership style positively predicts rational, intuitive, and spontaneous decision making style.

H2. Transformational leadership style negatively predicts dependent and avoidant decision making style.

Transactional Leadership and Decision Making

Transactional leadership is based on the transaction or exchange process between the leader and the followers. Transactional leaders make it clear for the followers that their needs will be satisfied on meeting the standards of the organization and fulfilling their duties. Rewards are adjacent to the job performance. Followers complete tasks, fulfill job responsibilities, and get rewards in return (Avolio & Bass, 2002; Bass & Avolio, 2000).
Transactional leaders are rational decision makers and problem solvers. They employ logic in making decisions. They are extrinsically motivated to lead and depend upon the subordinates’ cognitions to make decisions. Passive leaders wait for problems to arise in order to take decisive actions (Barbuto, Fritz & Max, 2000). Such leaders tend to rely on rational and logical thinking, and offer extrinsic rewards such as pay and other job related benefits in exchange for completed work assignments (Maddock & Fulton, 1998).

Individuals with rational decision making style are also inclined toward preferring calm, static, organized, and unchanging routine activities (Wooten, Burner, & Silver, 1994). In the same manner, transactional leaders are effective in traditional management practices which are required to keep the organizational operations on track (Daft & Lane, 2002) whereas intuitive and spontaneous decision making involve quick procedures and reliance on hunches (Scott & Bruce, 1995) so transactional leaders do not make intuitive and spontaneous decisions. Finally, negative correlations between rational and avoidant decision making style also indicate that individuals opting rational decision making style do not avoid decisions (Loo, 2000).

Transactional leaders are dependent decision makers as they depend upon the subordinates’ cognitions to make decisions (Barbuto et al., 2000). Transactional leaders are problem solvers and implementers. Such problem solver leaders engage in planning, organizing, and making decisions without spontaneity. Consequently transactional leaders are appropriate for maintaining stability in organizations (Leavitt, 1987).

H3. Transactional leadership style positively predicts rational and dependent decision making style.
H4. Transactional leadership style negatively predicts intuitive, avoidant, and spontaneous decision making style.
Laissez-Faire Leadership and Decision Making

Laissez-faire is a hand off style of leadership in which responsibilities are withdrawn and decisions are delayed by showing irresponsiveness to followers’ quests for support and feedback (Northouse, 2004). It is by definition the most ineffective and inactive style of leadership and almost all of the research is evident on its passiveness and incompetence. Such leaders avoid decisions when needed (Bass & Reggio, 2006). Thus, laissez-faire leaders are avoidant decision makers. They are missing when required, unable to proceed when called for assistance, and say no when asked to share their opinion on critical issues (Bass, 1998). Similarly, avoidant decision making style is associated with trouble in the ability to take decisional initiatives. Avoidant decision makers are unable to act upon their intentions (Scott & Bruce, 1995). Laissez-faire leaders are dependent decision makers. Such leaders do now own leadership and call the work group to take over their responsibilities. They depend upon followers to make decisions (Shamir, Zaky, Breinin, & Popper, 2000). Laissez-faire leaders shift massive control to followers in decisional scenarios (Jones & Rudd, 2007).

Laissez-faire leaders neither make rational decisions nor do they involve in intuitive decision making because leaders take personal responsibility in both rational and intuitive decision making (Harren, 1979). Similarly, Loo (2000) explains that avoidant decision makers do not make rational decisions. In the same manner, Gardner and Stough (2002) found that laissez-faire leaders are unable to manage and understand self and others’ feeling and emotions. They are unable to invest emotional knowledge in decision making so they cannot make intuitive decisions which are largely based on feelings and emotions (Scott & Bruce, 1995).

H5. Laissez-faire leadership style positively predicts avoidant and dependent decision making style.
Leadership Styles as Predictors of Decision Making Styles

H6. Laissez-faire leadership style negatively predicts rational, intuitive, and spontaneous decision making style.

Conceptual Framework

Figure 1

*Schematic representation of the effect of leadership styles on the prediction of decision making styles*

<table>
<thead>
<tr>
<th>Predictors</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership Styles</td>
<td>Decision Making Styles</td>
</tr>
<tr>
<td>- Transformational</td>
<td>- Rational</td>
</tr>
<tr>
<td>- Transactional</td>
<td>- Intuitive</td>
</tr>
<tr>
<td>- Laissez-faire</td>
<td>- Dependent</td>
</tr>
<tr>
<td></td>
<td>- Avoidant</td>
</tr>
<tr>
<td></td>
<td>- Spontaneous</td>
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</tbody>
</table>

Method

The present study is grounded in a modern theory of leadership named Full Range Leadership Theory and decision making of FR leaders is being investigated on this scientific inquiry.

Participants

Top, middle and lowerbank managers ($N = 300$) participated in the present study. Purposive sampling technique was used to collect the information. During the selection of the sample fulltime employment, job experience of at least one year, and supervision of five employees was insured in order to confirm that the participants were practically involved in the different relevant corporate operations including leadership and decision making practices.
Leadership Styles as Predictors . . .

Research

Instruments

Multifactor Leadership Questionnaire (MLQ) was originally developed by Bass and Avolio (2000) and translated in Urdu by Almas (2007). MLQ consisted of 36 items and three subscales in which transformational leadership style consists of 20 items, transactional leadership style comprise of 12 items and laissez faire leadership style consists of 4 items. It is based on Likert-type five point rating scale with response categories ranging for 1 = strongly disagree to 5 = strongly agree. Prior research on bank managers in the indigenous context confirms the reliability and validity of this measure (Khan, Aslam, & Riaz, 2012). General Decision Making Style Questionnaire (GDMSQ) was originally developed by Scott and Bruce (1995) and translated in Urdu by Batool (2003). GDMSQ comprised of five sub-scales including rational, intuitive, dependent, avoidant, and spontaneous decision making style. GDMSQ consists of 25 five items in which each style is comprised of five items. It is based on Likert-type five point rating scale with response categories ranging for 1 = strongly disagree to 5 = strongly agree. In both scales, scores were interpreted in terms of low and high scores instead of cut off scores. Prior research on bank managers in the indigenous context confirms the reliability and validity of this measure (Shujaat & Riaz, 2014).

Procedure

In the first step, the list of national and multination banks in Pakistan was obtained from State Bank of Pakistan. In order to approach the top management, 100 questionnaires were mailed to the CEO’s, Presidents, and Senior Vice Presidents of all the banks in Pakistan. A total of 48 banks were posted the letters through mail along with returning letters but only 13 questionnaires were returned by the top managers. In the second step, the researcher personally approached middle and lower level managers to collect the data. Concerned authorities in the targeted banks were instructed regarding the objectives and importance of the study. After providing a brief introduction and necessary instructions, informed consent was
obtained from the respondents. Participants were deliberately informed to be confident as all the information will be kept highly confidential and will only be used for research purpose. The anonymity of the respondents’ identity was insured because of the direct relevance of the information with their present jobs. The objectives of the research were openly discussed with the respondents and nothing important about the research was intentionally hided or camouflaged. Researcher effectively handled the respondents’ quires before, during, and after the form completion in order to raise their confidence and build their interest in the study in hand. Questionnaires were administered during the working hours and no time limits were settled. In the end, administration and research participants were thanked for their valuable cooperation.

**Results:** The present study sought to investigate the role of leadership styles in the prediction of decision making styles. Descriptive statistics for all the variables were computed followed by reliability coefficient of all subscales used in the study. Multiple regression analysis was applied to determine the role of leadership styles in the prediction of decision making styles.

**Table 1**

**Psychometric properties of variables**

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Transformational</td>
<td>(.79)</td>
<td>.59**</td>
<td>-.24**</td>
<td>.50**</td>
<td>.15**</td>
<td>.12*</td>
<td>-.22**</td>
<td>-.03</td>
</tr>
<tr>
<td>2. Transactional</td>
<td>(.45)</td>
<td>.06**</td>
<td>.35**</td>
<td>.27**</td>
<td>.24**</td>
<td>.06</td>
<td>.02</td>
<td></td>
</tr>
<tr>
<td>3. Laissez-faire</td>
<td>(.55)</td>
<td>-.23**</td>
<td>19**</td>
<td>.18**</td>
<td>.52**</td>
<td>.08</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Rational</td>
<td>(.50)</td>
<td>.08</td>
<td>.21**</td>
<td>-.24**</td>
<td>-.17**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Intuitive</td>
<td>(.52)</td>
<td>.24**</td>
<td>.28**</td>
<td>.26**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Dependent</td>
<td>(.61)</td>
<td>.25**</td>
<td>-.13*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Avoidant</td>
<td>(.70)</td>
<td>.20**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Spontaneous</td>
<td>(.63)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>80.93</td>
<td>41.09</td>
<td>07.90</td>
<td>20.30</td>
<td>18.28</td>
<td>18.48</td>
<td>12.52</td>
<td>14.71</td>
</tr>
<tr>
<td>SD</td>
<td>9.50</td>
<td>4.94</td>
<td>3.00</td>
<td>3.23</td>
<td>3.07</td>
<td>3.48</td>
<td>3.12</td>
<td>3.58</td>
</tr>
<tr>
<td>Range</td>
<td>55-100</td>
<td>25-57</td>
<td>4.16</td>
<td>12.25</td>
<td>8.25</td>
<td>7.25</td>
<td>5.24</td>
<td>5.24</td>
</tr>
<tr>
<td>Skewness</td>
<td>.35</td>
<td>.42</td>
<td>-.12</td>
<td>.75</td>
<td>.89</td>
<td>.52</td>
<td>-.10</td>
<td>.45</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>.44</td>
<td>25</td>
<td>.96</td>
<td>.42</td>
<td>.85</td>
<td>.34</td>
<td>.78</td>
<td>.25</td>
</tr>
</tbody>
</table>

*Note: Alpha coefficients are given in diagonals; *p<.05. **p<.01.
Most of the scales have low internal consistency which is less than .70 except transformational and avoidant subscale. The values of skewness and kurtosis are less than 1 which confirms that data is normally distributed. Pearson correlation indicates that relationship between variables is in desirable directions. These consideration provides basis for conducting regression analysis for hypotheses testing.

**Table 2**

*Multivariate regression analysis showing the effect of leadership styles on prediction of (a) rational, (b) intuitive, (c) dependent, (d) avoidant and (e) spontaneous style*

<table>
<thead>
<tr>
<th>Predictors</th>
<th>β&lt;sup&gt;(a)&lt;/sup&gt;</th>
<th>β&lt;sup&gt;(b)&lt;/sup&gt;</th>
<th>β&lt;sup&gt;(c)&lt;/sup&gt;</th>
<th>β&lt;sup&gt;(d)&lt;/sup&gt;</th>
<th>β&lt;sup&gt;(e)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformation</td>
<td>.402***</td>
<td>.065</td>
<td>.042</td>
<td>-.190**</td>
<td>-.020</td>
</tr>
<tr>
<td>Transactional</td>
<td>.118</td>
<td>.220**</td>
<td>.206**</td>
<td>.143*</td>
<td>-.007</td>
</tr>
<tr>
<td>Laissez-faire</td>
<td>-.136**</td>
<td>.188**</td>
<td>.179**</td>
<td>.464***</td>
<td>.003</td>
</tr>
<tr>
<td>R²</td>
<td>267</td>
<td>.095</td>
<td>.078</td>
<td>.283</td>
<td>.001</td>
</tr>
<tr>
<td>F</td>
<td>37.289***</td>
<td>11.468***</td>
<td>9.431***</td>
<td>40.363***</td>
<td>.066</td>
</tr>
</tbody>
</table>

*<sup>a</sup>p<.05, **p<.01. ***p<.001*

<sup>1</sup>The “R² value of .267 indicates that 26.7% variance in rational style can be accounted for by the predictors with F (3,296) = 37.289, p < .001. Results indicate that transformational has significant positive effect on rational style. The table also shows that laissez-faire style has significant negative effect on rational style. <sup>2</sup>The “R² value of .095 indicates that 9.5% variance in intuitive style can be accounted for by the predictors with F (3,296) = 11.468, p < .001. Results indicate that transactional and laissez-faire style have significant positive effect on intuitive style. <sup>3</sup>The “R² value of .078 indicates that 7.8% variance in dependent style can be accounted for by the predictors with F (3,296) = 9.431, p < .001. Results indicate that transactional and laissez-faire style have significant positive effect on dependent style. <sup>4</sup>The “R² value of .283 indicates that 28.3% variance in avoidant style can be accounted for by the predictors F (3,296) = 40.363, p < .001. Results indicate that transformational style
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has significant negative effect on avoidant style. Transactional and laissez-faire style have significant positive effect on avoidant style.\(^{46}\) The \(R^2\) value of .009 indicates that 0.9\% variance in spontaneous style can be accounted for by the predictors with \(F(3,296) = .066, p > .05\) which has non-significant effect. Results indicate that leadership styles have non-significant effect on spontaneous style.

Discussion

The present study was sought to examine the role leadership styles in the prediction of decision making styles. The first hypothesis “transformational leadership style positively predicts rational, intuitive, and spontaneous style” was partially supported as transformational leadership predicted rational style but displayed non-significant effect on intuitive and spontaneous style. The current findings are in line with Tambe and Krishnan’s (2000) investigation that transformational leaders are rational decision makers.

A good deal of literature is evident that rational decision making style is an ideal style of decision making (Mau, 1995; Chartrand, Rose, Elliott, Marmarosh, & Caldwell, 1993; Harren, 1979). In the same regard, FRL Model suggests that transformational leadership style is an ideal style which incorporates the active and effective extreme on the leadership continuum (Avolio & Bass, 2002). Superiority of the transformational style on FRL Model is by definition self-evident and its effectiveness is widely supported by research (Jabnoun & Rasasi, 2005; Bass & Avolio, 2000).

In the current research, transformational leadership displayed non-significant effect on intuitive and spontaneous style. The positive relationship between intuitive and spontaneous style illustrates that both style follow the same fashion and share some underlying conceptions. Spontaneous style is also considered as a speedy intuitive style. Intuitive decision makers are inclined toward making
rapid decisions that’s why spontaneity is regarded as a facet of intuition (Scott & Bruce, 1995). In this research, rational style was negatively related to spontaneous style which indicates that rational decisions cannot be taken in haste as they require time taking deliberate analysis and evaluation of alternatives (Spicer & Sadler-Smith, 2005).

Bass and Riggio (2006) illustrated that decision making of the transformational leaders greatly depends on the situation. Under the situation of uncertainty, ambiguity, ill-structured problems, and risk, intuitive decision making is more appropriate (Bergstrand, 2001; Callan, & Proctor, 2000). Banking sector in Pakistan has gone through the process of transformation as a result of privatization and the establishment of multinational banks by foreign investors. Consequently, banks are working under relatively less dynamic situations where rule based rational analysis can be more suitable as compared to intuitive and spontaneous decisions.

Bass (1990) explains that intuition is more appropriate for the managers at top positions in the organization. Most of the managers included in the present study were related to lower level management whereas a little number of managers belonged to top management. Singh (2001) illustrates that lower level managers face structured problems which are much certain and routine in nature so they make programmed decisions. Such problems and adjacent decisions do not require any spontaneity and speedy intuitive analysis which is made by strategic management which faces uncertain problems involving non-programmed decisions. This is one of the many reasons that transformational leaders did not adopt intuitive and spontaneous style. Cooke (2000) and Dunwoody, Haarbaur, Mahan, Marino and Tang (2000) while making a distinction between intuitive judgments and rule-based rational analysis argue that rational analysis is more appropriate than intuitive analysis.

The second hypothesis “transformational leadership style negatively predicts dependent and avoidant style” was partially
supported in the current investigation. Negative affect of transformational style on avoidant shows that transformational leaders do not avoid decisions in all scenarios when the social complexity, competition, shifts in technology and social standards knock the organization and necessities transformation (Stephen & Roberts, 2004). In the present study, negative correlations between rational and avoidant style indicate that people employing rational style do not avoid decision making (Loo, 2000).

In this study, transformational leadership was found unrelated to dependent style. Scott and Bruce (1995) view dependent style negatively which is employed by those people who do not feel confident in making decisions without gaining verification and approval of others. Most of the managers included in the present study were belonging to lower level management—well-equipped with experience and job relevant training. In this regard, banking operations performed by lower level managers—especially when they are trained and experienced—are routine activity performed automatically which do not involve that much interdependence in decision making. Harren (1979) illustrates that dependent decision making is passive in nature in which the leader is reluctant in taking responsibly of the decision.

The third hypothesis “transactional leadership style positively predicts rational, and dependent style” was partially supported as transactional style positively predicted dependent style but did not show significant effect on rational style. Bass (1981) and Yukl (1981) explain that decision making is a fundamental managerial activity. Prior to make a decision, a manager should make his or her mind regarding the participation or non-participation of other people in the decision. Subordinates and other concerned people’s participation in the decision vary from one situation to the other. Subordinates involvement in the decision results in satisfaction on the part of the followers and eventually leads to effective implementation of the decision. Greenwald (2008) illustrates that during
Leadership Styles as Predictors . . .

the process of decision making, true leaders always consults experts, subordinates, and concerned organizational personnel. They receive information, advice, and hear others’ opinions before making a decision.

Avolio and Bass (2002) argued that decision making of transactional leaders is situation specific. It can be directive, participative, or authoritarian depending on the situation. Most of the researchers see dependent style negatively (Scott & Bruce, 1995; Fischhoff, 1992; Blustein & Phillips, 1988; Philips et al., 1984. S.D. Philips, N. Pazienza and D. Walsh, Decision-making styles and progress in occupational decision-making. *Journal of Vocational Behavior* 25 (1984), pp. 96–105. Philips, Pazienza, & Farrin, 1984) but it can also be productive and advantageous when the decision maker is desirous to involve other people in decisional task. Similarly, nature of the decision maker’s dependency will determine the resultant impact of dependency (Scott & Bruce, 1995). Dependency for the sake of participation can be advantageous but dependency for learning displays negative impacts (Hablemitoglu & Yildirim, 2008). Finally, the consultation of others can be more appropriate when it is integrated either with rational or intuitive style (Singh, & Greenhaus, 2004). Driver, Brousseau, and Hunsaker (1993) illustrate that people are inclined toward using more than one style in spite of the fact that one style is dominant.

The 4th hypotheses “transactional leadership style negatively predicts intuitive, avoidant, and spontaneous style” was not supported in the present study. Transactional style positively predicted intuitive, and avoidant style and transactional leadership displayed non-significant effect on spontaneous style. Most of the attributes of the sample included in the present study were unfavorable for rational decisions and favorable for intuitive analysis.

In the present study most of the managers were middle aged people and relatively less number of young adults were included.
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in the sample. Similarly, most of the managers were well-experienced. All these conditions are ideal for opting intuitive strategies in decisional tasks. Experienced people are more likely to adopt intuitive style (Callan & Proctor, 2000). In the same manner, older adults are more likely to opt intuitive style (Kim & Hasher, 2005). Finally, people from collectivist cultures are more inclined toward employing intuitive style (Brew, Hesketh, & Taylor, 2001). In this regard, Pakistan is a collectivist culture. Daft and Lane (2002) illustrate that transactional leaders improve efficiency and spirits of their follows by satisfying their needs. Dane and Pratt (2007) argue that people employing intuitive decisions are considered as “satisfiers” in comparison to those opting rational decisions are regarded as “maximizers”.

Transactional style positively predicted avoidant style. In the present study, positive correlation between intuitive and avoidant style shows that intuitive decision makers may have a tendency to avoid decisions. One of the three facets of transactional style on FRL Model is passive and ineffective in nature (Bass & Riggio, 2006). Passive transactional leaders for problems to arise and show insensitivity until the issues become problematic (Bass, 1997). In this regard, transactional leadership can be described as ‘not bad’ but ‘insufficient condition’ for developing leadership potential to the maximum (Avolio, 1999).

Avoidant tendencies of transactional leaders may also result from the cultural underpinnings as people belonging to collectivist cultures have an inclination toward avoiding decisions (Brew et al., 2001). Most of the time, decision making in Pakistani organizations is governed by managerialism—avoiding leadership and decision making responsibility through the implementation of organizational policies, standard operating procedures, and extreme use of rulebook-. In this way, decisions regarding important challenges are not made by the concerned leadership. Such managers either refer decisional
issues to senior authorities or they assign it to followers to make a decision (Greenwald, 2008).

Transactional style displayed non-significant effect on spontaneous style. Daft and Lane (2002) argue that transactional leadership style is more appropriate for traditional management practices involving smooth procedures. Leaders are dynamic and active in taking corrective actions before the things went wrong by introducing rules to prevent errors whereas passive leaders do not react spontaneously and let the problems become more intricate before intervening (Bass & Avolio, 2000). Transactional style is based on the promise to “follow the rules” which can be more appropriate for sustaining stability in the organization instead of endorsing change (Daft & Lane, 2002). Such lacking in spontaneity to decisional scenarios may be due to cultural reasons as even a single leadership style did not display significant effect on spontaneous style.

The fifth hypothesis “laissez-faire leadership style positively predicts dependent and avoidant style” was supported as laissez-faire style yielded positive effect on dependent and avoidant style. Bass (1990) explains that laissez-faire leaders hand over their responsibility, withdraw their duties regarding subordinates, and avoid decision making. Both dependent and avoidant styles results in negative outcomes (Scott & Bruce, 1995).

People with a dependent style have external locus of control (attributing control to external factors), are negatively rated by their supervisors on innovativeness (Scott & Bruce, 1985). Such people rely on others’ consultations and advice and suffer from impractical objectives, rely upon limited and narrow range conclusion, and face diverse advices (Fischhoff, 1992). Similarly, dependent style is attributed to the lack of self and environmental awareness (Blustein & Phillips, 1988).
People exhibiting dependent style are occupied with difficulties in operations related to decision making processes involving deliberate thinking. With avoidant style, people find trouble while taking initiatives in decisional scenarios. They are unable to practice their attentions when decisional action has to be taken (Scott & Bruce, 1995). Laissez-faire leaders perceive their selves incompetent and ignore leadership responsibilities. When they are called for assistance, they show irresponsiveness on the important issues (Bass, 1998).

The sixth hypothesis “laissez-faire leadership style negatively predict rational, intuitive, and spontaneous style” was partially supported as laissez-faire style negatively predicted rational style, positively predicted intuitive style, but displayed non-significant effect on spontaneous style. Rational decisions involves mean-end analysis, deliration, and careful evaluation of alternatives which follows a logical order in selecting a course of action from alternative courses (Mangalindan, 2004). Thus people feeling difficulty in deliberate thinking and reluctant in taking initiatives (Scott & Bruce, 1995) are incapable of making rational decisions. Positive correlation between avoidant and spontaneous style shows that avoidant people avoid decisions spontaneously without involving any analysis and deliberation (Scott & Bruce, 1995).

Laissez-faire style has positive effect on intuitive style. Stanovich and West (2002) illustrated that human beings have a dominant cognitive systems. There type of cognitive systems guide decision making including 1) fast, automatic, and instinct based decision making process, 2) deliberate, careful, and logical decision making process. Laissez-faire leadership is garaged as a “hands off” approach to leadership (Northouse, 2004). In which the leader no longer involves in processing decisional information. Such leaders may intuitively look for overall context (Miller & Ireland, 2005) and avid the decision (Bass, 2000).
There are some limitations in the present research. First, self-reported measures were used in the present study in which only leaders rated themselves on leadership and decision making. It could be more appropriate to do cross rating by their immediate followers and bosses. Self-report measures are also criticized as they assess only the manifest layer of the onion but not the onion itself (Curry, 1983). Such scales are vulnerable for response bias and fake good on the part of the participant. Secondly the authors of the FRL Model illustrates that decision making of transformational leadership is situation specific (Bass & Reggio, 2006). Thus, situating various decisional scenarios, the role of leadership style should be studied in adopting the adjacent decision making styles. Concluding the research, overall leadership styles have a significant role in the prediction of decision making styles.
References


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