

The Transformational, Transactional and Passive-Avoidant Leadership Styles and Job Satisfaction in Ukrainian Railways: The Mediating Role of Trust in Leader

Raksana Dzhafarova

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Approval of the Institute of Graduate Studies and Research

Prof. Dr. Elvan Yılmaz
Director

I certify that this thesis satisfies the requirements as a thesis for the degree of Master of Business Administration.

Assoc. Prof. Dr. Mustafa Tümer
Chair, Department of Business Administration

We certify that we have read this thesis and that in our opinion it is fully adequate in scope and quality as a thesis for the degree of Master of Business Administration.

Prof. Dr. Cem Tanova
Supervisor

Examining committee

1. Prof. Dr. Halil Nadiri

2. Prof. Dr. Cem Tanova

3. Assoc. Prof. Dr. Turhan Çetin Kaymak

ABSTRACT

With regard to the ongoing socio-economic hardship in Ukraine, among the many difficulties faced there is also a problem of effective leadership. Many organizational leaders are acting as managers only and are not able to demonstrate the transformational vision necessary for effective leadership. One of the outcomes of ineffective leadership is a critical lack of trust in leaders, which affects not only job satisfaction, but also overall satisfaction among the population. These make the topic of leadership and trust important issues that should be investigated.

The purpose of this study is to determine the impact of transactional, transformational and passive-avoidant leadership styles on employee's job satisfaction. The study also uses the trust in leader as a mediator of the relationship between leadership style and job satisfaction.

Ukrainian Railways has been chosen as a case study due to its representative role as a Ukrainian institution with problems such as ineffective usage of personnel management methods, distrust in certain situations to the company's management and insufficient level of job satisfaction. In order to conduct the research, 845 employees have been surveyed to obtain more extensive results and determine the exact causes of the problems of interest.

In the leadership literature, leadership styles and trust in leader, as well as trust in leader and job satisfaction, have been studied. However, the direct relationships and indirect relationships between leadership behaviors and job satisfaction have not

been studied as extensively as the other relationships. The study contributes to this gap in the literature, as well as provides substantial assistance for company executives to achieve desired results.

Keywords: transactional leadership; transformational leadership; passive-avoidant leadership; trust in leader; job satisfaction.

ÖZ

Ukrayna’da yaşanmakta olan sosyal ve ekonomik sorunlar kapsamında etkin liderlik sorunu da sıralanabilir. Bir çok kurum lideri sadece yönetici rolünü yerine getirmekte ve etkin liderlik için gerekli olan dönüştürücü vizyonu ortaya koyamamaktadır. Etkin liderliğin olmadığı durumlarda liderliğe olan güven ortadan kalkmaktadır ve bu da kurumlarda iş tatmininin yanında toplumsal tatminin de erimesine yol açmaktadır. Tüm bunlar liderlik ve güven konularının incelenmesinin önemini vurgulamaktadır. Mevcut çalışmanın amacı dönüştürücü, etkileşimsel ve pasif liderlik tarzlarının çalışanların iş tatmini ile ilişkisini incelemek ve lidere olan güvenin bu ilişkiyi nasıl etkilediğini araştırmaktır.

Ukrayna Demiryolları personel yönetimi metotlarının etkin kullanılmadığı, yönetime güven eksikliği, ve düşük iş tatmini olan örnek bir Ukrayna kurumu olarak incelenmiştir. Araştırma kapsamında 845 çalışandan anket formları toplanmıştır.

Liderlik literatüründe liderlik tarzı ve lidere güven arasındaki ilişki incelenmiş bunun yanında lidere güven ile iş tatmini de incelenmiştir. Ancak liderlik tarzı ile iş tatmini arasında doğrudan ve dolaylı ilişkiler yeterince incelenmemiştir. Bu çalışma literatürde bu boşluğu doldurarak yöneticilere daha etkin liderlik için öneriler getirmektedir.

Anahtar kelimeler: dönüştürücü liderlik, etkileşimsel liderlik, pasif liderlik, lidere güven, iş tatmini

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TABLE OF CONTENTS

ABSTRACT	iii
ÖZ	v
ACKNOWLEDGMENT	vi
LIST OF TABLES	xi
LIST OF FIGURES	xii
LIST OF ABBREVIATIONS	xiii
1 INTRODUCTION	1
1.1 Relevance of current topic	1
1.2 Aims of the study	2
1.3 Outline of the study	3
2 LITERATURE REVIEW	5
2.1 Management versus leadership. The role of a manager and a leader in organizations	5
2.2 Development of leadership concepts in the global managerial theory	7
2.2.1 Establishment of transactional and transformational leadership theory ...	12
2.2.2 Full-range leadership model (FRLM)	14
2.2.2.1 Components of transactional leadership	14
2.2.2.2 Components of transformational leadership	15
2.2.2.3 Components of passive-avoidant leadership	16
2.2.2.4 Graphical introduction of full-range leadership model	17
2.4 Job satisfaction	18
2.4.1 Influence of transformational, transactional and passive avoidance leadership styles on job satisfaction: the review of previous findings	19

2.5 Trust in leader as a mediator between leadership and job satisfaction	20
2.5.1 Trust in leader and leadership styles	21
2.5.1.1 Trust in leader and transformational leadership.....	22
2.5.1.2 Trust in leader and transactional leadership.....	23
2.5.1.3 Trust in leader and passive-avoidant leadership	24
2.5.2 Trust in leader and job satisfaction	25
3 UKRAINIAN RAILWAYS: DONETSK RAILWAY CASE	27
3.1 Ukrainian Railways and its place in country’s transport system	27
3.2 Donetsk Railway as the most important element of railway transport mechanism and leading employer of Donbas	29
3.3 Problems of Ukrainian Railways as a natural monopoly and ways of their solution.....	30
4 THEORETICAL MODEL AND HYPOTHESIS	33
4.1 Theoretical model.....	33
4.2 Hypotheses	34
4.2.1 Transformational leadership style and trust in leader	35
4.2.2 Transactional leadership style and trust leader	36
4.2.3 Relationship between transformational leadership style and trust in leader compared to the relationship between transactional leadership and trust in leader	37
4.2.4 Passive-avoidant leadership style and trust to leader	37
4.2.5 Trust in leader and job satisfaction	38
5 METHODS	40
5.1 Sample and data collection.....	40
5.1.1 Sample population and data collection procedures.....	40

5.1.2 Confidentiality and ethical issues.....	40
5.2 Questionnaire measures	41
5.2.1 Demographic questionnaire	41
5.2.2 Multifactor leadership questionnaire (MLQ) form 5X-short	41
5.2.3 Marlowe and Nyhan’s Organizational trust inventory (OTI)	43
5.2.4 Andrews and Withey Job Satisfaction Scale.....	43
6 ANALYSIS AND RESULTS	44
6.1 Descriptive statistics.....	44
6.2 Hypotheses testing	48
6.2.1 Correlation analysis: transformational, transactional, passive-avoidant leadership factors, trust in leader and job satisfaction	48
6.2.1 Correlation analysis: demographic variables, transformational, transactional, passive-avoidant leadership styles, trust in leader and job satisfaction.....	50
6.3 Hierarchical multiple regression	53
6.3.1 Regression analysis of the effects of transformational, transactional and passive-avoidant leadership factors on trust in leader and on job satisfaction ..	53
6.3.1.1 Trust in leader case.....	53
6.3.1.2 Job satisfaction case	56
6.3.2 Regression analysis of the effects of demographic indicators, transformational, transactional, passive-avoidant leadership on job satisfaction through the trust in leader	59
7 DISCUSSIONS AND CONCLUSION	63
7.1 The results of the study	63

7.1.1 How transformational, transactional and passive-avoidant leadership styles influence trust in leader?	63
7.1.2 How trust in leader can affect the level of employee's job satisfaction? ..	64
7.1.3 Does the presence of trust in leader make a difference in the relationships between leadership styles and job satisfaction?	65
7.2 Implications for managers.....	66
7.3 Limitations	67
7.4 Suggestions for future research	67
REFERENCES.....	69
APPENDIX.....	89

LIST OF TABLES

Table 1. Chronology of development of leadership theories	8
Table 2. Gender of the respondents.....	45
Table 3. Age of the respondents.....	45
Table 4. Educational level of the respondents	46
Table 5. Tenure of the respondents	46
Table 6. Position of the respondents	47
Table 7. Correlations between study variables	1
Table 8. Correlations between demographic indicators and study variables	1
Table 9. Total variance explained by the models that measure trust in leader	54
Table 10. Leadership style regressed on trust in leader	55
Table 11. Total variance explained by the models that measure job satisfaction	57
Table 12. Leadership style regressed on job satisfaction	58
Table 13. Total variance explained by the models that measure job satisfaction (including demographic indicators)	59
Table 14. Leadership style and trust in leader regressed on job satisfaction (including demographic indicators)	61

LIST OF FIGURES

Figure 1. Full-range leadership model	29
Figure 2. The structure of the Ministry of Infrastructure of Ukraine.....	39
Figure 3. Governance structure of Ukrainian railway transport.....	39
Figure 4. Theoretical model: hypothesized relationships between leadership styles, the trust in leader and job satisfaction.....	44

LIST OF ABBREVIATIONS

FRLM	Full-Range Leadership Model
MLQ	Multifactor Leadership Questionnaire
OTI	Organizational Trust Inventory
UZ	Ukrzalznitsia

Chapter 1

INTRODUCTION

1.1 Relevance of current topic

Successful operation of an organization is determined not only by the market conditions and economic relations, but also, by a highly productive state of its human resources. Numerous research have been undertaken to understand the nature of such phenomenon as leadership behavior (Burns, 1978; Bass, 1985; Yukl, 1989; Conger & Kanungo, 2000; Bass & Avolio, 2004), trust in leader (Mayer, Davis & Schoorman, 1995; Pillai, Schriesheim & Williams, 1999; Dirks, 2006; Liu, Siu & Shi, 2010) and employees' job satisfaction (House & Wigdor, 1967; Gallup, 1976; Kessler, 1993; Podsakoff, MacKenzie & Bommer, 1996; Butler, Cantrell & Flick, 1999; Bolger, 2001).

Having satisfied employees is in the self-interest of any company since job satisfaction has been found to have a significant relationship with employee's performance, which affects production quality and sustainable profitability (Smith, 1974; Judge, Thoresen, Bono & Patton, 2001). A leader's behavior towards his followers is one of the core components of perceived satisfaction. The results of "Employee job and satisfaction survey" (Society for Human Resource Management, 2012) have determined the top 10 contributors to job satisfaction and indicated that the "relationship with immediate supervisor", "communication between employees and senior management" and "management recognition of employee performance"

are very important for employees. Furthermore, the relationship between leader and followers cannot succeed without trust (Bass & Steidlmeier, 1999). Trust in leaders has been found to be a crucial element of effective leadership by many researchers (Fleishman and Harris, 1962; House, 1977; MacKenzie, Podsakoff & Rich, 2001; Skarlicki, Folger & Tesluk, 1999). David L. Mineo (2014) compared trust with “glue” that connect followers to their leader, thus providing the “capacity for organizational and leadership success” (p. 1).

The problem of a deficient level of employees’ job satisfaction today has become important not only as a personal problem, but also as a global one. The level of satisfied employees with their job is hardly crossing the level of 50%. According to the Kelly Services’ survey (2012) only 53% of employees worldwide are satisfied with their jobs. However, with respect to Meta-Analysis Q-12 (Harter, Schmidt, Killham & Asplund, 2006) simply identifying the level of employees’ job satisfaction is insufficient in order to create significant changes. The most important elements of job satisfaction should be specified, measured and reported, so that people can be enabled to take appropriate actions, which will lead to sustainable changes. Thereby, instilling job satisfaction within employees is a crucial task for managers (Tietjen & Myers, 1998; Newstorm, 2007).

1.2 Aims of the study

Many theories and concepts have been already developed about leadership, trust in leader and employees’ job satisfaction. However, the detection of significant overlap in the literature regarding the interaction effect between the above mentioned variables have led to a decision to conduct a survey that would contribute to its clarification and development.

The primary aim of the current study is to examine and determine how transformational, transactional and passive-avoidant leadership styles influence job satisfaction through the trust in leader as a mediator. With regard to the developed model and theoretical hypotheses the following research questions have emerged:

1. How do different leadership styles influence trust in leader?
2. How can trust in a leader can affect the level of employee's job satisfaction?
3. Does the presence of trust in a leader make a difference in the relationships between leadership styles and job satisfaction?

Thereby, another aim of this survey is to contribute to the literature and provide guidance to managers.

1.3 Outline of the study

Seven chapters compose the present thesis. The first chapter has been drawn up to highlight the relevance of the chosen theme to date and provide information on the aims and objectives of the current study. Chapter 2 provides the information about previous surveys that have been conducted by scholars all around the world about transformational, transactional and passive-avoidant leadership, trust in leaders and employees' job satisfaction, as well as the review of the earlier analyses of the relationships between these variables. Chapter 3 is devoted to Ukrainian Railways, which is an organization where the research has been conducted, and determines problems existing in Ukraine with respect to the main issues of the thesis. The theoretical model of the current survey and hypothesized statements are introduced in Chapter 4. The fifth chapter consists of method and methodology, where sample and data collection procedures, as well as questionnaire development have been described. Chapter 6 presents the research analysis with regard to the developed

theoretical model and hypotheses, including descriptive statistics, correlation analysis and hierarchical multiple regression. The discussions about the obtained results, conclusions, suggestions for managers and limitations are presented in Chapter 7.

Chapter 2

LITERATURE REVIEW

2.1 Management versus leadership. The role of a manager and a leader in organizations

Managers are people who do things right and leaders are people who do the right thing (Bennis & Nanus, 1985, p.221).

Management and leadership carry out essential, but different functions in organizations. They consist of some processes that are similar to each other, for instance, both of them involve work with people, influence and effective goal accomplishment (Northouse, 2012), and some of those processes are opposite.

Managers usually support stability in company and focus on monitoring the performance of their subordinates, while leaders stimulate changes inside the organization, focusing on the inspiration of people. To succeed, companies need leaders and managers; given that, most of managers have to be leaders, while not all of leaders have to be managers (Pyatenko, 2013).

The concept of management was first mentioned in the second decade of the 20th century by Henri Fayol (1949) and defined as the five core functions: “to forecast and plan, to organize, to command, to coordinate and to control” (p. 6).

In contrast to management, an emergence of leadership concept originates from the philosophical works of Heraclitus, Plato, Socrates and Aristotle. So, Aristotle distinguished three qualities that a leader must have to win the confidence of his followers: practical wisdom (or judiciousness), righteousness and benevolence. Leader's reputation is formed by combination of these qualities: practical wisdom prompts how to make the right judgments, righteousness encourages expressing an opinion honestly and fairly, and benevolence helps to give the best advice (Ananchenko, 2009).

Up to the 20th century, leadership was defined by special set of personal characteristics (traits). Later, by mid-century, many scientists were inclined to the fact that none of the set of personal qualities and characteristics can explain the essence of leadership; as a result numerous approaches appeared for determination of leadership, and each of them has a right to exist. So that, after continuous examination of thousands of leaders' cases and numerous studies Posner and Kouzes (1996) claimed that leadership is a set of practices that can be observed and learned rather than a "mystical or ethereal concept" (Bass, 2009, p.10).

One more interesting contemporary definition of a "leader" in the context of organization management belongs to Kets de Vries (1998); he compared an organization with an automobile that cannot move by itself except downhill, and defined a leader as "the one who shows fellow travelers the way by walking ahead" (Davis, 2012). This statement once again underlines the vital role of a leader in the working team.

Such increased attention to the investigation of leadership can be explained only by the fact that this issue does not lose relevance in our time, but even requires more researches aimed at understanding the main components of effective leadership. In the meantime, the following section provides information on significant stages in the development of leadership concepts in global managerial theory.

2.2 Development of leadership concepts in the global managerial theory

Throughout many decades the problem of leadership remains one of those issues that attract the attention of scientists specializing in the most diverse research areas from all around the world. Despite the abundance of available information about the formation and development of theories of leadership it is hard to find details placed in an orderly manner. Bendas (2013), the author of the book "The Psychology of Leadership", distinguished five periods that are associated with the 20th century, since this century has been a decisive in history of development leadership theories. In the following table (Table 1) the main periods of researches on leadership and the most prominent scientists and their theories are presented.

Before 20th century

The nineteenth century is characterized by the emergence of heightened scientific interest to studying the phenomenon of leadership, although the main approaches to the given issue were focused on the inherent features of a leader and were mainly descriptive in nature. Various authors have attempted to identify the essential leader's characteristics, for instance, Thomas Carlyle (1840) with his "great man" theory, Francis Galton (1869), was specializing on differentiation a leader from non-leader (Derue, Nahrgang, Wellman & Humphrey, 2011), Gustave Le Bon (1896) and

Gabriel Tarde (1902), who paid special attention in their scientific papers to the relationship between the leader and the crowd as well as to the mechanisms of influence on it.

Table 1. Chronology of development of leadership theories

№	Time frames	Author	Theory
1.	Before 20th century	Thomas Carlyle	“Great man” theory
		Francis Galton, Gustave le Bon, Gabriel Tarde	Trait theory
2.	First quarter of 20th century	Sigmund Freud	Psychoanalysis
3.	The end of 1920 th – middle (1948) of 20th century	Kurt Levin	Leadership climates
		Max Weber	Theory of social and economic organizations
		Ralph Stogdill	Trait theory; Situational leadership approach
4.	1950-1970 years	Robert Tannenbaum & Warren H. Schmidt	Robert Tannenbaum and Warren H. Schmidt’s leadership model
		Fred Fiedler	Fiedler’s Contingency theory
		Paul Hersey & Ken Blanchard	Situational leadership theory
		House & Mitchel	Path-goal theory of leadership
		Rensis Likert	Likert’s management systems
5.	Last quarter of 20th century and beginning of 21st century	George Graen	Leader-member exchange theory
		Conger & Kanungo; House	Theory of charismatic leadership
		MacGregor Burns; Bernard Bass; Bruce J. Avolio	Transactional and transformational leadership theory

The trait theory of leadership was one of the first attempts to define basic features of successful leader, and its origin owes much to the famous psychologist and anthropologist, Francis Galton. He explained the leadership through inheritance, supporting the idea that leaders are born naturally and leadership is not more than hereditary. According to this theory, only the person who has a certain set of personality traits or combination of certain psychological traits, charisma, extraordinary qualities and abilities can be a leader (Galton, 1869). Further extension of this theory will take a significant place in subsequent development of leadership during the 20th century.

First quarter of 20th century

In the early 20th century evolving approaches in psychology such as Gestalt psychology, behaviorism and psychoanalysis influenced theories of leadership. One of the most prominent representatives of that period is the founder of psychoanalysis, Sigmund Freud. According to Freud, the horde was a primal form of human society, which has been ruled by the leader; he substituted a “father, ” for the masses, whom everyone loved and feared at the same time (Freud, 1921, pp. 90-100). Emphasizing the important function of a leader as an image of "father" Freud's research had a direct impact on the further identification of the role of leadership with masculinity (Bendas, 2013, p.58).

Kurt Lewin became one of the greatest social psychologists of the 20th century. He created a completely new direction in social psychology, cognitivism, where the studying of leadership and leadership climates took an important place (Koryagina, 2012). He contrasted two completely different leadership climates known, as authoritarian and democratic; as well as laissez-faire climate was included. As a

result, the most preferable leadership climate was democratic, even though the performance of the groups under authoritarian climate was much higher than it has been hypothesized, and, finally, the groups under laissez-faire climate were not able to control the situation at all (Miner, 2005). Numerous subsequent classifications of leadership and management styles were based precisely on Kurt Lewin's theory.

The end of 1920s – middle (1948) of 20th century

By the middle of the 20th century the theory of traits experienced a resurgence of increased attention from scientists. Ralph M. Stogdill has made one of the most significant contributions to develop a trait theory, conducting in 1948 a study on leader's traits and personal factors. He believed that:

A person does not become a leader by virtue of the possession of some combination of traits, but the pattern of personal characteristics of the leader must bear some relevant relationship to the characteristics, activities, and goals of the followers (Stogdill, 1948, p.64).

At the certain time, Ralph M. Stogdill's work has served as a powerful impetus to the transition from the theory of personal qualities of a leader to the behavioral approach (Bendas, 2013). The followers of this approach emphasized a specific role to the behavior of a leader rather than his personal qualities, or traits. Among the basic behavioral models of leadership are Douglas McGregor's "Theory X and Theory Y" (1957), R. Blake and J. Mouton's managerial grid (1964) and Likert's managerial systems (1967).

1950-1970 years

However, the period of 1950-70s is considered to be the dawn of the situational approach and contingency theory with advent of such outstanding scholars as Robert Tannenbaum and Warren H. Schmidt (1958), Hersey and Blanchard (1969) and their

life cycle theory of leadership (or situational leadership theory), House and Mitchell (1974) presented a Path-goal theory of leadership, and Graen (1975) together with his colleagues introduced the leader-member exchange theory (LMX).

One of the most famous American scientists, Fred Fiedler, made an invaluable contribution to the development of the cognitive approach to studying leadership. In his “contingency theory” (also named as “the least preferred coworker (LPC) theory”) he distinguished three situational variables (leader-member relations, task structure, leader position power), which help to determine the degree of controllability of the situation (high, moderate or low control of situation) toward a certain leadership style, namely high-LPC and low-LPC leaders, which in conjunction provided eight types of situations (Peretomode, 2012). Fiedler (1967) claimed that at the least favorable and the most favorable situations leaders become more task-oriented (low-LPC leaders), but in the situations of moderate favorability the relationship-oriented style prevailed (high-LPC leaders).

Last quarter of 20th century and beginning of 21st century

Contingency approach served as the basis for the emergence of such a concepts as charismatic leadership. According to Weber (1947), charisma is defined as a “certain quality of an individual personality, by virtue of which he is set apart from ordinary men and treated as endowed with supernatural, superhuman, or at least specifically exceptional powers or qualities” (p. 241).

Although Weber was one of the first who explained charisma, in the context of management literature and leadership in organizations Conger and Kanungo (1998) and House (1977) are considered to be the founders of charismatic leadership theory.

The concept of charismatic leadership includes leader's characteristics such as: possessing a vision (clearly identified goal that can have an inspiring effect on of followers), personal risk (e.g., to be ready to be engaged in self-sacrifice), sensitivity to follower's needs (e.g., responsiveness to follower's feelings), environmental sensitivity (e.g., prediction of crisis situations), and unconventional behavior (e.g., such a behavior that can be counted as a norm).

Among all of the conceptions after appearance of charismatic leadership a theory of transformational and transactional leadership take a special place. The next section provides information on the development of transactional and transformational leadership theory.

2.2.1 Establishment of transactional and transformational leadership theory

In 1978 MacGregor Burns published his book "Leadership", which became a bestseller and attracted attention of many scientists of that time (e.g., Bass, 1985; Bennis & Nanus, 1985; Podsakoff, MacKenzie, Moorman & Fetter, 1990; House & Shamir, 1993; Yukl, 1999) by providing an entirely new concept of leadership (Bass, 1995). He subdivided leadership between two leader's characteristics, namely transactional and transformational.

Burns (1978) defined transactional leadership as an exchange transaction, which actually "comprise the bulk of the relationships among leaders and followers, especially in groups, legislatures and parties" (p.3). So that, an interaction with a leader is a better deal, and for the followers the degree of recognition of someone as a leader is proportional to the amount of different methods of reward and punishment used by leader, such as praise, remuneration, reprimand, etc.

Whereas transformational leaders were identified as those who are focused on creation of long-term relationships with their subordinates, trying to transform them so that they would perceive organization's goals as their own beyond any self-interests (Burns, 1978). He also defined transformational leader as the one who strives to influence followers and empower them by taking care of them from a moral and ethical point of view.

After release of this book Bernard Bass became inspired with the new paradigm of transactional and transformational leadership, and in 1985 published his own one, "Leadership and Performance Beyond Expectations". Bass (1995) claimed that a "transactional leadership is an exchange" and by recognizing followers needs leaders to "promise to help them get what they want in exchange for support" (p. 466).

With regard to transformational leadership, Bass (1995) characterized such a leader as one who turns his follower into a disciple and strives to transform him into a leader (p. 467). Transforming leaders help followers to increase their needs, with respect to Maslow's (1954) need hierarchy, unto the higher level, which is self-actualization. Unlike the transformational leaders, which are focused on extrinsic motivation, inspiration and empowering followers, transactional leaders operate based on the short-term relationship (Waldman, Bass & Einstein, 1987; Fry, 2003), applying intrinsic motivation methods.

During the last decade of 20th century one of the bright examples of transformational leaders was Steve Jobs: "My job is not to be easy on people. My job is to take these great people we have and to push them and make them even better" (Jobs, 2008, p. 5). This quote is reflected in defining transformational leaders that motivate their

followers to do more than they had expected; such leaders pay more attention to their individual needs and personal development, so that they tend to have more satisfied and committed followers (Bass, 1999).

2.2.2 Full-Range Leadership Model (FRLM)

The formation of the Full-Range Leadership Model (FRLM) took more than a decade to become one of the most comprehensive, thus one of the most popular, models for investigation of leadership. In 1985 Bernard Bass originated it as a six-factor model of leadership. Through the joint cooperation with Bruce Avolio, over the several years of numerous investigations, improvements and modifications, it became a nine-factor model, which has gained a wide and effective application in various fields of human activity all over the world. Perhaps, Goodwin, Whittington and Wofford (2001) not by accident suggested that the full-range leadership model can be counted as a culmination of numerous leadership theories.

The latest version of Full-Range Leadership Model consists of two factors of transactional leadership, five factors of transformational leadership and two factors of passive-avoidance leadership, which will be described below.

2.2.2.1 Components of transactional leadership

Transactional leadership comprise of two core factors: contingent rewards and active management-by-exception (Bass & Avolio, 2004), which are described below.

Contingent reward leadership

Contingent reward leadership implies relationships that are built based on constructive transactions (Antonakis, Avolio & Sivasubramaniam, 2003). Those leaders that apply contingent reward are focused on clarifying task requirements, negotiation, promises making, and providing their followers with rewards, material

or psychological, when the goals are achieved (Burns, 1978; MacKenzie et al., 2001; Bass & Avolio, 2004).

Management-by-exception (active)

Bass (1995) defined active form of management-by-exception leadership as continuum error monitoring, concentration on the task execution process (rectification of mistakes and deviations), and undertaking of immediate actions if the violations occurred.

2.2.2.2 Components of transformational leadership

The latest version of nine-factor full range leadership theory revised by Bass and Avolio in 2004 consists of five factors of transformational leadership, defined below.

Idealized influence (attributed)

Attributed idealized influence refers to the leader's charisma (Bass, 1995). Charismatic leader exhibits a sense of self-confidence and has a vision; he goes beyond self-interest to achieve the goals of the group or organization, inspires trust and instills the pride to the followers (Avolio & Bass, 2003; Antonakis et al., 2003). Followers demonstrate their admiration, loyalty, and respect, and perceive him as an example of a role model to such a leader (Hemsworth, Muterera & Baregheh, 2013).

Idealized influence (behavior)

Idealized influence behavior refers to those actions that are based on charismatic leader's values, including his/her beliefs and sense of mission (Bass & Avolio, 1995; Antonakis et al., 2003). Followers perceive their leader through the observable behaviors, such as risk-taking or persistence, and his moral and ethical standards (Bass, 1997).

Inspirational motivation

Inspirational motivation refers to the leader's ability to challenge followers, setting high expectations, and to encourage them for the successful achievement of goals by envisaging an attractive future. Leaders communicate to followers about their vision and expectations, demonstrating confidence and using simple language, images, symbols and metaphors; they always display optimism and enthusiasm (Bass, 1995; Bass & Avolio, 2004).

Intellectual stimulation

Through intellectual stimulation leaders encourage invention of new methods for solving the old problems, rethinking and reexamination of basic assumptions; so that they stress creativity and intelligence (Bass, 1997).

Individualized consideration

Individualized consideration refers to the provision of personal attention to the individual needs of leader's followers, which makes them feel important and valued (Bass, 1997). A leader helps followers to develop and self-actualize by creation of supportive environment, where they can easily get encouragement or advice from their leader (Hemsworth, Muterera & Baregheh, 2013).

2.2.2.3 Components of passive-avoidant leadership

Passive-avoidant leadership comprised of two factors: management-by-exception (passive) and laissez-faire leadership (Bass & Avolio, 2004).

Management-by-exception (passive)

Bass (1997) claimed that when management-by-exception is passive, leaders take corrective actions only if something goes wrong, or the standards were not met.

According to Avolio and Bass (2004), passive management-by-exception can be also described as unwillingness to take any of actions until a problem appears.

Laissez-faire leadership

Laissez-faire leadership is considered to be the most ineffective type of leadership. It is represented by the avoidance of taking action and decision-making, irresponsibility, lack of involvement, reluctance to take a stand, loss of influence and authority (Bass, 1985; Bass, 1997; Antonakis et al., 2003; Bass & Avolio, 2004).

2.2.2.4 Graphical introduction of full-range leadership model

All of the components of the full range leadership model are illustrated in a two-dimensional space with the vertical axis, which is leadership effectiveness that rise from ineffective to effective, and the horizontal axis, which is involvement that moves from passive to active (Figure 1).

Transformational leadership with its five factors lies in the zone of high effectiveness and active involvement. Moreover, it is obvious that transformational leadership is superior to transactional leadership. One of two factors of transactional leadership, which is contingent rewards, falls in the effective and active quadrant, whereas the other factor, management-by-exception (active), lies in the area of intersection of vertical and horizontal axis. Finally, both factors of passive-avoidant leadership fall in the ineffective and passive quadrant.

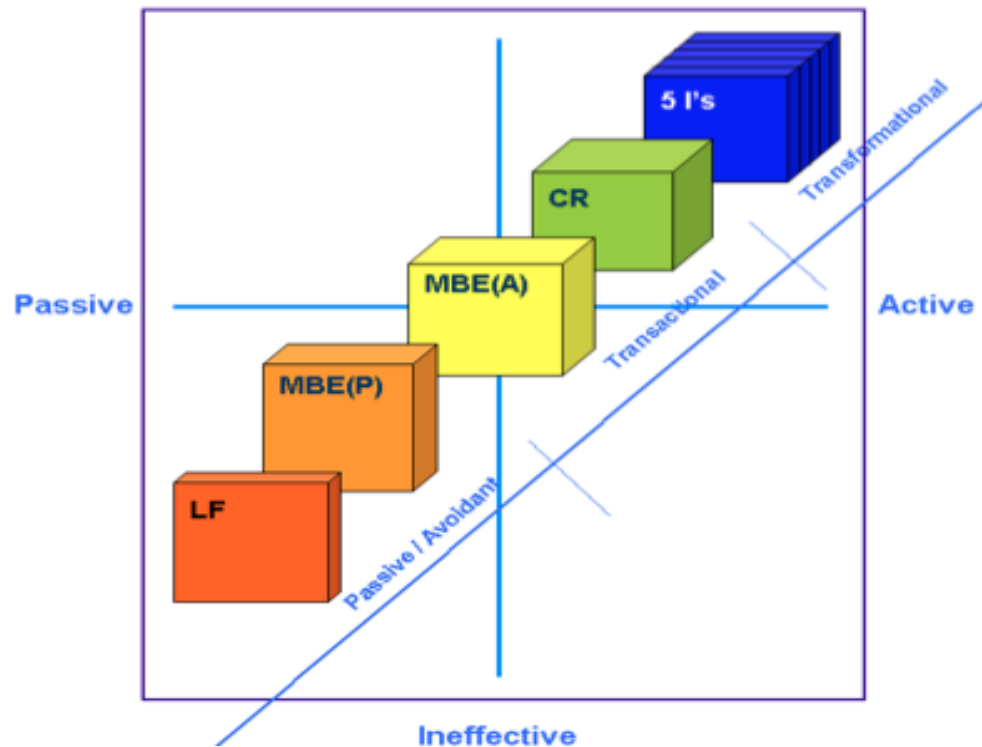


Figure 1. Full-range leadership model (Bass & Avolio, 1997)
 * Adapted from MLQ: Leadership assessment and development services (2003)

2.4 Job satisfaction

Job satisfaction is one of those topics which attracts not only attentions of scientific researches, but is one of the most discussed issues at any organization. It is in self-interest of any company to have satisfied workers in so far as the loss of time on training new workers can cost a lot as in term of decrease in production quality as well as in a fall in profitability (Smith, 1974).

Although it has no standard definition, nevertheless, one scholar identified job satisfaction so that it has appeared in many scientific papers and textbooks. Locke (1976) defined employee's job satisfaction as "pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences" (p. 1304).

Adherents of the need theories (House & Wigdor, 1967; Smith, 1974; Harrell & Stahi, 1984) argue that job satisfaction is a state perceived by the employee as an outcome of the match between his or her needs and job characteristics. And the phenomena “job satisfaction” by itself is close to the state of “pleasure” (Smith, 1974).

2.4.1 Influence of transformational, transactional and passive avoidance leadership styles on job satisfaction: a review of previous findings

Beside such classic need theories as Maslow’s hierarchy of needs (1954), Herzberg’s two-factor theory (1959), McClelland’s achievement theory (1961) and Alderfer’s ERG theory (1972), Transformational, transactional and passive-avoidant leadership theory have been found to be able to explain changes in job satisfaction (Rusbult & Farrell 1983; Podsakoff et al., 1996; Agarwal & Ferratt, 2001) as well.

According to Kessler’s (1993) survey results, transformational leadership is positively correlated with job satisfaction, especially by applying the intellectual stimulation by leaders. However, transactional leadership has been found less correlated with follower’s job satisfaction. With regard to laissez-faire leadership it has been found negatively correlated with job satisfaction. Moreover, the current study has shown that the highest level of job satisfaction was observed with a combination of transformational and transactional leadership styles.

However, there are another findings that underline possibility of negative impact of transformational leadership on job satisfaction. For instance Podsakoff et al. (1996) claimed that intellectual stimulation together with high performance expectations can lead to increase in role conflict and a decrease in job satisfaction.

The results of Bogler's study (2001) about the influence of leadership styles on a teacher's job satisfaction have indicated that the more the employees perceived their managers to be a transformational leaders, the more their managers were participative; and the less their managers applied transactional leadership style, the greater was their job satisfaction.

However, Rusbult and Farrell (1983) stated that high job rewards tend to increase employee's job satisfaction. In support of this statement, Agarwal and Ferratt (2001) suggested that in order to have a positive influence on job satisfaction contingent rewards should be fairly distributed.

The results of one of the largest research that has been conducted in United States by the Society for Human Resource Management (2012), have concluded that the top five contributors to job satisfaction are: (1) opportunities to use skills and abilities; (2) job security; (3) compensation; (4) communication between employees and senior management; and (5) relationship with immediate supervisor. Thereby, the widespread statement about crucial role of instilling job satisfaction within employees (Tietjen & Myers, 1998) has been supported one more time.

2.5 Trust in leader as a mediator between leadership and job satisfaction

In recent years, trust in leader has become an important topic of many scientific researches in different spheres of human activity. Jones and George (1998) stated that trust is a major contributor to competitiveness of the certain group or organization because its hard to be imitated or replicated. Mayer et al. (1995) defined trust as:

The willingness of a party to be vulnerable to the actions of another party based on the expectation that the other party will perform a particular action important to the trustor, irrespective of the ability to monitor or control the other party (p. 713).

Trust in leader has been found to be mediator between leadership style and job satisfaction (Pillai et al., 1999; Liu et al., 2010; Kelloway, Turner, Barling & Loughlin, 2012). A more detailed information about the relationships between trust in leader and leadership styles and trust in leader and job satisfaction is presented below.

2.5.1 Trust in leader and leadership styles

Leadership and trust are the subjects of ongoing discussions that have taken a place during numerous decades in management as well as in public administration, organizational psychology and organizational communication (Brower, Schoorman & Tan, 2000; Dirks, 2006). Trust is a vital component of effective leadership, it inspires followers not only to meet leaders expectations but also to achieve even higher results (Fleishman & Harris, 1962; Skarlicki et al., 1999).

According to Kurt T. Dirks (2006), trust in a leader is a psychological state of a follower that involves positive expectations toward the leader's behavior and intentions. David L. Mineo (2014) compared trust with "glue" that connect followers to their leader, thus providing the "capacity for organizational and leadership success" (p. 1).

In accordance with Dimensions of a Great Workplace model, invented by the Great Workplace Institute, there are three core elements that form the base for trust: (1) credibility (e.g., open communication); (2) respect (taking care of employees as individuals); and (3) fairness (balanced treatment for all) (Burchell & Robin, 2011).

With regard to existing research the leader is the one who is responsible for building and maintaining trust (Fairholm, 1994; Creed & Miles, 1996). Whitener, Brodt, Korsgaard & Werner (1998) claimed that leaders' actions and behavior are fundamental for building trust, so that it is leaders' responsibility to take the first step (p. 514).

The importance of trust in leader has been underlined in many surveys (House, 1977; Bennis & Nanus, 1985; Yukl, 1989; Podsakoff, et al., 1990) arguing that followers are motivated to go beyond expectations due to trust and respect to their leader. Dirks and Ferrin (2002) have found essential relationship between trust and perception by followers of leadership styles. Furthermore, trust has been defined as an important element of charismatic, transformational and transformational leadership behaviors (Bass, 1990; Podsakoff et al., 1990).

2.5.1.1 Trust in leader and transformational leadership

Numerous studies have examined the relationship between various leadership styles and trust in leader, however the transformational leadership is the most prevalent behavior that has significant empirical support for the existence of strong relationship with trust (Shamir, House & Arthur, 1993; Dicks & Ferrin, 2002).

In accordance to Burns (1978), transformational leaders strive to motivate their followers and increase their level of needs until self-actualization through the individualized consideration, idealized influence, inspiration, and intellectual stimulation (Bass, 2004). Thereby, the followers can recognize it as a sign of benevolence from their leader and consider him as trustworthy.

Trust is one of determinants of the first factor of transformational leadership; a leader that acts through idealized influence has been defined as one who “has the respect, faith and trust” of his followers (Bass, 1997, p. 22). By inspiring optimism and enthusiasm into followers and constantly communicating vision and goals with them (i.e. inspirational motivation) the leader can become trusted (Fairholm, 1994). Transformational leader can be recognized as benevolent, and thus be trusted, by providing followers with personal attention, feeling of being valued and important (i.e. individualized consideration), and advising ways of further individual development (Jung & Avolio, 2000).

Transformational leaders encourage their followers to be creative and innovative, teach them to rethink and re-examine crucial assumptions (i.e. intellectual stimulation). Followers can consider such kind of leadership behavior as commitment to their development and improvement, thus they can trust the leader (Gillespie & Mann, 2004). However, Podsakoff et al. (1990) has found a negative impact of intellectual stimulation on trust in leader. It has been suggested that intellectual stimulation can affect trust through the role ambiguity and stress. On the other hand, it may be not be effective in the short run, when leader continually rush followers to find new ways of the old problem solutions, which cause conflict situations.

2.5.1.2 Trust in leader and transactional leadership

Influence of transaction leadership on trust in leader has found mixed support. Some the scholars claim that transactional leadership is not strongly related with trust in leader (Podsakoff et al., 1990; Pillai et al., 1999; Jung & Avolio, 2000). For instance, Jung and Avolio (2000) suggest that transactional leader does not inspire followers to go above the task given by leader and perform extra-role behavior.

However, plenty of findings support an existence of positive relationships (Folger & Konovsky, 1989; Butler et al., 1999; Dirks & Ferrin, 2002). According to MacKenzie et al. (2001) contingent reward behavior is expected to increase follower's trust in leader. It has been found that trust in leader depends on the extent to which the follower feels fair and equal treatment by leader and whether rewards are distributed justly (Folger & Konovsky, 1989). In support of this view, Shamir (1995) stated that consistent honoring of exchange transactions could build trust in leader. So that, by clarifying role responsibilities, promises fulfilling, and fair remunerations (i.e. contingent rewards) followers can perceive transactional leaders as trusted.

Gillespie and Mann (2004) argued that the impact of management-by-exception (active) on trust in leader might be dependent on the organizational context. For instance, in organizations where attachment to the rules is respectively weak and has nothing to do with goal achievement and success, active management-by-exception can be perceived as a source of frustration and a threat to the follower's self-esteem and confidence. On the other hand, in organizations where adherence to the rules and procedures is a subject to strict implementation and is necessary for the avoidance of negative consequences, such kind of leadership, which includes monitoring and correcting mistakes, hardly will destroy trust.

2.5.1.3 Trust in leader and passive-avoidant leadership

Skogstad, Einarsen, Torsheim, Aasland & Hetland (2007) claimed that passive avoidant leadership is considered to be a non-authoritative leadership style. Numerous scholars (Bass & Avolio, 1994; Bass, 1995; Gillespie & Mann, 2004; Avolio & Yammarino, 2013; Mesu, 2013) have repeatedly confirmed the negative impact of passive-avoidant leadership. For example Bass (1995) stated that laissez-

faire leadership is ineffective by its nature and very often if not always negatively related to outcomes. In support of this statement more recent results have been found Mesu's (2013) study, where he confirmed the negative relationship between passive leadership-by-exception and trust in leader. These conclusions were based on the fact that the passive and avoidant leader could not establish a social exchange mechanism and thus is not able to affect follower's attachment to organization as a whole; as a result all of this does harm to the follower's trust in leadership.

Passive-avoidant leaders are likely to take a hands-off approach (Frooman, Mendelson & Murphy, 2012). By having the avoidance of active leadership role the leader won't become trusted by followers, and even if some degree of trust was already existed before (Gillespie & Mann, 2004), passive and avoidant behavior will destroy it over time. The followers might consider this passive and avoidant leadership behavior as unreliable and incompetent, with lacking of commitment to organizational goal achievement, thus it is not surprisingly such a leader can be perceived as untrustworthy one.

2.5.2 Trust in leader and job satisfaction

Job satisfaction is an employee perception about the job in general and the company in which he or she is performing. Employee satisfaction can be defined as an emotional reaction to a job that is comprised of "actual outcome and desired outcome" (Mosadeghrad & Yarmohammadian, 2006, p. xii).

Many contemporary scientists have been claimed the trust in leaders is highly correlated with job satisfaction (Nyhan, 2000; Dirks & Ferrin, 2002; Gillespie & Mann, 2004; Gill, 2008; Yang & Mossholder, 2010). In accordance with Yang and

Mossholder's (2010) survey results; a follower's overall job satisfaction is significantly predicted by trust in the leader.

Dirks and Ferrin (2002) argued that trust in leader is positively associated with job satisfaction due to conceptual similarity of this dimensions, therefore a higher level of trust leads to a higher level of job satisfaction. In support of this statement, Lau, Wong and Eggleton (2008) maintain that higher level of trust makes followers to feel free to talk about difficulties and problems to their leader, thus it can be reflected in higher job satisfaction.

Chapter 3

UKRAINIAN RAILWAYS: DONETSK RAILWAY CASE

3.1 Ukrainian Railways and its place in country's transport system

Nowadays, railway transport is the basic element of Ukrainian transportation system, contributing to the connection between all of the economic regions of the country, and to development of each economic region independently. The fixed productive assets of the railway complex make up about 9% of the value of fixed assets of all sectors of the national economy (Hahlyuk, 2008).

Ukrainian Railways are a key transit hub between Europe, Russia and Central Asia as it directly border on and interact with the railways of Russia, Belarus, Moldova, Poland, Romania, Slovakia, and Hungary and serve 40 international railway transitions and 18 Ukrainian seaports of the Black and Azov Seas (Central Media Center, 2014).

The total length of Ukrainian railway network is over 22 000 km tracks so that it is the 4th largest railway in Europe and 14th largest railway in the world. Furthermore, Ukrainian Railways are the world's 6th largest rail passenger transporter, 4th largest freight transporter in Eurasia and the 7th world's largest freight transporter (Stukalina & Dzhaleva-Chonkova, 2012). Railway transport is one of the five transport branches that are governed by the Ministry of Infrastructure (Figure 2).

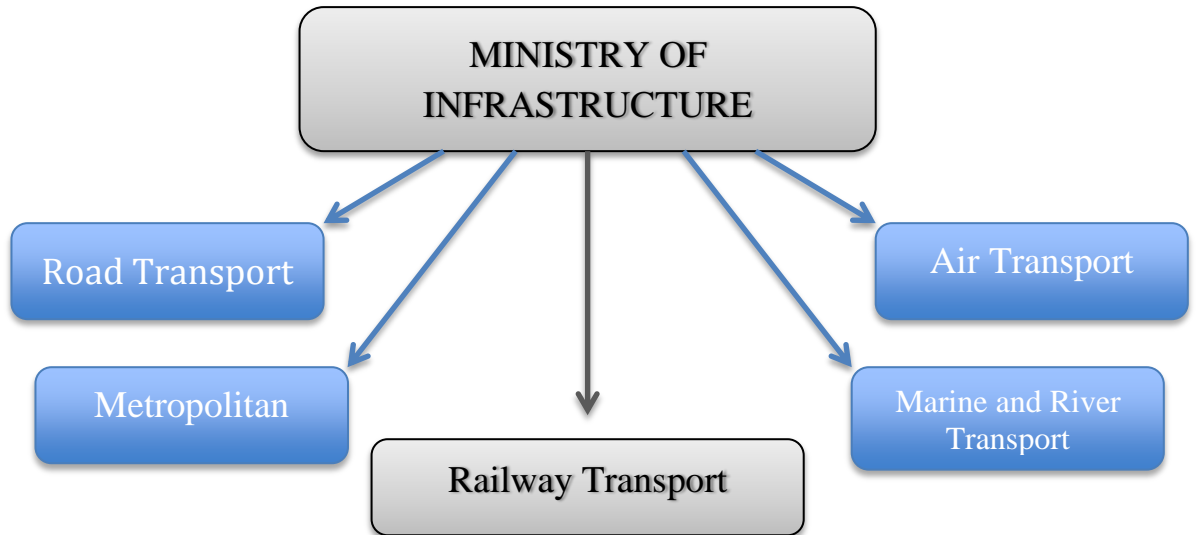


Figure 2. The structure of the Ministry of Infrastructure of Ukraine

Ukrzaliznitsia (UZ) is the State Administration of Railway Transport that governs the railway transport system of Ukraine. It provides centralized management of the traffic in domestic and interstate communications, regulates production and economic activity of railways. UZ is divided into six regional railways and other enterprises of integrated industrial-engineering complex that provide support for the organization of passenger and freight transportation (Figure 3).

The share of railway transport is more than 82% of whole domestic freight transport of Ukraine, and around 50% of passenger traffic. The total number of employees working at Ukrzaliznitsia is approximately 363 000 as of 2013 that makes it one of the main employers in Ukraine (Central Media Center of Ukrzaliznytsia, 2014).

The personnel of Donetsk Railway have been selected for further survey and analysis as one of the most important element of Ukrainian Railways.

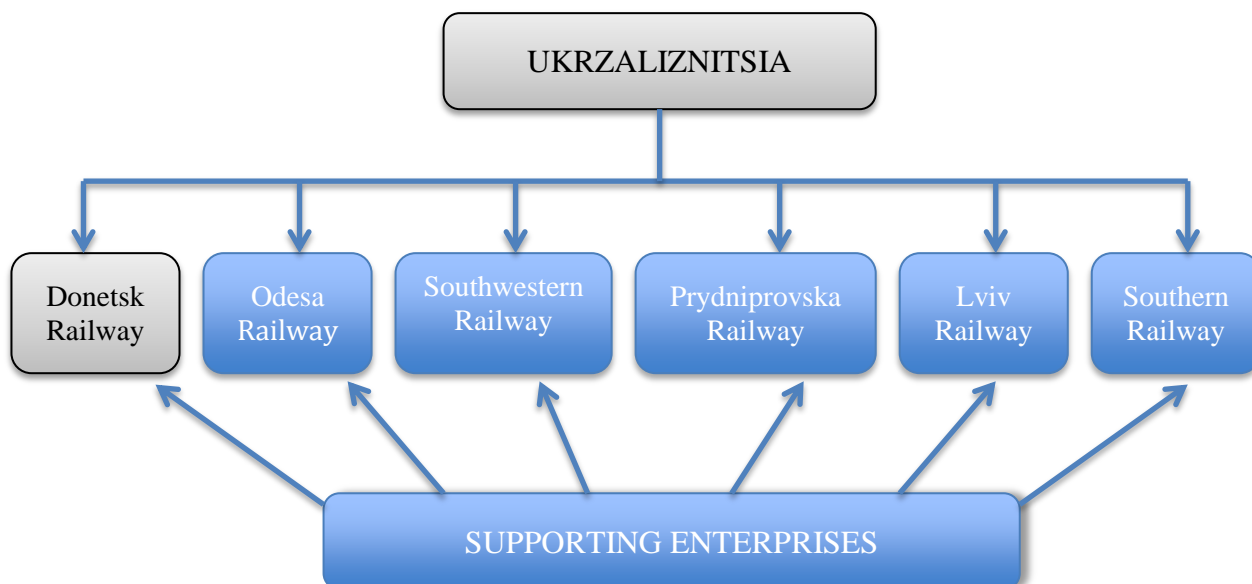


Figure 3. Governance structure of Ukrainian Railway transport

3.2 Donetsk Railway as the most important element of railway transport mechanism and leading employer of Donbas

Today Donetsk Railway is a powerful transport complex, which serves the largest industrial region of Ukraine - Donbas. Although the length of track is 13% of the total length of the railway network in Ukraine, the share of the Donetsk railway accounts for 47% of loading and 36% of unloading of all railways of Ukraine (Ukrzaliznytsia, 2014)

Donetsk Railway is one of the main employers of Donbas that has a good reputation due to the care of their personnel. In order to maintain a positive image of the organization and authority of rail transport, Donetsk Railway operates in two main areas: enhancing professionalism of employees and their social security.

Governance of Donetsk Railway continues to replenish the personnel with young professionals. Each of them goes through the period of adaptation, during which he or she is trained by an experienced mentor who familiarizes young worker with

existing regulations, system of labor protection, teaches specific skills to help in the mastering of the profession, establishing business relations in the collective.

Donetsk Railways has developed a social sphere, which has always been and remains a subject of high attention from its governors. All conditions are created to maintain a stable health of workers and their families providing free of charge treatment courses at sanatoriums and summer camps for children. Charity Found “Magistral” provides a support and protection of employees and their families, including retirees, disabled, veterans of World War II and labor, the participants of liquidation of the Chernobyl accident, large families and other categories of workers.

3.3 Problems of Ukrainian Railways as a natural monopoly and ways to solve them

In the context of the transition economy of Ukraine and its widespread inclusion in the system of international economic relations, numerous complex problems of adjusting to work into the market conditions must be solved with respect to the railway transport.

The railway industry of Ukraine has evolved in the former USSR as a natural monopoly due to centralization and concentration on production management in terms of the total predominance of state ownership. However, because of ineffectiveness of functioning of Ukrainian Railways as state monopoly that is reflected in the loss of growth and steadily deteriorating financial situation, the idea of privatization aimed at attraction of private capital to railway transport has caused heightened interest (Carbajo & Sakatsume, 2004; Petrenko, 2012).

Today Ukrzaliznitsia is at the stage of adaptation to the reconstruction changes. According to the “Concept of State Program on Railway Transport Reform 2010-2019” (The Cabinet of Ministers, 2009) the strategic objectives of railway transport reform requires the implementation of new management models that can provide social and economic attractiveness of the relevant professions, improve the quality of work, change the principles of social support and enhance work motivation.

The implementation of new management models is aimed at the achievement of crucial goals in the context of increasing the production efficiency. For today, one of the most important goals for management is to stimulate the involvement of employees into the working process. Regarding Fukuyama (1999), the initial component of involvement of employees into the work of the enterprise is trust. It has become another compelling reason to choose trust in leader as a mediator between leadership styles and employee job satisfaction.

Another problem is connected with the absence of applying the appropriate leadership styles, which could lead to the most efficient results of cooperation between management team and subordinates. One of the reasons is that managers who still follow managerial standards of Soviet times govern most of the large state organizations; at the same time the other managers apply modern management styles (Fuxman, 2004). The differences between managerial behaviors may cause a conflict between managers and entail an emergence of problems connected with production efficiency, such as an increasing complexity of decision-making process; as well as problems connected with human recourse management including misunderstanding,

and mistrust, which in its turn influence job satisfaction level (Michailova & Husted, 2003; Hulten, 2006).

Chapter 4

THEORETICAL MODEL AND HYPOTHESES

4.1 Theoretical model

Previous studies have examined the relationship of transformational and transactional leadership styles and trust in the leader (i.e., Lee, Gillespie, Mann & Wearing, 2010), as well as the relationship between job satisfaction and trust (i.e., Pillai et al., 1999). To date, there has not been a theoretical model that would cover the issues of relationships between transformational, transactional and passive-avoidant leadership styles and job satisfaction through the trust in leader as a mediator.

The theoretical model of current research (Figure 4) was build with a purpose to investigate possible relationship between transformational and transactional leadership styles, trust in leaders and job satisfaction.

The model has been developed based on the ideas of Vigoda-Gadot (2006) and Pillai et al. (1999), and examines whether the transformational, transactional and passive-avoidant leaderships styles generate the follower's trust, which is in turn enhances follower's job satisfaction; and whether transformational, transactional and passive-avoidant leadership styles influence job satisfaction in a direct way.

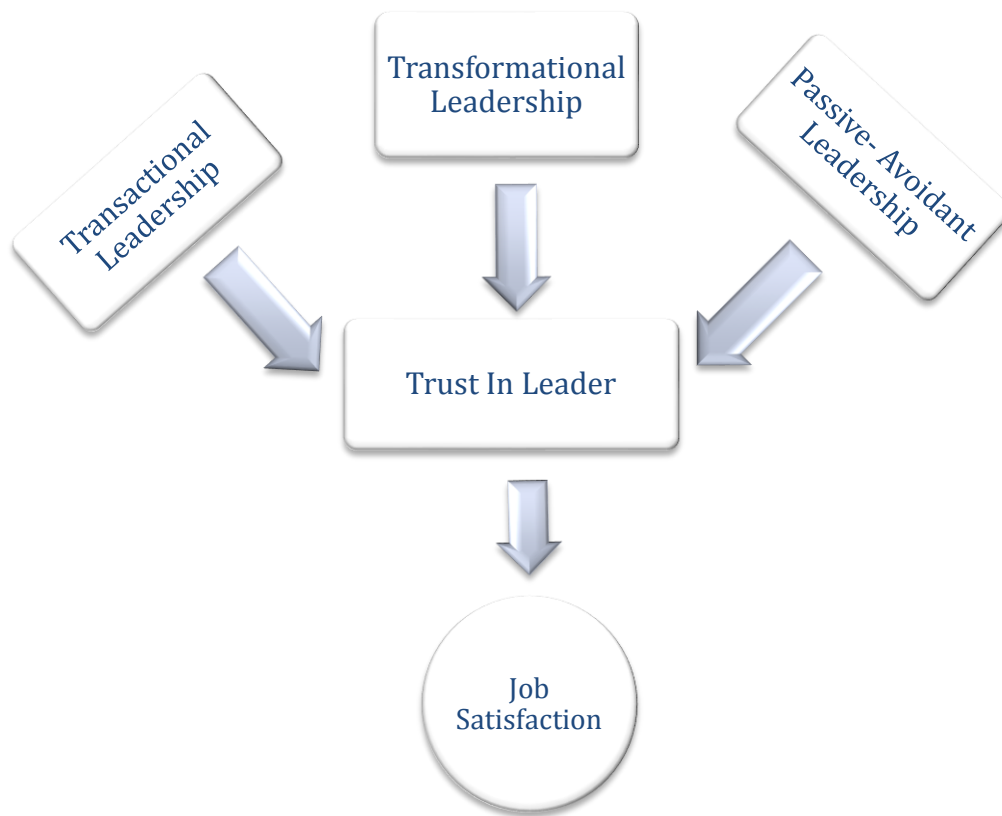


Figure 4. Theoretical model: hypothesized relationships between leadership styles, trust in leader and job satisfaction

After examining the results of numerous scientific studies on leadership (Bass, 1985; Bennis & Nanus, 1985; Pillai et al., 1999; Schilling, 2009; Lee, Gillespie, Mann & Wearing, 2010) and on job satisfaction (Podsakoff et al., 1990; Butler et al., 1999; Liu et al., 2010) sufficient grounds for determining "trust in leader" as a mediator in current model were found. For example, Podsakoff et al. (1990) stated a significant linkage between transformational leadership, trust in the leader and job satisfaction, six years after Fuller, Patterson, Hester, & Stringer (1996) confirmed this statement.

4.2 Hypotheses

Within this section the theoretical hypotheses about relationships between leadership styles, trust in leader and job satisfaction will be derived.

4.2.1 Transformational leadership style and trust in leader

Follower's trust to leader determines his effectiveness that refers to successful operation of organization. Therefore, it is so important to investigate the “mechanism” of inspiring followers to trust their leaders (Gillespie & Mann, 2004). Positive influence of transformational leadership on trust in leader has been found among numerous studies (Bennis & Nanus, 1985; Bass & Avolio, 1993; Podsakoff et al., 1996; Conger, Kanungo & Menon, 2000). As an example, according to Dirks and Ferrin (2002), transformational leadership has a strong relationship with trust in leader.

There are five factors of transformational leadership, namely idealized influence (attributed), idealized influence (behavior), inspiration motivation, intellectual stimulation and individualized consideration, by which a leader can reach high achievements and success (Bass & Riggio, 2008). Podsakoff et al. (1990) in the study about sales people reported that trust is negatively influenced by intellectual stimulation. In the contrast, Butler et al. (1999) suggested that all of the components of transformational leadership positively influence trust in the leader.

Numerous inconsistent findings and mixed results have been found about the relationship between trust in the leader and various transformational leadership behaviors. In the context of exploring the multilevel structure of the current railway organization (namely, Donetsk Railway) with a high power distance between supervisor and subordinates, each of the five factors of transformational leadership is expected to have a positive influence on trust in the leader:

H1: Transformational leadership style, including all of the five components (idealized influence (attributed); idealized influence (behavior); inspiration motivation; intellectual stimulation; individualized consideration), will have a positive influence on trust in leader.

4.2.2 Transactional leadership style and trust leader

Transactional leadership style assumes a specific set for standards, expectations, and goals, after successful completion of which will follow a reward (Avolio et al., 2003). According to Bass and Avolio (2004) transactional leadership style consists of two factors, namely contingent rewards and management-by-exception (active).

Bass (1985) claimed that contingent reward is the base for relationships between the leader and follower in terms of specifying expectations, negotiating contracts, clarifying responsibilities, as well as providing recognition and rewards for achieving settled goals. Likewise, Shamir (1995) reported that trust in leader could be built with consistent honoring of followers by contingent rewards.

Butler et al. (1999) and MacKenzie et al. (2001) claimed transactional leadership to be strongly correlated with trust in leader. In support of this statement, the results of one of the meta-analyses indicated significant relationship between transactional leadership behavior and trust (Dirks & Ferrin, 2002). However, Jung and Avolio (2000) reported that transactional leadership is insufficient for that level of trust that would allow achieving of the full potential of worker. Thereby, there are plenty of empirical theories that have mixed results about the influence of transactional leadership on trust.

In the context of current railway organization, it is believed that contingent rewards will allow to treat followers in a fair manner and management-by-exception (active)

will help a leader to build trustful relationships with followers. Thus transformational leadership is expected to have positive influence on trust in leader:

H2: Transactional leadership with its two main components, which are contingent rewards and management-by-exception (active), will have a positive influence on trust to the leader.

4.2.3 Relationship between transformational leadership style and trust in leader compared to the relationship between transactional leadership and trust in leader

The results of numerous studies indicate positive relations between transactional relationship and trust to the leader (Avolio & Bass, 1991; Den Hertog, Van Muijen & Koopman, 1997; Vigoda-Gadot, 2007), but the eigen value has been found significantly less than the transformational leadership behavior has. In contrast to transactional leadership, transformational leadership needs trustful relationships with followers (Gillespie & Mann, 2004).

An empirical support has been found for this statement, stating that trust in leader cannot be significantly influenced by transactional leadership behavior (Podsakoff et al., 1990; Pillai et al., 1999). Thus, the relationship between transformational leadership behavior and trust in leader is expected to be stronger than in case of transactional leadership:

H3: Transformational leadership style will have a stronger positive influence on trust in leader than transactional leadership style.

4.2.4 Passive-avoidant leadership style and trust in leader

Bass and Avolio (2004) asserted that passive-avoidant leadership is subdivided into management-by-exception (passive) and laissez-faire leadership styles. Previous finding have shown a negative relationship of passive–avoidant leadership with unit commitment, satisfaction, and performance effectiveness (Bass, 1998).

Passive and laissez-faire leadership styles imply avoidance of proactive attitude, which in turn leads to loss of trust in their relationship with followers. In case if certain degree of trust exists such kind of leader's attitude will undermine the credibility of subordinates over time (Gillespie & Mann, 2004).

Jan Schilling (2009) claimed that negative leadership, which includes passive-avoidant and laissez-faire leadership behaviors, results in lack of trust in leader, low self-esteem as well as demotivation of followers. And, as a consequence, these kinds of behavior cause feelings of dissatisfaction with the job and insecurity because of unpredictable and unfair actions of the leader.

In the context of a railroad organization, where heightened attention to the rules, regulations and standardized procedures exist, and they are required to follow in order to avoid negative consequences and to be successful, passive-avoidant leadership is expected to have a negative relationship with trust in leader:

H4: Passive-avoidant leadership will have a negative relationship with trust in leader.

4.2.5 Trust in leader and job satisfaction

In these latter days the trust issue between the leader and followers occupies one of the main research areas in organizational management. Trust is the readiness to be dependent on other people in an uncertain situation and in anticipation of certain benefits (Yakhtonova, 2004). While the transformational leadership theories have divergences in determining specific leader's behaviors, the vast number of theories positioned trust as central characteristic of the relationship between followers and their leader (Podsakoff et al., 1990; Bennis & Nanus, 1985; House, 1977). Numerous scientific studies that have investigated trust in leader came to the conclusion that a

high level of trust strongly affects employee's job satisfaction, commitment and performance outcome (Matzler & Renzl, 2006).

High job satisfaction levels can be achieved only if followers have a complete trust in their leader (Bartam & Casimir, 2006). As Burt Nanus (1989) mentioned: "all leaders require trust as a basis for their legitimacy and as the mortar that binds leader to follower" (p. 101). However, as a result of one of the studies, strong evidence has been found that building trust in follower is more important than building trust in leader (Lee et al., 2010).

Despite that finding taking into account all previous results of studies that have shown a direct relationship between trust in leader and job satisfaction, it has been maintained that the relationship will be strong:

H5: Trust in leader will have a strong relationship with employee's job satisfaction.

Chapter 5

METHODS

5.1 Sample and data collection

In order to obtain accurate results the study has been conducted among all the levels of personnel of “Donetsk Railway”, from manual workers to executives. The sample is an unbiased representation of the employees of the entire organization according to the statistical data.

5.1.1 Sample population and data collection procedures

Survey questionnaires were sent to 25 enterprises, which are a part of the Railroad Track Service Department of “Donetsk Railway”. Therefore, the questionnaires were distributed to each employee and collected directly after they had been fulfilled. Surveys were given to all participants during 6-16th of February 2014. All the questionnaires were coded from 1 to 845 (see Appendix).

5.1.2 Confidentiality and ethical issues

The participation was voluntary and survey was carried out anonymously. In order that private information would be hidden there was no questions asked about the name, the accurate number of work experience in the organization or the exact department (or enterprise) where the responder works in. All the data obtained for the research remained confidential. The data are stored in a safe and secure way so only the investigator has access to it.

5.2 Questionnaire measures

The survey was conducted using demographic questionnaire and three following techniques of data collection:

1. The Multifactor Leadership Questionnaire (MLQ 5X-short) aimed at assessing leadership styles that are prevalent in organization (Bass & Avolio, 2004).
2. Marlowe and Nyhan's (1992) Organizational Trust Inventory (OTI) supposed to determine the strength of trust in the relationship between leaders and followers.
3. Andrews and Withey's (1976) Job Satisfaction Scale focused on indicating the level of satisfaction with job conditions.

5.2.1 Demographic questionnaire

Information on the demographic condition of personnel working at the Railroad Track Service Department has been identified using a specially designed demographic questionnaire. It was composed of questions about gender, position (1 = manual, 2 = clerical, 3 = professional, 4 = executive), age (1 = below 25, 2 = 26 – 35, 3 = 36 – 45, 4 = above 46), educational degree (1 = technical degree, 2 = higher degree) and tenure (number of years a responder works at current organization: 1 = less than 1 year, 2 = 1 - 3 years, 3 = 4 – 9 years, 4 = more than 10 years).

5.2.2 Multifactor Leadership Questionnaire (MLQ) form 5X-short

Multifactor Leadership Questionnaire provides an opportunity to measure a full range of leadership styles. It has been chosen in order to differentiate and assess the effectiveness of leadership styles represented at the Railroad Track Service Department. Measurements consist of a 5-items Likert scale, where 0 = “not at all”, 1 = “once in a while”, 2 = “sometimes”, 3 = “fairly often”, 4 = “frequently, if not always”. In the current study the latest version of MLQ had been used for estimating

transformational leadership, transactional leadership and passive-avoidant leadership styles. This version is comprised of nine questions divided into three subcategories:

1. The first five questions aim at measuring transformational leadership considering all of the five factors, which are idealized influence (attributed), idealized influence (behavior), individualized consideration, inspirational motivation, intellectual stimulation;
2. The next two questions are used to determine transformational leadership considering two factors: contingent rewards and management-by-exception (active).
3. Finally, with a view to measure passive-avoidant leadership style two questions had been used including such factors as management-by-exception (passive) and laissez-faire leadership behavior.

With respect to reliability and validity, the Cronbach alpha coefficient for transformational leadership style was 0.82 demonstrating high enough internal consistency; for transactional leadership it was 0.48, which is poor; and for passive-avoidant leadership style it was found to be 0.67, demonstrating sufficient level of internal consistency.

Implementing the Multifactor Leadership Questionnaire (MLQ) it has been found that transformational and transactional leadership styles correlated with job satisfaction, $r = 0.621$ and $r = 0.541$ respectively (Andrews & Withey's Job Satisfaction questionnaire, 1976), and with trust to leaders, where r for transformational leadership reached 0.387 and for transactional leadership it was 0.313 (Marlowe & Nyhan's Trust to leaders scale, 1992). Passive-avoidant leadership style showed negative correlation with trust to leaders (- 0.413) and job satisfaction (- 0.317).

5.2.3 Marlowe and Nyhan's Organizational trust inventory (OTI)

Marlowe and Nyhan's twelve-item Organizational Trust Inventory (OTI) consists of 12 questions directed to determining the interpersonal trust as well as organizational trust. Seven statements from the trust to leaders scale, representing inputs from OTI, were adapted to determine the degree of trustful relationships between subordinates and their supervisors (Ismail, Mohammed, Mohammed, Rafiuddin & Zhen, 2010). A five-point Likert scale has been used to measure the responses from 1 = "strongly disagree" to 5 = "strongly agree". The Cronbach alpha was found to be 0.91, showing excellent internal consistency and reliability of trustful relationships in the collectives.

5.2.4 Andrews and Withey Job Satisfaction Scale

In order to measure the level of job satisfaction the Andrews and Withey Job Satisfaction Scale was taken as a basis. The scale consists of five items that delivers subjective opinion responders about their job. Questions were aimed at determining the employee's satisfaction with the work itself, colleagues, working environment and conditions. Measurement was based on a seven-point Likert scale including the following options: 1 = "terrible", 2 = "unhappy", 3 = "mostly dissatisfied", 4 = "mixed", 5 = "mostly satisfied", 6 = "pleased", 7 = "delighted".

With regard to reliability and validity, the obtained meaning of the Cronbach alpha coefficient totally met the quality criterion amounting to 0.82. Also, Andrews and Withey Job Satisfaction questionnaire has been found to correlate with Multifactor leadership questionnaire, MLQ (namely, with transformational (0.387) and transactional (0.313) leadership styles) and Marlowe and Nyhan's Trust to leaders scale (0.461).

Chapter 6

ANALYSIS AND RESULTS

Statistical Package for Social Sciences (SPSS) has been used for analysis of the data collected. As independent variables the transformational, transactional and passive-avoidant leadership styles have been taken. Trust in leader and job satisfaction have been chosen as dependent variables. Both, transformational and transactional leadership styles, have been found to be strongly correlated with trust in leader, while passive-avoidant leadership had a negative impact on trust in leader and job satisfaction. A positive relationship has been identified between trust in leader and job satisfaction.

Means, standard deviations, Cronbach alpha have been calculated in order to determine reliability and correlation. The hierarchical multiple regression analyses have been implemented in order to investigate the relationships between the set of independent and dependent variables.

6.1 Descriptive statistics

Number of male workers dominates over the number of female workers (Table 2): 604 (71.5%) men over 233 (27.8%) women, which are proportionally close to the quantity of all employees working at Donetsk Railway (25 098 women and 36 199 men). This tendency is caused by the peculiarities of functioning of Railroad track service department, where the professions of manual labor are fundamental.

Table 2. Gender of the respondents

		Frequency	Percent (%)
1	Men	605	71.6
2	Women	233	27.6
	Missing	7	0.8
	Total	845	100.0

Age criterion (Table 3) shows that number of workers belonging to the age category “between 26-35 years” prevails over other categories with its 36.7 %; the age category “46 years and over” includes 33.5 % of respondents; valid percent of workers is presented by the age category “36-45 years” and amounted at 32.8 %; and the least number of representatives obtained from the age category “below 25 years”, amounted at 7.2%.

Table 3. Age of the respondents

		Frequency	Percent (%)
1	Below 25 years	61	7.2
2	26 – 35 years	310	36.7
3	36 – 45 years	277	32.8
4	46 - over	190	22.5
	Missing	7	0.8
	Total	845	100.0

The lack of respondents that belongs to the category “up to 25 years old” confirms a current trend among young people in Ukraine to choose intellectual activities instead of professions of manual labor.

Table 4. Educational level of the respondents

		Frequency	Percent (%)
1	Technical degree	565	66.8
2	Higher degree	271	32.1
	Missing	9	1.1
	Total	845	100.0

Technical education is a mandatory for the most professional specializations of Railroad Track Service Department, that's why 66.8% of respondents have a technical degree (Table 4). However, a fairly high percentage of employees have higher educational degree (32.1%) reflecting the effective implementation of programs aimed at improvement of professional skills.

Table 5. Tenure of the respondents

		Frequency	Percent (%)
1	Below 1 year	-	-
2	1 – 3 years	138	16.3
3	4 – 10 years	276	32.7
4	10 years and more	421	49.8
	Missing	9	1.1
	Total	845	100.0

In order to determine tenure criterion four categories have been created: (1) employees, which working experience at Donetsk Railway is below 1 year; (2) employees with working experience between 1 and 3 years; (3) between 3 and 10 years; and (4) those employees who works at railway more than 10 years. According

to the obtained results (Table 5), employees with 1-3 years of experience comprise 16.5%, with working experience accounting 3-10 years – 33.1%, and 50,4% of employees who works more than 10 years.

The overwhelming number of employees with ten years of experience and more is due to such factors as stable wage, benefits, bonus program for longevity, professional skills programs, etc. The absence of respondents, which would belong to the first category (below 1 year), explains the stability of the current workforce, so there is no recruitment of young employees at large volume. However, each year Railroad Track Service Department employs graduates from educational institutions in the amount of 200 persons.

Table 6. Position of the respondents

		Frequency	Percent (%)
1	Manual workers	598	70.8
2	Clerical workers	32	3.8
3	Professionals	170	20.1
4	Executives	38	4.5
	Missing	7	0.8
	Total	845	100.0

Position criterion was divided into four categories: (1) manual workers (track serviceman, track foreman, road master), (2) clerical (secretary), (3) professionals (engineer, accountant) and (4) executives (deputy director, head of a department). With regard to conducted research, positions held by respondents spread out as follows: manual workers amounted to 71.4%, clerical – 3.8%, professionals – 20.1%,

executives – 4,5% (Table 6). Manual workers dominate by virtue of the specific structure of the operations of Railroad Track Service Department.

6.2 Hypotheses testing

Two sections are presented below, the first one discloses the analysis of correlations between transformational, transactional and passive-avoidant leadership factors, trust in leader and job satisfaction, and the second section is about correlation analyses of demographic indicators, leadership styles, trust in leader and job satisfaction.

6.2.1 Correlation analysis: transformational, transactional, passive-avoidant leadership factors, trust in leader and job satisfaction

Table 7 presents means, standard deviations and correlations between transformational, transactional, passive-avoidant leadership factors, as well as trust in leader and job satisfaction. In order to measure the strength of linear relationship between variables Pearson correlation coefficient has been applied.

Three out of five transformational leadership factors indicated positive correlations with job satisfaction: idealized influence (behavior), intellectual stimulation and individualized consideration. While idealized influence (attributed) and intellectual stimulations showed weak correlation with job satisfaction. With regard to trust in leader, idealized influence (behavior) (with coefficient amounted at .533) and individualized consideration (with coefficient amounted at .597) showed strong positive correlations. However, idealized influence (attributed), inspirational and intellectual stimulations have been indicated as positively correlated with trust to leaders as well, which supports *H1*.

Table 7. Correlations between study variables

	Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
Transformational	1. Idealized influence (Attributed)	3.18	1.32	-										
	2. Idealized influence (Behavior)	3.63	1.07	.533	-									
	3. Inspirational Stimulation	3.68	1.06	.311	.460	-								
	4. Intellectual stimulation	3.65	.93	.398	.541	.463	-							
	5. Individualized Consideration	3.72	1.11	.479	.635	.497	.458	-						
Transactional	6. Contingent Rewards	3.57	1.18	.348	.471	.413	.410	.547	-					
	7. Management-by-exception (active)	3.97	.95	.385	.488	.275	.393	.438	.324	-				
Passive-avoidant	8. Management-by-exception (passive)	1.61	1.08	-.148	-.221	-.204	-.233	-.292	-.208	-.158	-			
	9. Laissez-faire	1.45	.92	-.145	-.258	-.260	-.231	-.340	-.235	-.283	.511	-		
	10. Trust in leader	4.01	.66	.380	.533	.431	.441	.597	.477	.409	-.318	-.409	-	
	11. Job satisfaction	5.00	.84	.246	.307	.300	.297	.332	.264	.254	-.242	-.318	.461	-

Both of transactional leadership factors, cognitive rewards and management-by-exception, have been defined as positively correlated with regard to the trust in leader; that provides a support for *H2*. Although none of transactional leadership factors showed a significant correlation with job satisfaction.

Negative correlations or no correlation at all has been indicated between passive-avoidant leadership factors and all of the other variables, which gives support to *H4*. For example, a negative correlation has been found between laissez-faire leadership and individualized consideration, and no correlations have been found between management-by exception (passive) and idealized influence (attributed). However, laissez-faire leadership has been shown a greater negative correlation with trust to leader and job satisfaction than management-by exception (passive).

Finally, positive correlation has been found between trust in leaders and employee's job satisfaction (.461), thereby providing support for *H5*.

6.2.1 Correlation analysis: demographic variables, transformational, transactional, passive-avoidant leadership styles, trust in leader and job satisfaction

According to the results (see Table 8), the demographic features of respondent also have certain impact on investigated items. A positive correlation has been found between age and tenure (0.542). The relationship between age and transformational leadership has been indicated by its strong positive correlation (0.80). In the contrast, no relationship has been found between age and transactional leadership (-0.009) and negative relationship with passive-avoidant leadership (-.530) emerges.

It is important to note that no correlation has been indicated between the age and position, age and trust in leader, and age and job satisfaction. Educational level has been found correlated only with position (0.592). Moreover, tenure and position have no impact on any of the five surveyed variables.

The results of current analysis indicated a strong positive relationship between transformational leadership and trust in leader (0.621), which supports *H1*, as well as between transactional leadership and trust in leader (0.541), which supports *H2*. As hypothesized in *H3*, transformational leadership has a stronger positive influence on trust in leader than transactional leadership. Furthermore, a negative relationship between passive-avoidant leadership and trust in leader has been found (-0.413), which gives support for *H4*. Meanwhile, trust in leader indicated a positive correlation with job satisfaction (.461), so *H5* has not been rejected.

Moreover, positive relationship has been found between transformational and transactional leader's behaviors (0.664) and job satisfaction (.387 and .313 respectively). And both of this leadership styles have a negative relationship with passive-avoidant leadership. In addition, passive-avoidant style has been found to be negatively correlated with job satisfaction (- 0.317).

With respect to results of *Cronbach alpha analysis*, in the case of transformational leadership the alpha has been found to be .82; this indicates a good internal consistency among the items. The Cronbach alpha for transactional leadership (.48) has poor internal consistency and suggests a high level of error variance among the items to be considered as reliable. One of the reasons of such a low coefficient could be the insufficient number of items used.

Table 8. Correlations between demographic indicators and study variables

Nº	Variables	Mean	SD	Alpha	1	2	3	4	5	6	7	8	9
1	Age	2.71	0.90	-	-								
2	Educational level	1.33	0.48	-	-.062	-							
3	Tenure	3.34	0.75	-	.542	-.026	-						
4	Position	1.58	0.96	-	.033**	.592*	.074	-					
5	Transformational Leadership	3.57	0.84	.82	.80**	.012	.022**	.073**	-				
6	Transactional Leadership	3.77	0.87	.48	-.009***	-.061**	-.014	-.028**	.664**	-			
7	Passive Leadership	1.53	0.87	.67	-.530	.025**	-.040**	-.098	-.342**	-.300**	-		
8	Trust to Leader	4.01	0.66	.91	.086**	-.002**	.083**	.077**	.621**	.541**	-.413**	-	
9	Job satisfaction	5.00	0.84	.82	.119**	-.041**	.070**	.030**	.387**	.313**	-.317**	.461**	-

^a For age, 1 = up to 25, 2 = 26 - 35, 3 = 36 - 45, 4 = 46 and above. For education level, 1 = technical degree, 2 = higher degree. For tenure, 1 = less than 1 year, 2 = 1 - 3 years, 3 = 4 - 9 years, 4 = more than 10 years. For position, 1 = manual, 2 = clerical, 3 = professional, 4 = executive.

* $r < 0.05$ (2-tailed).

** $r < 0.01$ (2-tailed).

*** $r < 0.001$ (2-tailed).

For passive-avoidant leadership the alpha has been found to be .67; this coefficient denotes acceptable internal consistency since it is nearby the cut point ($\alpha=.70$), thereby showing adequate reliability. The Cronbach alpha for job satisfaction shows high enough internal consistency ($\alpha=.82$), when for the “trust in the leader” it has been found to be .91, which indicates excellent internal consistency.

6.3 Hierarchical multiple regression

In order to investigate the relationship between the set of independent variables and dependent variables a hierarchical multiple regression was applied.

This section is subdivided into two sections, the first one is about the effects of demographic indicators, transformational, transactional, passive-avoidant leadership and trust in leader toward job satisfaction, and the second one is about the effects of transformational, transactional and passive-avoidant leadership factors on job satisfaction through the trust in leader.

6.3.1 Regression analysis of the effects of transformational, transactional and passive-avoidant leadership factors on trust in leader and on job satisfaction

This regression analysis has been conducted in order to explore the effects of transformational, transactional and passive-avoidant leadership factors on trust in leader and employee’s job satisfaction in more detail.

6.3.1.1 Trust in leader case

Model 1 (Table 9) comprise of five factors of transformational leadership: idealized influence (attributed), idealized influence (behavior), inspiration motivation, intellectual stimulation, and individualized consideration. The transformational leadership explains 41.5% of changes in trust in leader. With regard to Model 2, 43.8% of changes in trust in leader has been caused by transformational and

transactional leaderships. The addition of two factors of transactional leadership (cognitive rewards and management-by-exception) created a change of 2.3% only, which cannot be accounted as a significant impact. And, when passive-avoidant factors (management-by-exception and laissez-faire) have been entered (Model 3), R-squared rises up to 47%. So that last predictor caused a change in 3.3% of variance in trust in leader.

Table 9. Total variance explained by the models that measure trust in leader

Model	R	R ²	Adjusted R ²	Std. Error of the estimate	R ² change
1	.644 ^a	.415	.411	.50221	.415
2	.662 ^b	.438	.433	.49273	.023
3	.686 ^c	.470	.465	.47882	.033

^a Predictors: (Constant), Transformational leadership (idealized influence (attributed); idealized influence (behavior); inspiration motivation; intellectual stimulation; individualized consideration).

^b Predictors: (Constant), Transformational and Transactional leadership (contingent rewards and management-by exception (active)).

^c Predictors: (Constant), Transformational, Transactional leadership and Passive-avoidant leadership (management-by-exception (passive and laissez-faire leadership)).

* Dependent variable: trust in leader.

Table 10 presents changes in coefficients at each stage of the addition of new variables, namely transformational, transactional and passive-avoidant leadership factors. With regard to Model 1, idealized influence (behavior), inspirational stimulation, intellectual stimulation and individualized consideration show positive significant betas, explaining positive changes in trust in leader by 16.6%, 10.6%, 12.2% and 36.4% respectively. However, idealized influence (attributed) didn't show any effect on trust in leader.

In accordance with Model 2, the additional transactional leadership factors caused a decrease in significance of transformational leadership coefficients.

Table 10. Leadership style regressed on trust in leader

Model	Predictor	Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std. Error	Beta		
1 Transformational leadership	(Constant)	2.234	.081		27.703	.000
	1. Idealized influence (Attributed)	.016	.016	.032	.979	.328
	2. Idealized influence (Behavior)	.102	.024	.166	4.307	.000
	3. Inspirational Stimulation	.065	.020	.106	3.269	.001
	4. Intellectual stimulation	.085	.023	.122	3.639	.000
	5. Individualized Consideration	.216	.022	.364	9.897	.000
2 Transformational and transactional leadership	(Constant)	2.035	.089		22.783	.000
	1. Idealized influence (Attributed)	.005	.016	.011	.342	.732
	2. Idealized influence (Behavior)	.074	.024	.121	3.104	.002
	3. Inspirational Stimulation	.057	.020	.093	2.882	.004
	4. Intellectual stimulation	.062	.023	.088	2.645	.008
	5. Individualized Consideration	.176	.023	.296	7.784	.000
	6. Contingent Rewards	.078	.018	.141	4.339	.000
	7. Management-by-exception (active)	.080	.022	.117	3.740	.000
3 Transformational, transactional and passive-avoidant leadership	(Constant)	2.506	.109		22.928	.000
	1. Idealized influence (Attributed)	.013	.016	.026	.824	.410
	2. Idealized influence (Behavior)	.075	.023	.122	3.229	.001
	3. Inspirational Stimulation	.046	.019	.075	2.381	.017
	4. Intellectual stimulation	.052	.023	.075	2.299	.022
	5. Individualized Consideration	.147	.022	.248	6.593	.000
	6. Contingent Rewards	.074	.018	.133	4.202	.000
	7. Management-by-exception (active)	.062	.021	.089	2.903	.004
	8. Management-by-exception (passive)	-.038	.018	-.062	-2.072	.039
	9. Laissez-faire	-.113	.022	-.158	-5.100	.000

*Dependent variable: trust in leader

Contingent rewards and management-by-exception (active) showed a positive significant betas that explain 14.1% and 11.7% of changes in trust leaders respectively.

Concerning Model 3, the addition of passive-avoidant leadership reflected in significant changes in transformational and transactional leaderships' coefficients. Thereby, idealized influence (behavior), inspirational stimulation, intellectual stimulation and individualized consideration have shown less significant betas, which explain 12.2% 7.5%, 7.5% and 24.8% of changes in trust in leader respectively. Likewise, it led to decrease in coefficients' significance of transactional leadership with regard to the trust in leader. Passive-avoidant leadership factors (management-by-exception (passive) and laissez-faire leadership) indicated significant but negative betas, explaining a negative change in trust in leader by 6.2% and 15.8% respectively.

6.3.1.2 Job satisfaction case

With respect to the Table 11, the first model is comprised of five factors of transformational leadership, which explains 15.3% of changes in employee's job satisfaction. According to Model 2, transformational and transactional leaderships have caused 16% of changes in job satisfaction. The addition of transactional leadership factors created a change of just 0.7%, which cannot be considered as significant effect. With addition of passive-avoidant leadership factors at Model 3 R-squared rose up to 19.7% that led to a change in 3.6% of variance in employee's job satisfaction.

Table 12 shows changes in coefficients at each stage of the addition of new variables. In accordance with Model 1, inspirational stimulation (3), intellectual

stimulation (4) and individualized consideration (5) show a positive significant beta, which explains in employee's job satisfaction by 12.7%, 11,4% and 15% respectively. Idealized influence (attributed and behavioral) didn't show any significant effect on job satisfaction.

Table 11. Total variance explained by the models that measure job satisfaction

Model	R	R²	Adjusted R²	Std. Error of the estimate	R² change
1	.392 ^a	.153	.148	.77829	.153
2	.400 ^b	.160	.153	.77607	.007
3	.443 ^c	.197	.188	.75997	.036

^a Predictors: (Constant), Transformational leadership (idealized influence (attributed); idealized influence (behavior); inspiration motivation; intellectual stimulation; individualized consideration).

^b Predictors: (Constant), Transformational and Transactional leadership (contingent rewards and management-by-exception (active)).

^c Predictors: (Constant), Transformational, Transactional leadership and Passive-avoidant leadership (management-by-exception (passive and laissez-faire leadership)).

* Dependent variable: job satisfaction.

According to Model 2, addition of transactional leadership factors led to decrease in significances of transformational leadership coefficients. Management-by-exception (active) shows a positive significant beta that explains 8.8% of the change in job satisfaction perceived by employees. However, contingent rewards didn't show any significant effect on job satisfaction.

With regard to Model 3, where passive-avoidant leadership has been entered, significant changes in transformational and transactional coefficients have been observed.

Thus inspirational and intellectual stimulations have shown less significant betas, which explain 10.5% and 8.2% of changes in job satisfaction (respectively), while individualized consideration does not have any significant effect on job satisfaction.

Table 12. Leadership style regressed on job satisfaction

Model	Predictor	Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std. Error	Beta		
1 Transformational leadership	(Constant)	3.545	.125		28.378	.000
	1. Idealized influence (Attributed)	.036	.025	.056	1.433	.152
	2. Idealized influence (Behavior)	.049	.037	.061	1.321	.187
	3. Inspirational Stimulation	.100	.031	.127	3.243	.001
	4. Intellectual stimulation	.102	.036	.114	2.820	.005
	5. Individualized Consideration	.115	.034	.150	3.397	.001
2 Transformational and transactional leadership	(Constant)	3.379	.141		24.020	.000
	1. Idealized influence (Attributed)	.027	.025	.043	1.093	.275
	2. Idealized influence (Behavior)	.027	.038	.034	.715	.475
	3. Inspirational Stimulation	.098	.031	.124	3.164	.002
	4. Intellectual stimulation	.086	.037	.096	2.349	.019
	5. Individualized Consideration	.092	.036	.120	2.589	.010
	6. Contingent Rewards	.031	.029	.043	1.078	.281
	7. Management-by-exception (active)	.078	.034	.088	2.317	.021
3 Transformational, transactional and passive-avoidant leadership	(Constant)	4.019	.173		23.190	.000
	1. Idealized influence (Attributed)	.037	.025	.058	1.513	.131
	2. Idealized influence (Behavior)	.028	.037	.035	.755	.451
	3. Inspirational Stimulation	.083	.030	.105	2.716	.007
	4. Intellectual stimulation	.074	.036	.082	2.053	.040
	5. Individualized Consideration	.053	.035	.070	1.509	.132
	6. Contingent Rewards	.025	.028	.034	.884	.377
	7. Management-by-exception (active)	.052	.034	.059	1.558	.120
	8. Management-by-exception (passive)	-.050	.029	-.064	-1.731	.084
	9. Laissez-faire	-.155	.035	-.169	-4.412	.000

*Dependent variable: job satisfaction

Furthermore, both of the factors of transactional leadership lost significance with respect to job satisfaction. Passive-avoidant leadership factors, namely management-by-exception (passive) and laissez-faire leadership, indicated significant but negative betas, explaining a negative change in job satisfaction by 6.4% and 16.9% respectively.

6.3.2 Regression analysis of the effects of demographic indicators, transformational, transactional, passive-avoidant leadership on job satisfaction through the trust in leader

The aim of this analysis is to learn which variables affect job satisfaction more. Table 13 shows how R, R-square, adjusted R-square and standard error of the estimate, change each time with the addition of new variables.

Table 13. Total variance explained by the models that measure job satisfaction (including trust in leader and demographic indicators)

Model	R	R²	Adjusted R²	Std. Error of the estimate	R² change
1	.147 ^a	.022	.016	.84249	.022
2	.449 ^b	.201	.193	.76264	.179
3	.504 ^c	.254	.246	.73756	.075

^a Predictors: (Constant), Position, Age, Tenure, Gender, Educational level.

^b Predictors: (Constant), Position, Age, Tenure, Gender, Educational level, Transformational, Transactional and Passive-avoidant leadership styles.

^c Predictors: (Constant), Position, Age, Tenure, Gender, Educational level, Transformational, Transactional and Passive-avoidant leadership styles, trust in the leader.

* Dependent variable: job satisfaction.

Demographic variables entered in Model 1, which are position, age, tenure, gender and educational level explain 2.2% of the variance in the dependent variable, which is job satisfaction. After addition in Model 2 of independent variables, such as transformational, transactional and passive-avoidant leadership styles, the model explains 20.1% of variance in job satisfaction. The addition of leadership styles

created a change in 17.9% of the variance in job satisfaction, which can be interpreted as quite a significant influence. Finally, when trust in leader was added in the Model 3 R-squared rose to 25.4%. This predictor caused a change in 7.5% of variance in the dependent variable.

Table 14 represents coefficients and how they changes with the addition of new variables in each of the three models. In accordance with Model 1, age shows a positive significant beta, which explains 10.9% of changes in employee's job satisfaction as he or she becomes older. Educational level has been indicated as a significant but negative beta, showing a decrease in job satisfaction by 8.2% as employee becomes more educated. Gender, tenure and position didn't show any significant effect on job satisfaction.

With regard to Model 2, the addition of transformational, transactional and passive-avoidant leadership caused changes in demographic indicators. Educational level doesn't affect job satisfaction anymore, while age indicates a decrease in beta to 7.2%. Furthermore, transformational leadership shows a positive strong significant beta that explains 25.6% of changes in job satisfaction perceived by employees. Transactional leadership displays less significant beta, which explains only 8.6% of changes in the dependent variable. Passive-avoidant leadership indicates a significant but negative beta, explaining a negative change in job satisfaction by 19.1%.

The appearance of trust in leader in Model 3 has led to significant changes in the influence employees' job satisfaction by leadership styles. So, with respect to the transformational leadership, the decrease in beta has been identified by change from 25.6% to 13%.

Table 14. Leadership style and trust in leader regressed on job satisfaction (including demographic indicators)

Model	Predictor	Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.729	.172		27.460	.000
	Gender	.105	.080	.055	1.317	.188
	Age	.103	.039	.109	2.638	.009
	Education	-.148	.078	-.082	-1.902	.057
	Tenure	-.001	.047	-.001	-.021	.983
	Position	.038	.043	.043	.886	.376
2	(Constant)	3.817	.231		16.534	.000
	Gender	.093	.073	.049	1.269	.205
	Age	.068	.036	.072	1.916	.056
	Education	-.084	.071	-.047	-1.184	.237
	Tenure	.010	.043	.009	.228	.820
	Position	-.004	.039	-.005	-.107	.915
	Transformational Leadership	.261	.044	.256	5.971	.000
	Transactional Leadership	.084	.042	.086	2.023	.043
	Passive-avoidant Leadership	-.186	.033	-.191	-5.570	.000
3	(Constant)	2.917	.253		11.527	.000
	Gender	.074	.071	.039	1.039	.299
	Age	.066	.035	.070	1.903	.057
	Education	-.083	.068	-.046	-1.213	.225
	Tenure	-.012	.041	-.010	-.287	.774
	Position	-.009	.038	-.010	-.235	.814
	Transformational Leadership	.133	.046	.130	2.910	.004
	Transactional Leadership	.019	.041	.019	.457	.648
	Passive-avoidant Leadership	-.124	.033	-.128	-3.734	.000
	Trust in the leader	.404	.053	.312	7.557	.000

* Dependent variable: job satisfaction.

Transactional leadership is not significant anymore, while passive-avoidant leadership has stayed negatively significant when regressed on job satisfaction.

Chapter 7

DISCUSSIONS AND CONCLUSION

7.1 The results of the study

With regard to the analyses of the conducted survey and the core research questions that have been presented at the beginning of the current thesis (see Chapter 1) the obtained results can be interpreted as following.

7.1.1 How do transformational, transactional and passive-avoidant leadership styles influence trust in leader?

All of the five factors of transformational leadership have been found the positively related with trust in leader; thus, proving Butler's (1999) suggestion about positive influence by all components of transformational leadership on trust in leader.

It is important to note that individualized consideration has showed the strongest positive correlation with trust in leader rather than idealized influence (attributed) and idealized influence (behavior) as Bartam and Casimir (2006) have argued. Although, idealized influence (behavior) has been found to be important contributor to trust in leader. So followers perceive more trust toward a leader, who exhibits such a behavior as risk-taking and persistence, as well as who has abilities to provide with a personal attention, advice and encouragement.

In addition, Podsakoff et al. (1996) argued that intellectual stimulation negatively influences trust in leader, moreover it can enhance role conflict. However, the current survey results have indicated a positive correlation between the intellectual

stimulation and trust in leader ($r = .441$). Such a result could be obtained with respect to particular features of respondents' professional orientation, which has a technical focus envisaging new engineering developments and a high level of intelligence.

MacKenzie et al. (2001) and Dirks and Ferrin (2002) claimed that transactional leadership strongly related to trust in leader. In accordance, in the present research results, both cognitive rewards and management-by-exception have been found to affect trust in leader positively. Although, transactional leadership's impact on trust in leader ($r = 2.3\%$) has been uncovered to be much more lower than transformational leadership ($r = 41.5\%$). In this way, confirming Jung and Avolio's (2000) study results, transactional leadership has insufficient influence on trust in leadership in order to reach the full potential of employees.

Passive-avoidant leadership has been found to have a negative impact on trust in leader, confirming the results of previous studies (Bass, 1995; Bass & Avolio, 2004; Antonakis, 2006). Laissez-faire leadership has been detected to contribute to a decrease of trust in leader more (15.8%) than management-by-exception (passive) (6.2%); thus, proving the statement that it is the most ineffective type of leadership according to Bass (1997), Antonakis et al. (2003) and Schilling (2009).

7.1.2 How do trust in leader affect the level of employee's job satisfaction?

Trust in leader has been found strongly affecting the level of satisfaction perceived by employees toward their job, in so far confirming Yang and Mossholder's (2010) findings. In support of Lau et al. (2008) and Gill's (2008) finding, it has been shown that trust in leaders is significantly correlated with job satisfaction. Based on the obtained results, those leaders who are concerned at increasing of satisfaction of their followers should instill and constantly sustain the feeling of trust.

7.1.3 Does the presence of trust in leader make a difference in the relationships between leadership styles and job satisfaction?

As a result of present survey, interesting findings have been identified. All of the investigated leadership styles have been found to be directly related with trust in leader, whereas not all of them have influenced toward employee's job satisfaction.

In so far, inspirational and intellectual stimulation, as well as individualized consideration factors of transformational leadership have been found to have a positive impact on satisfaction, while attributed and behavioral idealized influences have been found to be ineffective. Transactional leadership factors have been identified as insignificant predictors of job satisfaction and, moreover, they have led to decrease in a positive influence of transformational leadership on job satisfaction. With regard to passive-avoidant leadership, both factors, management-by-exception (passive) and laissez-faire leaderships, have been identified as negative contributors to the employee's job satisfaction.

However, direct relationship between leadership styles and job satisfaction has been defined considerably different from the relationship at the presence of a mediator between them (trust in leader).

According to the investigated model, where the trust in leader plays a mediating role in the relationship between transformational, transactional, passive-avoidant leadership styles and job satisfaction, the influence of leadership styles has been found to be significantly less or does not exist at all. In this way, the influencing power of transformational leadership on job satisfaction has become weaker, but still provides a positive impact. Transactional leadership has been found to be an

effective contributor to employees' job satisfaction only to the extent that it improves trust in leader. Beyond that it does not improve job satisfaction by itself. Passive-avoidant leadership has been identified to affect job satisfaction only in a negative way.

As a result, due to the contribution from transformational and transactional leadership styles, trust in leader has become a core contributor to the employees' job satisfaction level.

7.2 Implications for managers

As it has been reported, trust in leader is a crucial contributor to job satisfaction, thus managers should understand, which factors of leadership styles have significant impact on satisfaction.

So far, more attention should be paid to the personal needs of employees in order to instill the feeling of being important and valued. Managers also should behave according to how they want to be perceived by followers. To gain trust, loyalty and respect of subordinates it is necessary to provide them with clear vision and values, as well as to sacrifice the leaders own interests for the sake of achieving of the collective goals. Imposing certain high expectations and encouragement for the new developments by instilling confidence in reaching final results could contribute to increase the level of employees' trust in their manager.

Moreover, it is suggested for managers to provide subordinates with rewards when the task has been accomplished and to undertake an active position keeping track of occurring mistakes.

However, managers must avoid taking a passive position towards the on-going work process. A leader displaying irresponsibility or unwillingness to make decisions on time can lead to mistrust in leader-follower relationship.

7.3 Limitations

Several limitations have to be disclosed. First of all, in order to avoid the loss of respondent interest in survey participation, the Multifactor Leadership Questionnaire 5X-short has been applied instead of the full version. The short version of Marlowe and Nyhan's Organizational Trust Inventory (OTI) questionnaire has been used as well.

Second, all of the respondents are the representatives of the same organization with a specific corporate culture inside, certain frames of references and conditions of work, so that generalizability may be a limitation.

7.4 Suggestions for future research

All the analyses have been done at the individual level, so future studies may wish to use the group-level analyses, where each group of leaders and their followers are treated as a unit.

The present theme could be extended to examine more variables as mediators of the relationship between leadership styles and job satisfaction. It is suggested to explore different variables to discover other contributors of employees' job satisfaction, as well as to understand better the influence of leadership behaviors and other possible outcomes.

The full version of MLQ and OTI could be applied for the future research to obtain more detailed information from respondents. It is supposed to be reasonable to conduct the research, which would cover the different sectors rather than solely the railway industry, as it could make a difference in some of the results.

Finally, it is suggested to conduct a multi-cultural research for better understanding possible differences in results, since culture is a strong contributor to changes in human psychology.

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APPENDIX

Appendix: Research Questionnaire

Please indicate the following data necessary for research (underline the correct answer):

Gender: *male* *female*

Age: *up to 25* *26 - 35* *36 – 45* *46 and above*

Level of education: *secondary technical* *higher education*

Length of service: *<1 year* *1 - 3 years* *4 – 9 years* *> 10 years*

Job position: _____

1. How can you describe the behavior of your supervisor (in accordance with these scale from 0 to 4)? Underline or circle your choice.

№	Scale Items	Not at all	Once in a while	Sometimes	Fairly often	Frequently, if not always
1	Supervisor goes beyond self-interest for the good of the group.	0	1	2	3	4
2	Supervisor considers the moral and ethical consequences of decisions.	0	1	2	3	4
3	Supervisor talks optimistically about the future.	0	1	2	3	4
4	Supervisor reexamines critical assumptions to question whether they are appropriate.	0	1	2	3	4
5	Supervisor helps others to develop their strengths.	0	1	2	3	4
6	Supervisor makes clear what one can expect to receive when performance or goal are achieved.	0	1	2	3	4
7	Supervisor keeps track of all mistakes.	0	1	2	3	4
8	Supervisor waits for things to go wrong before taking action.	0	1	2	3	4
9	Supervisor avoids making decisions.	0	1	2	3	4

2. Describe level of your trust in your manager (in accordance with a scale from 1 to 5). Underline or circle your choice.

№	Scale Items	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	My leader can make good decisions & judgments	1	2	3	4	5
2	I am ready to trust my leader to overcome any obstacle	1	2	3	4	5
3	My leader is good in leading us when doing organizational projects	1	2	3	4	5
4	I give full commitment to work with my leader	1	2	3	4	5
5	My leader's ideas/opinions are useful for me in doing my job	1	2	3	4	5
6	I believe that my leader will provide correct info about the tasks for me	1	2	3	4	5
7	I can share my ideas and thoughts with my leader	1	2	3	4	5

3. Please indicate how you feel about your work (in accordance with this scale from 1 to 7). Underline or circle your choice.

№	Scale Items	Delighted	Pleased	Mostly satisfied	Mixed	Mostly dissatisfied	Unhappy	Terrible
1	How do you feel about your job?	1	2	3	4	5	6	7
2	How do you feel about the people you work with – your co-workers?	1	2	3	4	5	6	7
3	How do you feel about the work you do on your job – the work itself?	1	2	3	4	5	6	7
4	What is it like where you work – the physical surroundings, the hours, the amount of work you are asked to do?	1	2	3	4	5	6	7
5	How do you feel about what you have available for doing your job – equipment, information, good supervision, and so on?	1	2	3	4	5	6	7