

ÇUKUROVA UNIVERSITY
GRADUATE SCHOOL OF SOCIAL SCIENCES
BUSINESS ADMINISTRATION
MANAGEMENT AND ORGANIZATION

**A RESEARCH ON TRANSFORMATIONAL LEADERSHIP AND
INSTITUTIONALIZATION CORRELATION**

Duygu AYATA VARAK

MASTER THESIS

ADANA / 2019

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Duygu AYATA VARAK

Supervisor : Dr. Lecturer Musa ŞANAL

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Jury Member : Assoc. Prof. Dr. Muhammet Fatih Bilal ALODALI

MASTER THESIS

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Çukurova Üniversitesi Sosyal Bilimler Enstitüsü Müdürlüğüne;

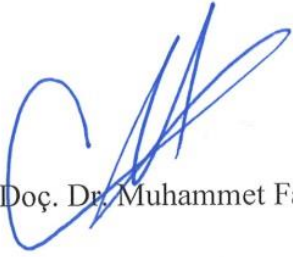
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Duygu AYATA VARAK

ABSTRACT**A RESEARCH ON TRANSFORMATIONAL LEADERSHIP AND
INSTITUTIONALIZATION CORRELATION****Duygu AYATA VARAK****Master Thesis, Business Administration****Advisor: Dr. Lecturer Musa ŞANAL****June, 2019; 99 page**

Transformational Leadership is a style of leadership which has effective role on creating difference among subordinates and companies. This difference is valuable and positive for both subordinates and ultimate goals of the company. Meaningful changes have influence on the sense of identity.

Institutionalization is a process that is necessary for companies to cope with challenges resulted from changes at business environment. In order to ensure their durability and to provide competition advantages, companies should follow some critical policies. Institutionalization is one of the most remarkable tools between those policies.

Institutionalization deals with integration of the existing norms, values and patterns with new ones. Firms may already have rules, norms, standards or procedures; however, creating and realizing them independently from people is possible only with institutionalization. However, institutionalization cannot be developed without a reason; a leading person with enough qualifications for organizing and affecting employees can lead it. Who is this leading person? What are qualifications and necessities of her/him? May it be transformational leader?

The study consists of six chapters. The first chapter is Introduction part that includes abstract, Turkish summary, preface, and table of contents, list of figures and list of tables. Following sections begin with literature review. First of all, Leadership with its history, theories and types was handled as the second chapter. The third part is about Transformational Leadership with sub-sections such as historical background and dimensions. Then, Institutionalization was studied as the fourth chapter while Research

Methodology and Hypothesis part constitutes the fifth chapter. The last but not the least, the sixth chapter is the Conclusion and Recommendations part.

The main purpose of the study is to examine whether there is correlation between transformational leadership and institutionalization. Correlation between Transformational Leadership and Institutionalization was analyzed via questionnaires. Sample group of the study is companies in the Adana Hacı Sabancı Organized Industrial Zone. By January 2018, 354 firms were taken into consideration and all of them included to the study. The survey was created at an online platform and its link was delivered to the participants via e-mail. E-mail addresses of the institutions were obtained from the website of the Industrial Zone and also personal linkages were used in order to establish a connection with authorities. One respond was accepted from each participant institution. 190 replies gathered at the database. 155 of them accepted as valid and used for analyzes. Those 155 participants were visited physically in order to provide and guarantee healthy replying process. Data obtained from the surveys was used to perform various analyzes in order to test accuracy of the hypothesis by using SPSS (Statistical Package for the Social Sciences).

There are many hypothesis based on dimensions of two variables or demographic data of the participants. The Thesis was mainly constituted on the claim of meaningful relation between transformational leadership and institutionalization and the results of the analyses demonstrate that transformational leadership has a considerable effect level (more than 50%) at institutionalization of companies.

Key Words: Leadership, types of leadership, transformational leadership, institutionalization, dimensions of institutionalization.

ÖZET

DÖNÜŞÜMSEL LİDERLİK VE KURUMSALLAŞMA İLİŞKİSİ ÜZERİNE BİR ARAŞTIRMA

Duygu AYATA VARAK

Yüksek Lisans Tezi, İşletme Bölümü

Danışman: Dr. Öğretim Üyesi Musa ŞANAL

Haziran, 2019; 99 sayfa

Dönüşümsel liderlik, hem çalışanların kendi aralarında hem de işletmeler arasında değerli ve olumlu farklılaşma sağlayan bir liderlik türüdür. Dönüşümsel liderler, takipçilerine kurumun amaçları doğrultusunda, kendi kişisel özelliklerine de katkı sağlayarak çalışmalarını yönünde ilham verir ve onları entellektüel anlamda uyarır.

Kurumsallaşma, işletmelerin küreselleşme sebebiyle maruz kaldığı zorluklara göğüs gerebilmesi ve değişikliklere uyum sağlayabilmesi için gerekli olan bir süreçtir. İşletmeler, sürdürülebilirliklerini ve rekabet avantajlarını sağlayıp devam ettirebilmek için gerekli önlemler almak zorundadır. Söz konusu önlemlerin alınabilmesi, ilgili politikaların üretilmesi için gerekli araçlardan biri kurumsallaşmadır.

Kurumsallaşma, mevcut normların, değerlerin ve oluşumların yenileri ile uyumunun sağlanması için gereklidir ve mevcut işleyiş ya da kuralların kişilerden bağımsız yerleşik bir standartta sürmesini sağlar. Ancak kurumsallaşma kendi kendine oluşabilecek bir süreç olmamakla birlikte geliştirilmesi ve yerleşik hale gelebilmesi için işletme bünyesindeki bir kişinin öncülük etmesi gerekmektedir. Bu durumda akla şu sorular gelmektedir: Öncülük edebilecek kişi nasıl biri olmalı, ne tür özelliklere sahip olmalı, öncülük etmenin gereklilikleri nedir? Bu kişi dönüşümsel lider midir?

Çalışmanın kapsamını altı bölüm oluşturmaktadır. Özet, Önsöz, Şekiller ve Tablolar Listesi ile İçindekiler Tablosu'ndan oluşan kısım ilk bölüm olup literatür taraması ikinci bölümden başlamaktadır. İkinci bölümde, Liderlik, Liderliğin Tarihçesi, Teorileri ve Çeşitleri ele alınmaktadır. Üçüncü bölüm, bir Liderlik türü olarak Dönüşümsel Liderliğin kavramsal açıklaması, gelişimi ve boyutlarından oluşmaktadır. Kurumsallaşma ise, kavramsal gelişimi ve boyutları ile birlikte dördüncü bölümde ele alınmışken, beşinci bölümde saha araştırması, araştırma bulguları, hipotezler ve

hipotezlerin analizleri yer almaktadır. Altıncı ve son olan bölüm ise çalışmanın Sonuç ve Öneriler kısmından oluşmaktadır.

Çalışmanın temel amacı, dönüşümsel liderlik ile kurumsallaşma arasında bir ilişki olup olmadığını anlamak olup bunun için anket yöntemi kullanılarak çeşitli analizler yapılmıştır. Çalışmanın örneklem grubunu, Adana Hacı Sabancı Organize Sanayi Bölgesi'ndeki 354 işletme oluşturmaktadır. Anket, bir çevrimiçi form aracılığı ile oluşturulmuştur ve linki e-posta aracılığı ile işletmedeki sorumlulara iletilmiştir. Her işletmeden yalnızca bir yanıt kabul edilmiştir. Veri tabanında 190 yanıt birikmiştir; ancak bunların 155 tanesi geçerli kabul edilerek analizlerde kullanılmıştır. Söz konusu 155 işletme ayrıca fiziksel olarak ziyaret edilerek, çevrimiçi platformda doldurulan anketin sağlıklı bir şekilde yanıtlanması sağlanmıştır. Anketlerden elde edilen veriler, hipotezlerin geçerliliğini anlayabilmek amacıyla SPSS (Statistical Package for the Social Sciences-Sosyal Bilimler İçin İstatistik Programı)' te analiz edilmiştir.

Tez çalışmasında, bağımsız değişken olan Dönüşümsel Liderlik ve bağımlı değişken olan Kurumsallaşma arasındaki ilişkiyi ölçmeye yönelik birçok hipotez geliştirilmiştir ve temel odak her iki değişken arasında anlamlı bir ilişkinin olduğuna yöneliktir. Analizler sonuçlarına göre ise dönüşümsel liderlik ve kurumsallaşma arasında anlamlı bir ilişki vardır; dönüşümsel liderliğin kurumsallaşma üzerindeki etkisi, olası diğer etkenlere kıyasla yüzde 50 civarındadır.

Anahtar Kelimeler: Liderlik, liderlik çeşitleri, dönüşümsel liderlik, kurumsallaşma, kurumsallaşmanın boyutları.



To my little girl...

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CHAPTER I

INTRODUCTION

1.1. Research Problem

Transformational Leadership is one of leadership theories which was initially mentioned by James V. Downton in his *Rebel Leadership* (1973) book. Transformational leadership was systematized as a concept by James MacGregor Burns with the book *Leadership*, 1978 (Eraslan, 2004).

Recent years, there have been an important focus for transformational leadership. Emphasis on positive development of the subordinates or inspirational encouragement to build emotional devotion to a mission related to the company are considerable motivations behind development of the concept. Furthermore, providing integrity and equal treatment among followers meanwhile giving confidence to them are other remarkable specifications of transformational leadership.

Transformational Leadership is a style of leadership which has effective role on creating difference among subordinates and companies. This difference is valuable and positive for both subordinates and ultimate goals of the company. Meaningful changes have influence on the sense of identity.

Institutionalization is a process that is necessary for companies to cope with challenges resulted from changes at business environment. In order to ensure their durability and to provide competition advantages, companies should follow some critical policies. Institutionalization is one of the most remarkable tools between those policies.

Institutionalization deals with integration of the existing norms, values and patterns with new ones. Firms may already have rules, norms, standards or procedures; however, creating and realizing them independently from people is possible only with institutionalization. However, institutionalization cannot be developed without a reason; a leading person with enough qualifications for organizing and affecting employees can lead it. Who is this leading person? What are qualifications and necessities of her/him? May it be transformational leader?

The main purpose of the study is to examine whether there is correlation between transformational leadership and institutionalization. If there is a relation, what is its extent? In addition, importance of transformational leadership and

institutionalization separately are analyzed during the research. In order to find answers to the questions related to the research problem, the study was constituted among six chapters.

The first chapter is Introduction part that includes research problem, purpose of the research, importance of the study and limitations of the research. Following sections begin with literature review. First of all, leadership with its history, theories and types was handled as the second chapter. The third part is about transformational leadership with sub-sections such as historical background and dimensions. Then, institutionalization was studied as the fourth chapter while research methodology and hypothesis part constitutes the fifth chapter. The last but not the least, the sixth chapter is the conclusion and recommendations part.

1.2. Purpose of the Study

The aim of the study is revealing importance of transformational leadership for the companies among their institutionalization process. In the study, it is asserted that there is a relation between transformational leadership and institutionalization. Many analyses have been conducted for the purpose of revealing interaction between two variables. Institutionalized companies can be durable only with economic wealth and qualified staff. This also rings economic development for the country as a whole. Hence, understanding the role of transformational leader during institutionalization process of the firms can be accepted as the roof purpose of the study.

The role and importance of transformational leadership for organizational development is a prominent issue. There are many aspects for this relation. For example, Akçakaya stated that transformational leadership is the most effective solution for overcoming the uncertainties and difficulties resulted from globalization (Akçakaya, 2010). In this study, many analyses were conducted in order to contribute to the literature and results are suitable with other related works.

People who lead groups have been subjected to many detailed analyses by the researchers for many years. The aim is specifying true person for organizational operations. Details for this pursuit and its outputs such as types and dimensions of leadership were written in the next chapters.

Transformational leaders with distinctive features have valuable affect at institutionalization process of organizations. Institutionalization is a necessary tool for coping with challenges resulted from globalization and technological developments. These factors result in unavoidable changes that firms have to adopt or challenges and uncertainties to be tackled. Firms have to compete with not only local rivals but also with companies anywhere of the world. Transformational leaders are the people who provide ground for necessitated change and newness in the company. They motivate followers via revealing their capabilities and this situation results in achieving organizational goals by sustainable competitive advantage. (Yücel Batmaz & Gürer, 2016).

According to Kraatz and Moore, knowledge transfer and inter-organizational learning in addition to imposing new thinking models or assumptions among followers are main tools for a leader to lead institutional change (Kraatz & Moore, 2002). The person who has these features is transformational leader. She/he provides institutional change by initially recognizing need for it. Change may be related with any sphere such as satisfaction of customer and follower, product quality or technological improvement. Furthermore, transformational leader has the ability to create common vision that determine direction of change. She/he can provide team spirit among followers and push them for the same aim.

Then, in order to ensure that the desired changes have been realized as planned, it is necessary to establish the feedback mechanism to determine the extent to which the desired changes have been conducted. The transformational leader should know that new forms of behavior will take place immediately by considering that institutionalization has behavioral dimension (Yücel Batmaz & Gürer, 2016).

Transformational leaders can lead change in the company also by influencing the behavior of subordinates in order to bring them together for common goals. She/he enhances their motivation levels for causing change. Then, she/he can create farsightedness to guide change by specifying a set of necessary capabilities that will allow her/him to identify the specialization needed for change (Şahin, 2009).

1.3. Importance of the Research

Institutionalization of the companies is important for standardization of rules, procedures and processes. Companies have to cope with challenges resulted from globalized competitiveness. Successful struggle with competitiveness necessitates adapting useful changes to the institution. However, how institutionalization can be achieved? Can institutionalization take place without any intervention? In the study, it is asserted that institutionalization cannot be achieved by itself; but a person, which is specified as transformational leader has an important role for this. Hence, the research is important in terms of deciding role of the leader in the companies for durability of them. It cannot be ignored that durable institutions are one of the key elements of economic development of the country.

Furthermore, there are not direct studies about relation between transformational leadership and institutionalization. As a result, this study is valuable in the name of contributing to the field about two variables. Due to detailed analyses made between transformational leadership and institutionalization, researchers will be chance to be able to reach a direct study in the field.

1.4. Limitations of the Research

In the literature, there are many written articles, books, and thesis or research papers related to both transformational leadership and institutionalization separately. However, it could not be found many direct studies related to relation between them. Hence, this can be accepted as a limitation during making field research.

In addition, the sample group of the study can be accepted as the second limitation. Adana Hacı Sabancı Industrial Zone as the sample group is a huge area. During application of the surveys, establishing a connection with their authorities and convincing them for filling out questionnaires is a difficult issue.

CHAPTER II

LITERATURE REVIEW

This chapter contains definitions and historical background of leadership, theories of leadership and types of leadership. The literature review begins with the definition of leadership as a concept, by including different and generally accepted explanations as well as historical dimensions of leadership. As the second step, leadership theories are explained in detail. Leadership types are analyzed as continuing part in the last.

2.1. Leadership

Leader is a person who has the ability to lead and influence a team, individuals or an entire organization towards final goals. In terms of organizational structures, the leader is the person who can motivate followers for the achievements of the institution that she/he can give promises for improvement of salary or can provide advancements on behalf of the employees who perform well in order to result in recognition (Bass B. M., 1990). In addition, a leader is the person who can inspire employees for the ultimate goal of the company and can reveal their potential for job.

Leadership is a popular and important topic among academicians, organizational management staff or researchers. There are various definitions about leadership based on different aspects. Personal view and experiences of researchers are some reasons for the emergence of different leadership definitions (Yukl, 1989). However, despite of variability, none of them can be differentiated from each other.

Leadership definitions have common aspects. As a general accepted and inclusionary description, leadership is leading people for a common goal in order to achieve success and to gain targeted result as a team. Greenberg and Baron also states that leadership is the process of influencing other people in the group with the motivation of establishing team goals (Flynn, 2015).

Social interaction in the organizations is accepted as fundamental issue while interact people with each other is not easy due to their different personalities. Social interaction in a team or in an organization is affected by type of leadership and by character of the leader. Person as a leader in an organization or in a team may be selected formally or informally (Flynn, 2015). According to Flynn, formal leader is the

person whose task rises from a hierarchical position in management meanwhile informal leadership arises from personal trait that has the ability to influence the group without any approval originated from organizational structure (Flynn, 2015).

There are various circumstances and missions for a person to be a leader (Kenny & Zaccaro, 1983). To illustrate, Aktaş mentioned that active leadership needs to have a good knowledge about the mission of the organization (Aktaş, 2015). He / She has to narrow down details of the mission and should reveal priorities of the organization. In addition, leader should have the ability to be a determiner factor on faiths and wishes of the followers. The leader and followers in the organization should be hand in hand in order to specify both goals and mission and to provide precedence of the organization (Aktaş, 2015). Leader shall affect followers in order to inspire them for realization of job enthusiastically. This is related to be an influential person but not a person who guarantees abundance. Here, leadership shall not be complicated with management: Leadership differs from management in terms of influencing followers to do something wishfully by winning heart of followers and making them to use their energy for goals of the organization. A leader is the character who has influential effect to change behavior of others for the sake of organizational goals (Haslam, Reicher, & Platow, 2011).

Heifetz (1994), in his “Leadership without Easy Answers” book, defined leadership as acting to solve people's difficult problems which cannot be solved easily. Leadership does not mean helping employees to solve problems that solutions are known but to help solving problems which are not arisen yet (Kelsay, 2010). Yukl (1989) mentioned that leadership is something which can be defined in terms of personality traits, leader's behaviors, dimensions of mutual communication, role relations, perceptions of followers, influence on followers, influence on task aims and organizational culture (Yukl, 1989).

To sum up, leadership is the process of affecting others in order to realize specific goals. The leader is the person who is distinguished by his / her departing features and who can influence others for group goals. However, as Burns mentioned, leadership cannot be totally understood although it can be seen often (Aktaş, 2015). Personal understandings and views of the researchers as well as expectations of followers can be accepted as reasons of Burns' interpretation. Moreover, leaders may display inequable behaviors because of changeable but interactive situations. Effective leaders are able to cope with different circumstances.

2.2. History Of Leadership

In recent years, leadership has been an important subject for researches in order to explore bases of successful administration. Leadership has been studied under different disciplines such as management, psychology, sociology, political sciences, public administration and education management. It is the focal point of many popular articles (Kelsay, 2010).

Authors, such as Yukl, state that leadership has central importance for management and organizational behavior discipline for several decades. Leaders are accepted as individuals who have ability to affect followers for enhancing organizational performance. Yukl defines leadership as “influencing task objectives and strategies, influencing commitment and compliance in task behavior to achieve these objectives, influencing group maintenance and identification, and influencing the culture of an organization (Küçükbayrak, 2010)

There have been continues improvements in science and technology and these developments automatically result in necessity for employees to work systematically and for organizations to work professionally. Competition and survival in today's conditions require simultaneous assessment of many variables. Organizations are able to achieve success and to increase productivity only if they display efficient efforts in terms of management styles and assign integration between employees and institution.

Leadership researchers focused on charismatic leadership and transformation of organizations in 1980s. The reason behind this requirement is related to the American companies' advance for significant changes in their organizations in order to be able to compete with foreign firms (Yukl, 1989). This competition fact plays a major role for organizations not only in the Americans but also in the entire global business world (Hitt, Miller , & Colella , 2006).

Concepts such as “leader” and “followers”, which are related to leadership, were seen at Egyptian hieroglyphs that are from 5000 years ago. It is known that Greek philosophers such as Plato and Aristo had papers about leadership, necessities of leadership, leadership features and training of leaders 400-300 B.C. (Paul, Costley, Howell, & Dorfman, 2002). Bass stated that leader as a word has been used for many centuries however attraction of the term based on books about politics and about the English Parliament which is published in the first half of the 19th century (Hitt, Miller , & Colella , 2006).

Furthermore, it is accepted that the origin of modern study of leadership studies based on Thomas Carlyle's lecture series and subsequent publication of *On Heroes, Hero-worship, and the Heroic in History*. From this perspective, leaders are born; not made and the time of leaders to arise is related to requirement of the situation (APSC, 2017). By the beginning of 1900s, leader was accepted as the person who knows the job as an expert and follows scientific method for work. He / She has a mechanical understanding: Job comes first as compare to other things. The organizations have a functionally divided structure, specialization, bureaucracy and hierarchy. Years between 1930 and 1960 is known as today's "neoclassical management style". In this period, the leader values followers widely and want to direct them through final goals of the organization. This understanding gives value to the concepts such as necessities of people, motivation, participation and delegation. Likewise, harmony and sympathy are important terms for the leader. However, general management tendency between 1960 and 1990 is today's "system management". Both the people and the task have value and importance for the leading person. This kind of leader believes that outside factors, role and status relations and all other related factors that can affect business operation should be tackled in the "Input-Process-Output" model.

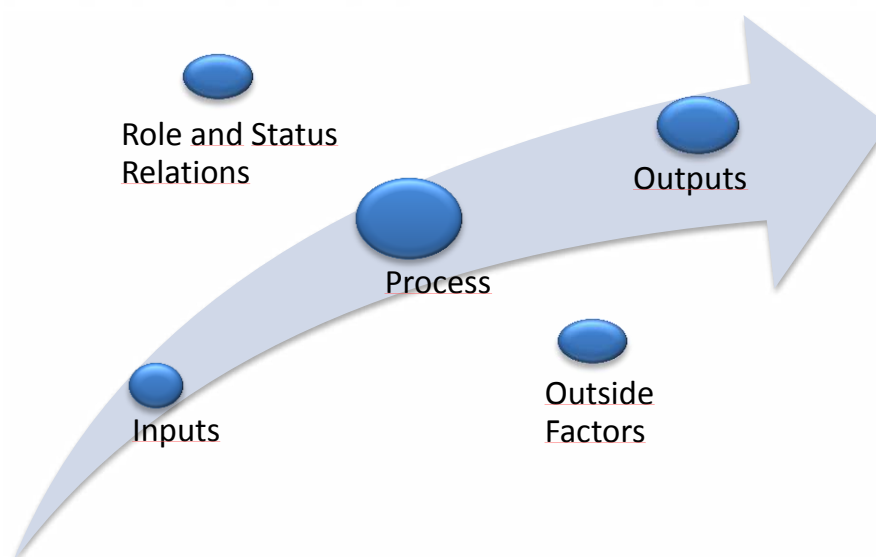


Figure 1. Inputs-Process-Outputs Model of Leadership

The approach from 1990s up to now reflects a total synthesis: Leader is accepted as the key person who can adapt himself / herself to the changeable situations of both team members' attitude and outside factors (Porter & McLaughlin, 2006).

2.3. Leadership Theories

Leadership theories are result of observation and pursuit of the most effective leadership style. Researchers have conducted several theories for many years. This section provides a broad explanation of leadership theories from Great Man Theory to Transformational Leadership Theories. Each theory has its own perspective about how to be a successful leader or about necessary features of effective leadership.

Leadership theories are defined and listed in a chronological order. These are Great Man Theory and Trait Theory, Behavioral Theories and Contingency Theories. In fact, group of theories in many literature materials may differ from each other in terms of related heads. Due to this fact, generally known and remarkable leadership theories are tried to be analyzed in a broad aspect in the study.

2.3.1. Great Man Theory And Trait Theory

Great Man Theory was developed with the assumptions such as leaders are born and not made and the time of leaders to exist is related to requirement of the term. American leader Eisenhower and British leader Churchill are some examples of leaders explained by Great Man Theory. Modern leadership studies of Carlyle were based on the view of leaders are born and not made (APSC, 2017). The rise and popularity of Great Man Theory was based on Thomas Carlyle's lecture series and subsequent publication of *On Heroes, Hero-worship, and the Heroic in History* in 1840s.

Great Man Theory gave rise to Trait Theory in 1920s and 1930s. Carlyle's work inspired Francis Galton for evolution of Trait Theory (Hollander & Offermann, 1990). Galton investigated certain characteristics of leaders which come from inheritance. Then, it is concluded that "great man has great relatives" (APSC, 2017).

The trait leadership theory based on the assumption that leaders have certain qualities which are not possessed by other people of the society. Intelligence, sense of responsibility, bravery, having successful and positive idea in mind, being reliable and believable are some certain qualifications of leader. Leader differs from others in terms of physical specifications, social relations, intelligence and creativity. In addition, leader is the person who has information about followers while realizing his / her traits and power (Altıok Gürel & Yılmaz, 2014).

Studies until 1940s were about differentiating effective leaders from ineffective ones and researchers focused on both physical and personal features of the leaders.

These works concluded that age, length and weight, health situation, social and economic status, participation to social activities in addition to intelligence and creativity are important to be a leader (Kelsay, 2010).

R.M. Stodgill, based upon nine of his twelve researches about relationship between physical features and leadership, pointed out that leaders have longer length as compared to others. Furthermore, in terms of intelligence leaders are superior to others who are not leader (Yılmaz & Çevirgen, 2010).

Popularity of Trait Leadership Theory lost power by the time. By 1950s, scholars began to analyze behaviors of leaders rather than their characteristic traits while some current scholars still assert it. As the result of behavioral investigation, Behavioral Leadership Theories developed as a new trend in the literature (Yılmaz & Çevirgen, 2010).

2.3.2. Behavioral Theories

Studies about leadership focused on behaviors of leaders rather than their personal traits at the late of 1940s. Which leadership behavior is the most effective for performing successful leadership was focus point of leadership studies during this era (Hitt, Miller , & Colella , 2006).

Behavioral Theories arose as a reaction to the Trait Leadership Theory by proposing a new perspective. Behavioral theorists focused on behaviors rather than traits of leaders (Leadership Theories). It is suggested that specific behaviors differentiate leaders from others. (Theories of Leadership , 2012).

Behavioral Theories describe leadership by the aspect of effective role behavior. Leadership is described in terms of leaders' behaviors. Differently from Trait Leadership Theory, traits are not accepted as the sign of leadership but behaviors are (Theories of Leadership , 2012). According to behavioral theorists, leadership is something that can be learned later and not related with inherited traits (Clark, 2009).

Researchers identified two general types of behavior among leaders: job-oriented behaviors and relationship behaviors. ***Job-oriented behaviors*** are related to realizing of goals in addition to helping group members for reaching those goals. On the other hand, ***relationship behaviors*** make group members, including managers, to feel comfortable among each other. Aim of both approaches is to clarify how the leader combines these two types of behaviors in order to influence its staff (Porter &

McLaughlin, 2006). Leaders demonstrate these behaviors in an effort to promote satisfaction among group members, facilitate the development and maintenance of harmonious relations in the work place, and retain the social stability of the group (Van Seters, & Field, 1990).

In this chapter; Michigan Leadership Studies, Ohio State University Studies, Management Theory of Rensis Likert, Blake and Mouton's Managerial Grid and McGregor's XY Theory are analyzed as the most common and remarkable behavioral theories in the literature.

2.3.2.1. Michigan Leadership Studies

Starting from 1950s, Rensis Likert, Daniel Katz and Robert Kahn were conducted series of studies on leadership at the Michigan University (Kelsay, 2010). In order to specify main principles and methods of leadership for productivity and job satisfaction for team members, leaders were both observed and subjected to questionnaires.

At the end of the studies, researchers identified two types of leadership behaviors as “employee centered style” and “production centered style.” ***Employee centered approach*** emphasizes inter-personal relations among subordinate group. Personal needs and job satisfaction of employees are cared. Employee centered leaders seek to create eligible environment for subordinates in order to provide close relations between them (Hitt, Miller , & Colella , 2006). Management of processes and guidance for achieving results totally focus on employees. Delegation of authority is the prominent feature and communication is bi-directional. Personal development of employees is important (Porter & McLaughlin, 2006). ***Production-centered style*** stresses methods related to technical and production aspect of the job and tasks of employees. Production oriented leaders provide necessary information about how to do the related work meantime check employees in order to control how they work (Hitt, Miller , & Colella , 2006). This kind of leadership uses classical methods to guide the followers and to achieve expected results. Production- centered leaders control subordinates closely via methods that are set for leaders in leadership behavior. This factor is important for this kind of leaders (Porter & McLaughlin, 2006). Main methods for providing motivation of subordinates generally based on award and punishment. Communication is formal and one-direction based. Specifying related procedures is one

of the main steps for creating business style. Furthermore, production centered leaders usually act with power that based on the position and legality (Barutçugil, 2006).

Studies of Michigan University Leadership concluded that employee orientation provided better results while some researchers claim that data obtained at the end of the studies are not enough to explain results (Encyclopedia of Management). Sometimes the employee centered leadership behavior can be seen more productive while sometimes production-centered leadership is seen as more productive. Meanwhile, subordinates of production-centered leaders have less job satisfaction than subordinates of employee-centered leaders though the most productive term (Hitt, Miller , & Colella , 2006).

2.3.2.2. Ohio State University Studies

Starting from 1945s, a series of questionnaires were done in Ohio State University among many military and civil managers in order to clarify to what extent leadership behavior has effect on achieving goals of the team and institution (Altıok Gürel & Yılmaz, 2014). The study was realized via Leader Behavior Description Questionnaire (LDBQ) and the Supervisor Behavior Description Questionnaire (SDBQ) (Changing Minds, 2002).

Researchers found two critical and independent leadership behaviors as a result of the studies. These factors are “initiating structure” and “consideration” (Dalay, 2001). **Consideration** identifies friendship, mutual trust, respect and warm relationship between leaders and subordinates (Altıok Gürel & Yılmaz, 2014). Leaders with consideration appreciate subordinates, listen them carefully when a problem exist and seeks input from subordinates about important decisions (Wyk, 2007). Besides this, **initiating structure** contains making plan of works and tasks in addition to organizing them (Altıok Gürel & Yılmaz, 2014). This factor describes the extent to which a leader is task-oriented and directs subordinates’ work activities toward goal-achievement. This type of leadership behavior includes directing the performance of subordinates to work hard, providing clear guidelines for work activities and maintaining rigorous control.

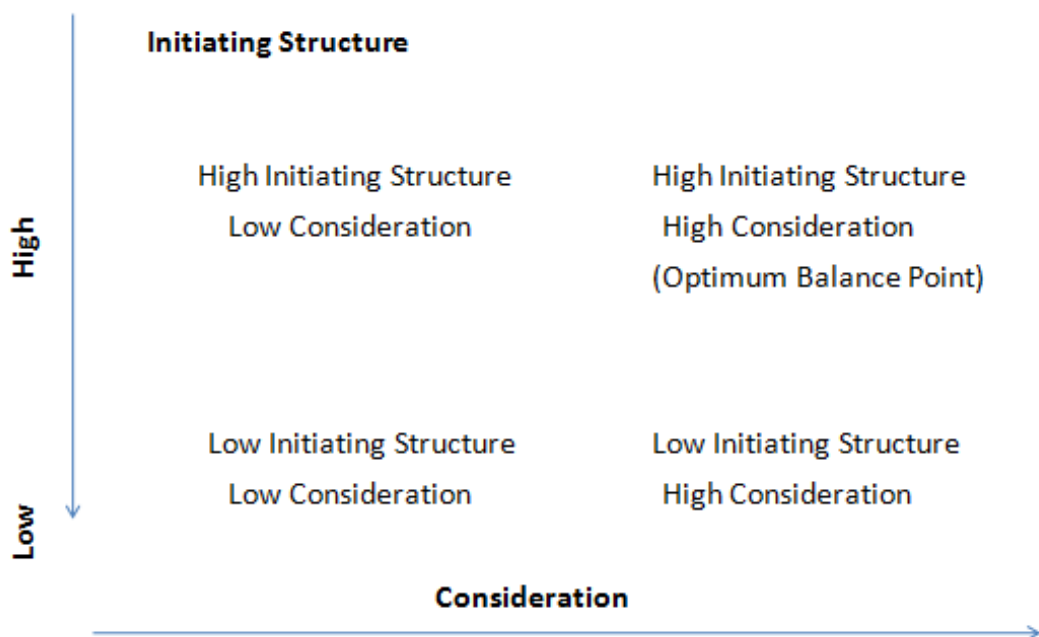


Figure 2. Four Functional Leadership Patterns based on Initiating Structure and Consideration Dimensions (Altıok Gürel & Yılmaz, 2014).

As mentioned before, both categories are independent from each other. In other words, a leader can display a high degree of both behavior types and a low degree of both behavior types simultaneously. Additionally, a leader might demonstrate high consideration and low initiating structure or low consideration and high initiating structure behavior. Research indicates that all four of these leader style combinations can be effective (Wyk, 2007). However, Figure 1 shows that “high initiating structure” and “high consideration” are optimum balance point together.

2.3.2.3. Management Theory of Rensis Likert

Likert’s four systems of management were studied at the University of Michigan by Rensis Likert and his colleagues in the 1960s in order to point out leadership behaviors of leaders with the highest and lowest performance (Kelsay, 2010). As the result of the studies, four systems of management system as four leadership styles were identified. These are given below:

- I. **System 1 / Exploitive Authoritative:** Leader of system 1 never trusts to subordinates; hence avoids from sharing responsibility. Every decision is taken by the leader alone. Subordinates expose to threats and fear in order to perform work which leads to demotivated followers at the end.
- II. **System 2 / Benevolent Authoritative:** Based on mentor system, fundamental decisions are taken by the leader while some less important decisions can be taken by subordinates. Either punishment or award is used in order to make works done. Although communication is at a low level, there are remarkable motivation and satisfaction among workers.
- III. **System 3 / Consultative:** Consultative leaders provide a freer working sphere for subordinates as compared to System 1 and System 2 leadership style. Leaders increasingly trust workers and decisions are taken by consulting on lower-level employees. This results in a positive relationship between them.
- IV. **System 4 / Participative:** In this system, there is mutual trust and collective sense of responsibility for goals of institution. Followers are awarded for achieving goals. Each level of workers can be participant for taking decisions thanks to open communication. Satisfaction and motivation among subordinates are at the highest level out of the four systems.

2.3.2.4. Blake and Mouton's Managerial Grid Theory

In the first half of 1960s, Robert Blake and Dr. Jane Srygley Mouton developed managerial grid or leadership grid as another name (Porter & McLaughlin, 2006). Leader behavior is shown with two dimensions on the grid: concern for people (based on people's needs) on y-axis and concern for production on x-axis. The aim was showing to what extent leader has interest on people and production.

Each dimension is ranging from low (1) to high (9) level; hence 81 different positions are created in which the leader's style may fall.

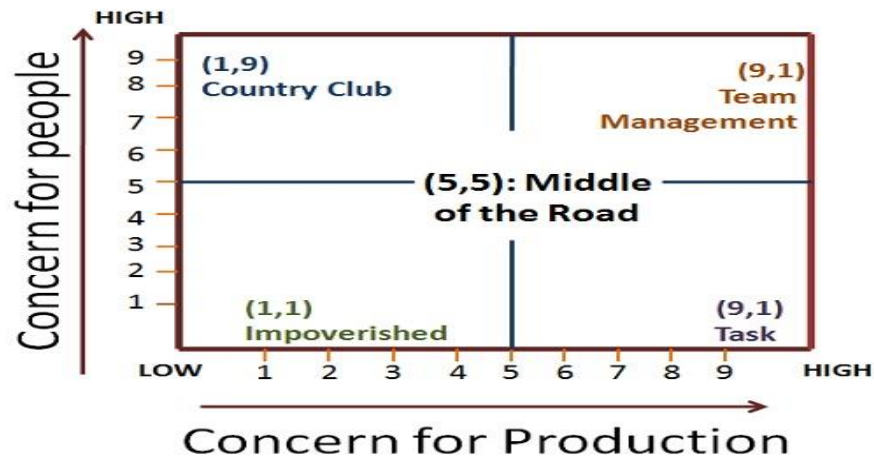


Figure 3. Managerial Diagram (Business Jargons, 2019)

Two concerns result in 5 leadership styles as follows:

- I. **The Impoverished Style / The Indifferent Style (1, 1):** In this style, managers care little about people (subordinates) and production and they preserve themselves by avoiding from problems. They do not take any responsibility to provide innovative decisions for goals of institution.
- II. **The Country Club Style / The Accommodating Style (1, 9):** Managers at this style have a high concern for people whereas low concern for production. It is believed that happiness among workers bring success and high performance at work. Unfortunately, probability of institutional success based on happiness and conflict-free environment is at a very low level (Altıok Gürel & Yılmaz, 2014).
- III. **The Produce or Perish Style / The Dictatorial Style (9, 1):** Concern for production is high meanwhile for people is low. Needs of workers is not considered by the leader. In order to achieve organizational goals, employees expose to pressure via strict rules and punishments. It is accepted that the dictatorial style is based on Theory X of Douglas McGregor which is explained next part.
- IV. **The Middle of The Road Style / The Status Quo Style (5, 5):** This style is an example of balance and compromises between employees' needs and organizational goals. Concern is balanced among people and production. However, it is criticized that a bit of little concern to production and to people cannot provide sustainable performance because of unsatisfied needs of both.

- V. **The Team Style / The Sound Style (9, 9):** For achieving company goals, employees are made to feel as a part of company. Teamwork and commitment among workers is encouraged as suggested by Theory Y of Douglas McGregor. Leader has high concern on both people and production.

2.3.2.5. McGregor's X and Y Theory

X and Y Theories were developed by Douglas McGregor in the 1960s. The theory is named as "Neo-Classical Management Theory" as well and used to explain the duties of the management and hence, the behavior of the leaders (Porter & McLaughlin, 2006). Theory X and Theory Y describe two opposite models of motivation applied by managers in their organizations and explain how employees are motivated.

According to Theory X, employees can work only with strict control and external punishment. They need to be supervised by their managers. People do not like working and have a tendency to escape from working. Because of this fact, people need to be managed by fear and by threat in order to push them to work. A standard person does not like taking responsibility; he / she does not keen on work and promotion. Most people are not creative and resist for any change. Furthermore, personal benefits are important for them rather than organizational profit.

On the other hand, Theory Y has the assumption that followers can work without direct monitoring because working in a job is as normal as their willingness for taking a rest or something else. People have goals and they try to have a job for realizing these goals. If conditions are suitable, they take responsibility not by coercion but by aspiration. Furthermore, workers in a company are accepted as stakeholders rather than just subordinates.

2.3.3. Contingency Theories

The Contingency Theories of Leadership came into prominence in 1970s (Çetin, 2008). Its roots are based firstly on Frederick E. Fiedler's work in 1964 while Robert J. House, Viktor H. Vroom and Philip Yetton made contributions by their works during 1970s. Theorists of Contingency Models assume that not only quality of a leader but also demands of the situation have effect on effectiveness of leadership (Van Seters, & Field, 1990).

Theories such as trait and behavioral that were developed before missed the environment in which the leader exists. Therefore, contingency theories added situational factors in order to define effectiveness of leadership.

In this part, Fiedler's Contingency Theory, Path-Goal Theory, Vroom and Yetton's Decision Participation Contingency Theory and Hersey and Blanchard's Situational Theory were analyzed in detail as Contingency Theories.

2.3.3.1. Fiedler's Contingency Theory

Fiedler's Contingency Theory was developed by Fred Fiedler in the first half of the 1960s. Fiedler states that effectiveness of a leader is based on situation; therefore, attitude of the leader may change. There is not only one—best kind of leadership style. In order to understand performance of leader, it is necessary to know what situation the leader is in.

Fiedler handles leadership behavior together with unique characteristics of the environment in which behavior occurs. According to him, behavior is consequence of interaction between personality, necessities, incentives and situation (environment) (Çetin, 2008).

One of the bases of the theory is the Least Preferred Co-worker Scale (LPC). The LPC is a questionnaire scale that measures leadership style of a leader. The questionnaire is filled out by the leaders in order to think about workers they work together and describe the person with whom they have worked least well, continuously. There is a series of bipolar scales of 1 to 8 which are necessary for leaders to find themselves.

If the co-worker that is not preferred to work together by the leader is described with positive traits, the leader will have high level of LPC score. This shows that the leader is motive for relationships and his / her attitude through the co-worker can be distinguished from his ability to work with that person. In other words, high LPC score means that the leader is "relationship-oriented". On the contrary, if the leader describes his / her least preferred co-worker with a negative attitude individually, he / she will have low LPC score. Low LPC score indicates a "task orientation".

Fiedler specified three dimensions that have influence on efficiency of leadership which are "leader-member relations", "task structure" and "position power".

Firstly, **leader –member relations** refer to the degree of mutual confidence between subordinates and the leader. It is suggested that the leader has to change his manner from the group task for regulating behavior and conflict in the group if leader-member relations in the group is at low level. Secondly, **task structure** is related to the extent to which tasks are understood and clear by the group. Fiedler claims that leader becomes more effective when the structure of task is high.

Thirdly, **position power** refers to power of rewarding and punishment in addition to elevating and degradation. The more control the leader has over these subjects means the stronger position power over subordinates.

As mentioned above, three dimensions of Fiedler's Contingency Theory result in eight situations for leaders' self-discovery. This scale is shown at the figure 4.

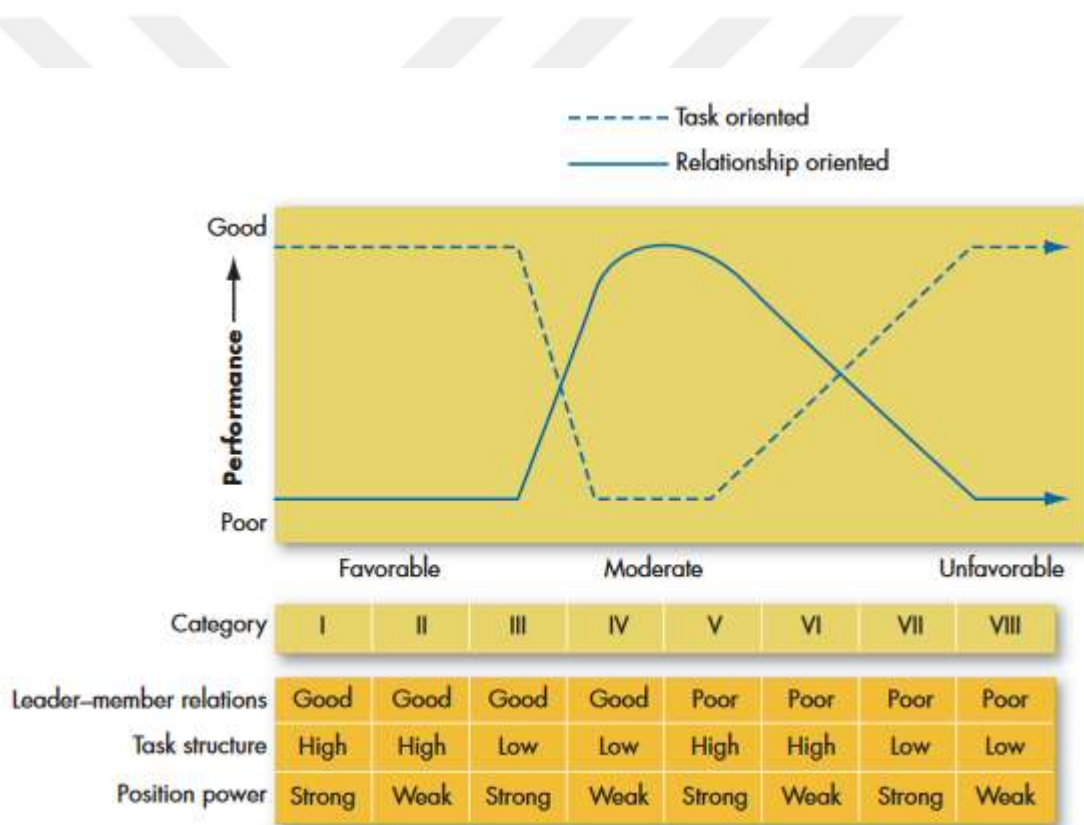


Figure 4. Fiedler's Contingency Model (Robbins & Judge)

In order to provide maximum level of leadership effectiveness, the Fiedler model matches leader's LPC score with eight situations. Based on the figure, task-oriented leaders are more effective when they face with I, II, III, VII, or VIII situations because of their better performance resulted from both favorable and unfavorable situations. On the contrary, moderately favorable situations that are IV, V, and VI are

better for relationship-oriented leaders. Additionally, Robbins and Judge state that these eight situations have been narrowed to three by Fiedler: Task-oriented leaders perform best in situations of high and low control, while relationship-oriented leaders perform best in moderate control situations (Robbins & Judge).

2.3.3.2. Path-Goal Theory

The Path-Goal Theory was developed by Robert House and Martin G. Evans in 1971 while it was updated in 1996 via an article published in *The Leadership Quarterly* (Mind Tools, 2017).

The Path-Goal Theory contains information about relationship between behavioral effects of leaders on their subordinates' motivation, satisfaction and success degree. The theory assumes that leaders shall back and motivate the followers in order to achieve institutional goals. For achieving institutional goals, leader shall identify them openly by removing obstacles to realize goals and to enhance followers' performance. Moreover, the followers should be rewarded by the leader in an appropriate way. This means that the theory focuses motivation of subordinates rather than institutional goals (Altıok Gürel & Yılmaz, 2014).

There are four leadership styles that can be used by the leader for a related-particular situation: supportive leadership, directive leadership, participative leadership and achievement-oriented leadership.

To begin with, a leader who has *supportive leadership* style is sensitive to team members' needs individually. He / she focuses on relationships and takes care of personal interests. This behavior is similar to "low initiating structure" and "high consideration" of Ohio State University Studies (Altıok Gürel & Yılmaz, 2014). *Directive leadership* is associated with "high initiative structure" and "low consideration" of Ohio State Model. Here, the leader clearly determines goals, expectations, rules and standards. Team members are expected to obey these rules and standards. Works are allocated to the subordinates. Leaders of *participative leadership* category give importance to mutual participation and consult their subordinates when taking a decision. They have a friendship manner towards followers. This style is considered as "high initiating structure" and "high consideration" of Ohio State Model. *Achievement-oriented leadership* refers to a kind of leader that set achievable goals which are not easy for the followers. Team members are expected to achieve the goals

by performing at high level. After reaching success, leader rewards the subordinates. However, it is important to emphasize that leader trusts to his / her followers and provides strong structure in addition to high level of support (Wyk, 2007).

The most appropriate style depends on situation. However, as mentioned above, the theory was revised later (1996) by House. He scaled number of styles up to eight. These eight styles of the Path-Goal Theory are *Path-Purpose Exploratory Behavior*, *Success-Oriented Behavior*, *Facilitator Behavior*, *Supportive Behavior*, *Interactive-Facilitative Behavior*, *Organization-Oriented Decision Making Behavior*, *Representation and Networking* in addition to *Value-Based Behaviors* (Hitt, Miller , & Colella , 2006). At least but no last, in 1997, House stated that the Path-Goal Theory cannot be tested correctly because of its complex structure.

2.3.3.3. Vroom and Yetton's Decision Participation Contingency Theory

The Vroom and Yetton's Decision Participation Contingency Theory or Normative Leadership Theory in another name was originally developed by Victor Vroom and Philip Yetton in 1973 meanwhile Artgur Jago contributed to the theory by 1988. Researchers of the Vroom-Yetton model argued that there is not one-best kind of leadership but the best style of leadership in addition to the best decision-making approach is based on to the situation.

Subordinates are included to decision making process to some extent. Five different decision procedures were defined by Vroom and Yetton which are named as A1, A2, C1, C2 and G2. A1 and A2 are autocratic while C1 and C2 are consultative. Then, G2 is group-based procedure.

To begin with, *Autocratic (A1)* type defines a leader that makes decision alone without including team; however, by using readily available information. In *Autocratic (A2)* style, the leader makes the final decision alone while gathers specific information from the team. Reason of taking information is not explained to the followers. *Consultative (C1)* defines leader who makes necessary explanation of the problem to the subordinates and consult their ideas individually while makes final decisions alone. However, contribution of followers is at individual level; not at team level. At *Consultative (C2)* style, subordinates are included as a team for discussing the problem and taking their suggestions. But, final decisions are taken alone by the leader. Finally, *Collaborative (G2)* style defines a leader who shares problems with subordinates as a

group and final decisions are taken as a result of group consensus. Ideas in the team are sharing via brainstorming. Leader has a facilitative role in the process of group decision (Yukl, 2010).

Decision making process is based on situational factors. There are seven alternative ways in this model to take proper decision for situation (Kelsay, 2010), (Changing Minds, 2002).

A1 and A2 are eliminated if the decision of the leader has quality and necessitated information from team members is important. Secondly, G2 is not proper if group decision cannot be taken when the decision quality is important for the leader but not for the group. On the contrary, G2 is the most proper way if the decision quality is important and leader cannot take the decision alone. In addition, A1 and A2 are eliminated as group members do not accept the decision because of autocracy. Then, A1, A2 and C2 are eliminated if subordinates cannot agree with each other for decision although decision acceptance and decision quality are important. In this situation, leader needs advisory of the group to make the decision. As the sixth position, G2 is the best way for the situation that decision quality is not important while decision acceptance is crucial. Lastly, G2 is the most appropriate when decision quality is important and the team achieves consensus on the decision. Here, the decision is not a result of autocratic process.

2.3.3.4. Hersey and Blanchard's Situational Theory

Hersey and Blanchard's Situational Theory was developed by Dr. Paul Hersey and Ken Blanchard in 1977 (Kelsay, 2010). Leadership styles are taken into consideration by two pillars which are leadership styles and maturity level of followers. Hersey and Blanchard were inspired by two-dimensional leadership approach of Blake and Mouton's Managerial Grid Theory (Altıok Gürel & Yılmaz, 2014).

As other contingency theories, this model also asserts that successful leaders do not use only one style of leadership; leadership styles shall be changed due to related situation. Situations describe maturity of the followers and details of the task. Maturity level of the subordinates has decisive role on the success and effectiveness of leadership.

There are four maturity levels for describing relationship between leadership styles and maturity levels in addition to the tasks (Yukl, 2010).

- I. **Telling / Directing (S1):** Leader tells whole information to the followers about tasks and how to implement tasks. Decisions are taken by the leader alone.
- II. **Selling / Coaching (S2):** Ideas of the followers are taken into consideration by the leader and leader encourages them in order to implement tasks. Decisions are made by the leader alone.
- III. **Participating / Consulting (S3):** Leaders focus on subordinates more than tasks. In order to motivate followers, leader tries to enhance their motivation. Decision making process is shared by two sides.
- IV. **Delegating / Observing (S4):** Leaders have high confidence to the followers but do not involve them too much to the decision-making process. However, leaders observe the group's tasks.

2.4. Types Of Leadership

Leaders may have different styles for leading people. The situation, character or background of the leader, experiences, knowledge or quality of the subordinates' traits are some decisive effects on leadership style. There are many leadership styles. In this part Autocratic Leadership, Democratic Leadership, Strategic Leadership, Laissez-Fair Leadership, Situational Leadership, Charismatic Leadership, Visionary Leadership, Cultural Leadership, Transactional Leadership and Transformational Leadership will be analyzed. Based on different situations and factors, leaders should know how to use these styles of leadership because each one may have negative effect on decision making process together with positive side.

2.4.1. Autocratic Leadership

Autocratic Leadership style is one of the classical approaches in the literature (Khan, ve diğerleri, 2015). Leaders with autocratic leadership skills take decisions alone without consulting their subordinates. They have the power of total control and create a structured set of rewards and punishments. Rigid standards are created by detailed tasks and work methods. Workers are expected to obey the rules without questioning.

The autocratic leaders have cold, authoritative and self-analytical manner (Stefanović, 2007). Personal needs and development of the followers are disregarded by

the autocratic leader. Politicians and military leaders are examples of autocratic leadership styles.

It is suggested that if employees do not have enough experience or far away taking responsibility for the decision, autocratic leader style may be useful. This style may provide better environment when there is a short time to take decision and to include subordinates to the process urgently. In some cases, firms need to tackle with hard situations and need to take vital decisions quickly for sustainability if there is a threat or reorganization process. This situation is also suitable for autocratic leadership. However, because they do not encourage subordinates for participation to the decision-making process, information of subordinates is overleaped (Stefanović, 2007).

2.4.2. Democratic Leadership

Democratic Leadership or Participative Style in another name is opposite of the autocratic leadership style. There is not a central decision-making authority. Administrative ability is shared by group members (Altıok Gürel & Yılmaz, 2014).

In this style, all followers can participate to the decision-making process. In order to provide their participation, democratic leader encourages the followers. Involvement of the employees to the process is important for democratic leaders and a highly motivated team as well. They can work with a small group effectively if the team is highly motivated (Nanjundeswaraswamy & Swamy, 2014). Problems are handled together by sharing both experiences and information. Personal development is taken in consideration by the leader. Final say for decision is belongs to the leader after consulting subordinates (Khan, ve diğerleri, 2015).

Furthermore, democratic leaders are prone to motivate the subordinates rather than controlling them. Personal relationship with workers is established on the basis of mutual trust and friendship (Stefanović, 2007).

Despite of its positive effects due to participation and mutual trust, democratic leadership may result in loss of time because of consulting both critical and non-critical subjects to the followers. In addition, employees who do not have specialty on any subject may also participate to decision making process. However, this may result in unhealthy opinions for the process (Altıok Gürel & Yılmaz, 2014). Therefore, democratic leadership should not be used when there is not enough time for sharing decision making process and if the possible mistakes could not be compensated.

2.4.3. Strategic Leadership

Strategic Leadership is a type of leadership style that has effect on individuals for having vision and exhibiting model behavior (Ayan, 2013). Strategic leaders have the ability to encourage followers to create strategic change when it is necessary. They are foresighted and have the ability to motivate others to do more than is expected.

The status quo is questioned by strategic leaders and they encourage various points of view by challenging both their own and subordinates' assumptions. An action cannot be realized unless related problem did not examine clearly and carefully. Risk is minimized by strategic leaders. Guaranteeing sustainability and flexibility of the firm is an important priority. Lessons from both successful and unsuccessful actions are used by strategic leaders because organizational learning is important for them (Schoemaker & Howland, 2013).

Hence, in the environment of threats and opportunities, strategic leadership may be useful due to their learning abilities from lessons and skills such as being open-minded and foresighted. In addition, strategic leaders display a patient manner during crisis.

2.4.4. Laissez-Faire Leadership

The Laissez-Faire Leadership or the Hands-Off Style is a style of leadership that gives subordinates freedom as much as possible at decision making process. The leader does not direct team members and he/she gives all authority to the followers in order to make them set goals and resolve problems (Khan, ve diğerleri, 2015). The laissez-faire leadership is defined as the most passive leadership type. This passiveness results in minimum effect of leader behavior (Robbins & Judge).

The laissez-faire leaders are reluctant to influence and direct their subordinates. These kinds of leaders are generally hesitant to undertake leadership roles (Ayan, 2013). However, this does not mean they do not take necessary responsibilities. On the contrary, they provide tools and resources needed.

Meanwhile, the laissez-faire leadership can be effective if the team members are highly qualified, trustworthy and experienced on related position. The followers should be aware and capable of working by their own. In order to provide effective decision-making process, consultants or staff specialists from outside of the institution are used (Khan, ve diğerleri, 2015).

2.4.5. Situational Leadership

The Situational Leadership argues that effectiveness of the leader depends on selecting proper behavioral pattern to adapt their leadership style to subordinates' readiness and willingness (Robbins & Judge). In order to accomplish a specific task and motivate followers, situational leader realizes variable behavioral patterns related to the situation.

There are four types of situational leadership which are listed below (Porter & McLaughlin, 2006):

- I. **Low Relationship / High Task:** Leader gives orders to the subordinates and controls them closely.
- II. **High Relationship / High Task:** Leader is a kind of guide for the team. There is mutual idea-exchange and questioning related to the situations.
- III. **High Relationship / Low Task:** Leader gives necessary support to the followers in order to accomplish tasks effectively while does not give too much attention to the ideas of them.
- IV. **Low Relationship / Low Task:** Leader uses necessary authority to the subordinates. The subordinates know the task to do and accomplish it.

2.4.6. Charismatic Leadership

Charismatic Leadership is a leadership type in which subordinates attribute heroic or extraordinary leadership abilities to the leaders after observing certain behaviors, especially during crisis (Robbins & Judge). Charismatic leadership style was influenced by the ideas of sociologist Max Weber. Based on Weber's view, charisma occurs during crisis in the society. Charisma is originally a Greek word which means "divinely inspired gift". It is believed that charismatic leaders can perform miracles or have the ability to guess future events. That is because charismatic leaders exist with a radical perception during a social crisis and can perform a solution to the crisis. Therefore, this kind of leader is perceived as an extraordinary person by the followers (Yukl, 1989)

Charismatic leaders have the ability to inspire and motivate their followers so that the followers can display more than their current performance. This kind of leaders have strong visions for the future events and they motivate employees to achieve this

vision. Charismatic leaders are strongly committed to their vision and communicate their vision to all subordinates by creating an emotional impact on their followers to make the vision a reality (Yalçın, 2016).

House (1977), Conger and Kanungo (1987) and Bass (1985) are some other remarkable researchers who have important attributions on charismatic leadership literature. According to House, based on the view of a particular personal trait, only a few people can be charismatic. There are some personal characteristics that distinguish charismatic leaders from non-charismatic leaders. Furthermore, charismatic leaders are role model for the followers. They have the ability to promote their own ideology and vision to the subordinates. Conger and Kanungo asserted that subordinates attribute particular traits to the leader as a result of their observations among behavior of the leader. The most remarkable aspect of Conger and Kanungo's view is that charismatic leadership is based on the perceptions of the followers on the behavior of the leader. (Wyk, 2007). Lastly, Bass stated that charismatic leadership is possible only with providing faith and trust among followers. Followers should see the leader as an extraordinary and mystic hero as well (Altıok Gürel & Yılmaz, 2014).

2.4.7. Visionary Leadership

Vision as a word has a variety of definitions concerning to leadership. In a general saying, vision is a mental image or picture of the future. However, it is more than a mental image or picture of the future in the leadership literature. According to leadership aspect, vision is something that provides motivation and encouragement for the followers in an organization (Méndez-Morse, 1993).

Visionary Leader can conclude great changes in the organization by perceiving technological advances and outside factors which may have effect on organizational success for ultimate goals. It is suggested that visionary leaders need to make clear explanations about vision which is related to organizational success. He / she shall clearly set up limits and necessities of the task (Altıok Gürel & Yılmaz, 2014).

A free sphere is created by the visionary leader for followers in order to make them feel free to innovate, to investigate and to take calculated risk (Topuz, 2005). The organization is perceived as a unity by the visionary leader and subordinates are motivated to feel as a team.

2.4.8. Cultural Leadership

Culture and leadership is always engaged to each other. Culture is not only associated with societal traits but also with organizations. Leadership is affected by organization's culture and working climate (Pater, 2012). Hence, organizational culture shall be changed in order to provide change in an organization during planned future systematical changes. Cultural leadership serves to result in necessary changes in the organization via touching personal vision of the followers (Altıok Gürel & Yılmaz, 2014).

2.4.9. Transactional Leadership

Transactional Leadership or Managerial Leadership (Altıok Gürel & Yılmaz, 2014) is a kind of leadership that leaders use rewards and punishments among subordinates in order to provide abundance. Transactional leaders are up to the past and traditions. They focus on maintaining current organizational situation and acts with the pre-set rules which are used for any necessary change for the organization as well. Hence, it is suitable only during stable situations because they cannot adapt radical changes during crisis (Altıok Gürel & Yılmaz, 2014).

Transactional leadership has two mechanisms as a tool for management: financial rewards and punishment. Financial rewards are tool of encouraging followers for productivity (Bass & Riggio, 2006). Reward mechanism is found beneficial for increasing followers' performances in order to meet expectations of organization and followers as well. Out of this, punishment is a mechanism which is used as corrective action. Corrective actions are chosen in the case of followers' mistake or undesired direction. This is named as management by exceptions. Employees avoid from making mistake due to punishment mechanism if they are aware of it (Porter & McLaughlin, 2006).

As conclusion, it can be inferred that followers' performance are main concern for transactional leaders. In order to enhance their performance according to organizational success, these kinds of leaders use punishment mechanism as a tool for corrective action and reward mechanism to enhance employee's performance.

2.4.10. Transformational Leadership

Transformation as a word means change in the planned performance results (Hacker & Roberts, 2004). In terms of leadership literature, this kind of change is valuable and positive and has meaningful effect for the followers. From this view, it can be inferred that Transformational Leadership is a style of leadership which has the ability to create meaningful evolutions in subordinates and organizations.

Transformational leaders can contribute to the follower's sense of identity while resulting in a collective sense of identity among the organization. They are role model for followers that inspire them among end goals of the organization and self-motivation. Furthermore, transformational leaders not only create a new vision, but also reveal the organizational conditions necessary for this new vision (Altıok Gürel & Yılmaz, 2014).

Burns (1978) is accepted as the early theorist who developed transformational leadership (Küçükbayrak, 2010) while Bass (1985) made more detailed researches to describe transformational process in organizations later. According to Bass, transformational leadership has four components: charisma, inspirational motivation, intellectual stimulation and individualized consideration (Yukl, 1989). Details of the components and transformational leadership will be analyzed in the next chapter.

CHAPTER III

TRANSFORMATIONAL LEADERSHIP

This chapter contains five main titles related to transformational leadership. Information about historical background and models of transformational leadership is written at the beginning. Secondly, differences of transformational leadership from charismatic leadership and the transactional leadership as the most compared leadership types were analyzed. Then, dimensions of transformational leadership which are idealized influence, inspirational motivation, intellectual stimulation and individualized consideration was handled meanwhile similarity between transformational leaders and good parents was detailed at the fourth part of this chapter as a new trend in the literature. The last title contains reasons for the popularity of transformational leadership.

3.1. Historical Background and Models of Transformational Leadership

Leadership literature defines “transformation” as a process of fundamental and radical change in the companies in order to enhance effectiveness of the business (BusinessDictionary, 2017). This statement gives a clue for the definition of transformational leadership. A general view explains transformational leadership as a kind of leadership that has the vision which assumes organizational and individual changes through inspiration, motivation and commitment of followers.

Bases of transformational leadership were firstly handled in the Weber’s work on charismatic leadership (Ergeneli, Gohar, & Temirbekova, 2007). But, J.V. Downton’s sociological study "Rebel Leadership: Commitment and Charisma in the Revolutionary Process (1973) is also another remarkable work which mentioned about transformational leadership at terminological level as one of the first publications (Nikezić, Purić, & Purić, 2012). However, it is developed by James McGregor Burns by his Leadership book in 1978 with a theoretical level (Burns J. M., 1978). Burn’s theory of transformational leadership was generally based on descriptive research on political leaders (Yukl, 1989). According to Burns, there is mutual interaction between followers and transformational leader (Ertürk, Vurgun, & Aksoy, 2014). This inter-relationship results in transforming behavior of both followers and the leader because two sides can influence each other during responsiveness or resistance (Yukl, 1989). Burn’s theory

has two degrees of influence: micro level and macro level. Micro level influence is a process between individuals meanwhile macro level process is influence of mobilizing power to transform social systems and reform institutions (Yukl, 1989). Furthermore, transformational leadership leads leaders to stimulate and inspire subordinates in order to reach extraordinary outcomes by trying to develop their own leadership capacity as well (Bass & Riggio, 2006).

According to Burns, regardless of her/his position, anyone may occur as transformational leader in the organization. Additionally, Burns made comparison of transformational leadership with transactional leadership. In the transformational leadership process, followers focus “better selves” regardless of “everyday selves” while transactional leadership process motivates followers for their self-interest (Yukl, 1989)

3.2. Differences of Transformational Leadership from Charismatic Leadership and Transactional Leadership

On the basis of Burns’ transformational theory, Bernard M. Bass (1985) developed a more detailed theory to describe transformational processes in companies with his study *Leadership and Performance beyond Expectations* (1985). According to Bass, transformational leadership can be defined in terms of leader’s influence on subordinates (Yukl, 1989). Transformational leaders try to result positive outcomes on both individual and organizational level and stimulate followers to self-actualization or self-esteem (Khan, Nawaz, & Khan, 2016). Followers are transformed into being more conscious about importance and values of task outcomes. Bass claims that transformational leaders give importance to the development of followers individually and consider their needs by empowering them and by aligning goals of both followers individually and of her/his in addition to the goals of the team and the whole organization (Bass & Riggio, 2006). Due to this process, followers feel trust and respect to the leader. Transformational leaders motivate followers to do more than their original intention and even more than they thought possible. They set unordinary expectations while higher performance is realized by group members. Followers are empowered and more satisfied though achieving more challenging goals as compare to other leadership types (Bass & Riggio, 2006).

Bass proposed distinctions between transformational, charismatic, and transactional leadership. 1980's became popular years of charismatic leadership and transformational leadership for management researchers by a shift from transactional leadership (Küçükbayrak, 2010). Many researchers use charisma and transformational leadership synonymously in general but Bass (1985) made a distinction between them: Charisma is a component of transformational leadership for Bass (Barling, Weber, & Kelloway, 1996). Followers adore and trust charismatic leaders without any hesitation and questioning of her/his vision. Charismatic leader is a spiritual leader or hero for the followers and focuses herself/himself rather than to the process. However, transformational leadership is the process of resulting major and radical changes in the attitudes and assumptions of followers. Transformational leaders do not focus on themselves, but try to make valuable contributions to the mission, objectives and strategies of the organization as a whole (Yukl, 1989). Members of the group and leader can raise each other to higher levels of morality and motivation (Burns J. M., 1978). In terms of transactional leadership Bass made a broader definition as compare to Burns but both transactional and transformational leadership can be used as subsidiary types for different situations. Bass's theory of transactional leadership contains not only the use of incentives to effect effort but also a clear definition of the task in order to reach awards (Yukl, 1989). Characteristics of transformational leaders and transactional leaders are shown at the Table 1:

Table 1.

Characteristics of Transformational Leaders and Transactional Leaders

Key Features of Transformational and Transactional Leaders			
Transformational Leader		Transactional Leader	
Charisma	Provides vision and sense of mission while gains respect and trust in addition to instilling pride (Bass B. M., 1990)	Contingent Reward	Recognition of achievement by rewarding efforts and satisfactory performance (Cossin & Caballero, 2013), promises rewards for superior performance, recognizes accomplishments (Bass B. M., 1990).
Inspiration	Communicates high expectations, display model behavior and encourages to realize high expectations (Morton, et al., 2011) while uses symbols to focus efforts and expresses important purposes in simple ways (Bass B. M., 1990)	Management by Exception (active)	Monitor the lack of compliance with established rules and standards (Cossin & Caballero, 2013), takes corrective action (Bass B. M., 1990) and corrective measures (Cossin & Caballero, 2013).
Intellectual Stimulation	Encourages followers to question traditional methods (Yukl, 1999), promotes intelligence, rationality, and careful problem solving (Bass B. M., 1990).	Management by Exception (passive)	Intervenes only in cases of standards are not met and set objectives are not achieved (Bass B. M., 1990) (Cossin & Caballero, 2013).
Individualized Consideration	Gives personal attention, treats each employee individually, advises (Bass B. M., 1990), coaches followers to enhance their skills and confidence (Yukl, 2008).	Laissez-Faire	Abdicates responsibilities, avoids making decisions (Bass B. M., 1990)

There are many factors that have role on the emergence of transformational leadership: new management approaches and techniques, globalization and oppressive competitive environment (Eren & Titizoğlu, 2014). Transformational leaders can realize change and renovation in the organization or in the group when necessary due to related factors.

Transformational leaders are people who can raise awareness of the key issues for the group or the organization to achieve successful results. Concern of the followers with achievement, growth and development is developed by transformational leaders'

attitude. This situation results in new perspectives between followers for task and motivation for the mission or vision of the team and organization (Bass & Avolio, 1994). Furthermore, transformational leaders are leaders who support followers for learning and encourage them to overcome difficulties or failure (Coad & Berry, 1998).

3.3. Dimensions of Transformational Leadership

Bass set forward that transformational leadership consists of four components: “Idealized Influence”, “Inspirational Motivation”, “Intellectual Stimulation” and “Individualized Consideration” (Hinkin & Tracey, 1999). Transformational leaders do not set up only exchanges or agreements in companies, but they try to achieve superior results by applying one or more of the four core dimensions of transformational leadership. The four components (4I’s) are related to conceptualization and measurement of transformational leadership (Bass & Riggio, 2006).

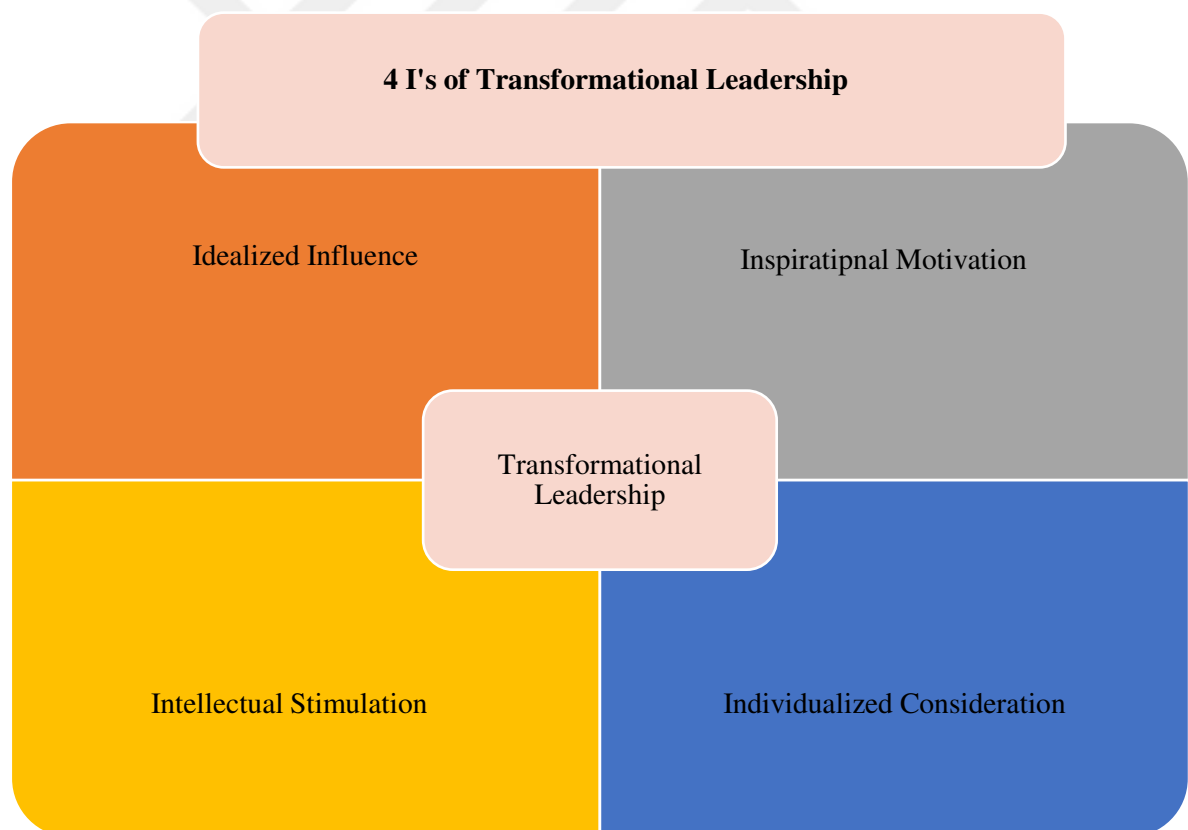


Figure 5. 4 I's of Transformational Leadership

3.3.1. Idealized Influence

Idealized influence is related to reactions of followers to their leaders. Transformational leaders are the role models for their followers. This dimension is associated with charisma (Yukl, 1999) however it is important to remind that transformational leadership differs from charisma with the aspect of creating mission and vision among followers (Karip, 1998).

Idealized influence occurs when the subordinates imitate and identify themselves with their leaders (Bass & Avolio, 1994). It is the degree to which leader behaves in admirable ways that provide followers to identify with the leader (Judge & Piccolo, 2004). Furthermore, transformational leaders inspire followers to set challenging goals and standards. Self-confidence is given to the followers and this enables them to overcome challenging goals (Khan, Nawaz, & Khan, 2016).

There are two aspects of idealized influence: behavioral and attributed (Bass & Riggio, 2006). **Behavioral aspect** includes behaviors such as speech of the leader about important values and beliefs for him / her, emphasizes the importance of having a sense of purpose, takes into account the moral and ethical consequences of decisions, and underlies the importance of having a common sense of mission (Karip, 1998) while **attributed aspect** is related to attribution of followers given to the leader such as being powerful and confident and it occurs if the followers are associated with her/him (Aydogdu & Asikgil, 2011). Furthermore, this aspect contains behaviors such as leaders' effect on followers to feel proud due to working with the leader and gives priority to group benefits rather than leader's own advance (Karip, 1998).

3.3.2. Inspirational Motivation

Transformational leaders inspire the followers to achieve both personal and organizational goals. Inspirational motivation refers methods which are used by leaders for this achievement. Inspirational motivation gives way to optimism and eagerness between followers to understand and to reach common goals with a shared vision. Transformational leaders motivate and inspire their subordinates by providing meaning and challenge to the work of followers. Team spirit is created while enthusiasm and optimism are displayed (Bass & Riggio, 2006).

Inspirational motivation includes also efforts to engage related tasks to followers' values and ideals with behaviors such as providing inspirational vision. This

feature results in internalization aspect of transformational leadership (Yukl, 2008). Followers are challenged with high standards by the leaders with inspirational motivation. These leaders provide meaning for the task and communicate optimism about future goal attainment (Judge & Piccolo, 2004).

3.3.3. Intellectual Stimulation

Intellectual stimulation provides encouragement for followers to question traditional methods, value judgment of both sides in addition to beliefs and expectations. Leaders help followers to be more creative, to use their abilities and to be able to have a different point of view to solve the problems (Yukl, 1999). Intellectual stimulation promotes intelligence, rationality and careful problem-solving (Dionne, Yammarino, Atwater, & Spangler, 2004). Bass and Riggio (2006) stated that innovative ideas and creative problem solutions are expected from members while their mistakes are not criticized in front of others (Bass & Riggio, 2006). Followers are supported to develop new approaches and innovative methods of dealing with organizational issues. Leaders with intellectual stimulation stimulate and encourage creativity in their followers (Judge & Piccolo, 2004).

3.3.4. Individualized Consideration

Individual consideration consists of efforts, encouragement and coaching of followers in order to enhance their skills and confidence (Yukl, 2008). There are close interactions with followers individually and leaders care about followers' needs and motivation. Relationships are personalized that leader pays attention to the previous conversations and is aware of personal concerns. Followers are individually seen as a person rather than just employees (Bass & Riggio, 2006).

For practicing individualized consideration, a supportive climate is a need for creating new learning opportunities. Furthermore, leader recognizes individual differences and these differences are used for displaying different attitudes towards needs of followers (Bass & Riggio, 2006).

Individualized consideration shows to what extent the leader focuses on interest of followers individually and allocates tasks by paying attention to individual abilities and preferences (Woodsmall, 2012).

3.4. Similarity between Transformational Leaders and Good Parents

Common points between transformational leaders and good parents in terms of behavioral styles are argued in the literature with some researchers in recent years. Galbraith and Schvaneveldt (2005) mentioned that good leadership is one of the major driving forces in the companies for establishing missions, reaching goals and solving problems through innovative and creative means. Under the influence of good leadership, trust, cooperation and close relationships are developed among group members and the leader, tasks and objectives are realized successfully while self-development and self-fulfillment of individuals are encouraged. After analyzing family literature, they developed an argument that good leadership is necessary not only for organizational settings but also for families (Galbraith & Schvaneveldt, 2005). Before Galbraith and Schvaneveldt (2005), Popper and Mayseless (2003), tried to develop a conceptual framework in order to study and to understand developmental psychological processes involved in transformational leadership by means of the analogy of the leader as a parent. According to the researchers, leaders and parents are similar in terms of roles such as guiding, directing, taking charge and taking care of others less powerful than them and whose future is highly dependent on them (Popper & Mayseless, 2003). As good parents do, transformational leaders promote maturity and conviction to ideals of followers, as well as concern for others and for society. Followers are encouraged to think independently and critically while to develop sense of self-efficiency and self-worth (Bass & Riggio, 2006). This encouragement results in attribution of followers to achievement and investment in self-actualization as well as their concern for the well-being of others, the organization and the society (Popper & Mayseless, 2003). Morton et al. (2010) also stated that both leadership and parenting actions are practices in which people encourage others to achieve important outcomes whether they are leaders or parents (Barling, et al., 2010).

Moreover, it is assumed that in the case of emotional relationships between followers and leaders, leaders may function like parents in many respects such as protection, guidance and teaching children in addition to helping them to behave as autonomous adults. These kinds of leaders are transformational leaders. Both good parents and transformational leaders are sensitive and responsive and display individual consideration for their “protégées”. Both of them strengthen autonomy of protégées in supportive and non-judgmental way by providing opportunities and sharing relevant

experiences and examples. However, limitations and rules are set by both though in a flexible form. Furthermore, both promote trust in others as well as self-confidence, self-esteem, self-realization and achievement orientation (Popper & Mayseless, 2003).

The extension of transformational leadership theory to the field of parenting is related to positive influence of transformational leadership on psychosocial outcomes among followers. To illustrate, transformational leaders can increase self-efficacy of the followers via higher performance expectations and inspiring optimism to perform such expectations. Inspiration of followers is not only about optimism to realize higher performance expectations but also for learning and self-awareness (Morton, et al., 2011).

Table 2.

Corresponding Points between Transformational Leadership and Good Parenting

CORRESPONDING POINTS BETWEEN TRANSFORMATIONAL LEADERSHIP AND GOOD PARENTING
Guiding, directing, taking charge and taking care of others less powerful than them and whose future is highly dependent on them (Popper & Mayseless, 2003).
Promoting maturity and conviction to ideals of followers, as well as concern for others and for society (Bass & Riggio, 2006)
Encouraging to think independently and critically while developing sense of self-efficiency and self-worth (Bass & Riggio, 2006)
Providing attribution to achievement and investment in self-actualization as well as enhancing concern for the well-being of others, the organization and the society (Popper & Mayseless, 2003).
Resulting in on positive psychosocial outcomes such as increase in self-efficacy and inspiring optimism for realizing higher performance expectations and self-awareness (Morton, et al., 2011).
Teaching and leading by example (Galbraith & Schvaneveldt, 2005).

3.5. Reasons for the Popularity of Transformational Leadership

Bass and Riggio (2006) stated that transformational leadership has become a very popular model of discussion and management. According to the authors, the reason behind this popularity is based on the attribution of the transformational leadership model that results in the changing nature of effective leadership. They asserted that transformational leadership is the best-fitting model for effective leadership in today's

world of business, government or social media. Transformational leaders are more effective than any other leadership types (Bass & Riggio, 2006).

Globalized world and competitiveness of business environment push institutions to make drastic changes in order to cope with challenges against sustainability of the organization and achievement of success based on organization's end goals. Today's complexity of the world requires change at both individual and organizational level to be able to adapt related changes. Process of transformation and change is related especially to transformational leadership. This situation is one of the bases for the popularity of transformational leadership because transformational leaders work to change the system by the aim of solving challenges. To do this, they try to remove old patterns which do not work longer and try to apply new experiences.

Moreover, meaning of leadership has changed that subordinates expect to be listened by the leaders. They want to be satisfied in terms of their needs and concerns while need to be included to the decision-making process. Transformational leaders are the leaders that can meet these expectations by mentoring, coaching, empowering, supporting and caring their followers. Intellectual stimulation, individual consideration, idealized influence and inspirational motivation as four dimensions of transformational leadership are core elements for effective leadership in this situation.

Encouragement and coaching of followers in order to enhance their skills and confidence is important among today's followers. Giving way to self-development of followers and paying attention to their needs result in their commitment to the organization.

Transformational leaders focus on group gains rather than individual while paying attention employees' needs and personal developments. Followers work for organizational common gains thanks to inspirational motivation of the leader. The leader has the effect for mobilizing followers for common gains as a group. Capability and capacity of the group is enhanced by the motivation of the leader. In fact, working for common goals is related mutual trust raised by followers' common work. The leader invests in followers for the good of both individuals and the organization.

CHAPTER IV

INSTITUTIONALIZATION

This chapter consists of three main parts. At the first part, institutionalization is described as a concept with various approaches. Then, “rational institutionalization approach” and “institutionalization analysis approach” are analyzed as the approaches of organizational institutionalization. Thirdly, dimensions of institutionalization are detailed which are *formalization, professionalization, social responsibility, consistency, autonomy and transparency*.

4.1. Institutionalization

Globalization and oppressive competitive environment put high-pressure on companies in order to compete with both national and international companies. New management approaches and techniques are necessary to cope with challenges resulted from globalized and oppressive-competitive business world and to realize change and renovation in the organization during essential terms.

Companies have to change their management approach and style for adopting themselves to continuously increasing global competition. Institutionalization has a key role for changing management style. Companies have to adopt themselves to the changeable environment to be able to endure their existence and to gain competitive advantage. Institutionalization is one of the main factors for necessitated adaptation (Apaydın, 2009). There is a positive relationship between institutionalization and competitiveness that higher institutionalization degree results in higher competitiveness (Canvar Kahveci, 2007). Companies are in constant interaction between their environment and they are affected by this environment. It is needed that they shall respond to expectations and pressures come from the environment (Fox-Wolfgramm, Kimberly , & Hunt, 1998).

Explanations show that institutionalization is transformation of organizational structure and business processes into new structure and process (Apaydın, 2009). It is a dynamic process of organizational efforts for adaptation to the environmental changes (Şanal, 2011). Dynamic process necessitates continuous observation of changeable external factors and adjusting organizational structure and goals, technology and business technics to the process. In fact, environmental factors create a compulsory

sphere for institutions to adopt changes resulted from pressure to be competitive. Besides institutionalization, being informed about public, having autonomy in management, increasing entrepreneurship, concentrating on customers and employees in addition to effective realization of management functions are also necessary factors. This situation necessitates long-term and stable management philosophy (Bayer, 2005). According to Meyer and Rowan (1977), companies' behaviors towards their environments occur at their boundaries and environmental elements are imitated in their structures (Meyer & Rowan, 1977).

There are various definitions about institutionalization. To begin with, Selznick stated that institutionalization refers to the emergence of a regular, fixed and socially unifying structure from irregular, poorly organized or narrow technical activities (Sundu, 2013). Scott (1987) stated that as having one of the most influential works about institutional theory and as the first researcher about institutionalization, Philip Selznick (1957) defined organizational structure as an adaptive tool as a response to the traits and devotion of participants in addition to effects and limitations of the external environment. Besides this, institutionalization is an adaptive process that instills with value beyond technical requirements of the task (Scott, 1987) (Selznick, 1996). According to Selznick's view, institutionalization is the process of developing a distinctive character in an organization. Leaders are expected to protect this distinctive character while to define the mission of the organization (Babson College). Monitoring the process of institutionalization there is a major responsibility of leadership (Selznick, 1996).

Secondly, Meyer and Rowan (1977) define institutionalization as a set of rules that result in legitimacy, resource and stability for companies (Meyer & Rowan, 1977) (Sundu, 2013). Furthermore, from Karpuzoğlu's perspective, institutionalization is the process of having procedures, setting up systems that follow changing environmental conditions and making organizational structure in accordance with the developments, making its own communication and business methods as a culture and thus making a distinctive identity from other businesses regardless of persons (Karpuzoğlu, 2003).

Another aspect of institutionalization is systematization. It is stated that institutionalization is systematization of procedures, operations and management in the organization under the roof of specific rules. Via these rules and standards unique procedures, principles and consistent organizational behavior in a structural manner are created at realization of organizational tasks. Institutionalization provides

professionalism in management due to predetermined rules and control mechanisms over organizational actions. Professionalism occurs because both employees and top management have to obey these predetermined rules and procedures as well.

Globalization and its related factors such as competition, technology and superiority based on information, compulsory change for sustainability, strategic thinking and democratic-participative management push companies to become institutionalized (Pazarcık, 2004). Highly institutionalized companies can maintain their structure without depending persons while removing useless conditions after adopting themselves to the environment. This situation results in their effectiveness for following organizational goals and new developments related to their business segment. Under favor of institutionalization, organization can maintain their legitimacy and stability though changeable and risky environment.

Companies aim to increase their resources, to reach and to maintain balance and to become harmonized with the environment and to be legitimized via institutionalization. They are institutionalized by providing formalization under their roof, by creating consistency in tasks and decisions, by developing a strong organizational culture and by being accountable and professional. Hence, they can endure their life and take competition advantages (Çakır, 2011).

Leadership has a considerable role in the process of institutionalization. There are many supportive parameters for this. Leadership has an active role at the processes of definition of institutional mission and realization of goals. Furthermore, the defense of institutional integrity and the ordering of internal conflict are other roles that leaders have during institutionalization process (Fleck, 2017). Based on the work of Kraatz and Moore, Buren III et al. claimed that there are three mechanisms to understand the role of leadership for changes that lead to institutional change: knowledge transfer and inter-organizational learning, introduction of new mental models and assumptions and attenuation or replacement of institutional values (Washington, Patterson, & Van, 2017), (Kraatz & Moore, 2002). Moreover, one of the major responsibilities of leadership is monitoring the process of institutionalization (Selznick, 1996). Over and above, predetermined rules and procedures may result in bureaucracy and slowness in daily or time limited works. However, an effective leader can eliminate this condition. Definition of mission and providing institutional integrity are other some major roles charged to the leader.

Selznick (1996) made a distinction between “organization” and “institution”. According to him, an institution is the form of an institutionalized organization. An organization is institutionalized when it takes a distinctive character and gains a distinctive competence. However, both organization and institution are preferred to be used in this study.

4.2. Organizational Institutionalization Approaches

Organizational institutionalization has two main approaches: rational institutionalization approach and institutionalization analysis approach. Rational institutionalization approach is known as “old” institutionalization while “new” institutionalization refers to institutionalization analysis approach. There are some similarities between two though the approaches arose at different periods.

4.2.1. Rational Institutionalization Approach

Rational institutionalization approach is similar with classical management theories in terms of discounting persons and by mentioning that organizational structure has mechanical functioning. The approach is known as “old” institutionalization. Formal organizational structure and rationality is engaged to each other. This structure claims that environmental conditions do not change (Karpuzoğlu, 2003). Besides this, formal structure prevents to deal with social relations (Şanal, 2011). According to the approach, organizational rules and legal factors are determiners of institutionalization level.

In this approach, institutionalization is handled by rational perspective that considers structural rules and it deals only with theoretic problems of the institution (Sundu, 2013). Functions of departments in an organization, inter-organizational change in addition to reasons of this change are area of interests of the rational institutional approach (Holm, 1995).

In the study of Holm (1995), it is stated that rational perspective has a view that institutions have efficient solutions to pre-defined problems. He preferred using “institutions” rather than “companies” as the subject and claimed that institutions are instruments that can be understood in the context of the tasks which are reasons of existence.

4.2.2. Institutionalization Analysis Approach

Institutionalization analysis approach is named as “new” institutionalization and deals with not only inter-organizational issues but also with environmental factors. Institutionalization gained new dimension via new institutionalization process. Companies are included into a more sophisticated structure and began to have aspects of today’s institutionalization such as being sustainable, diminishing uncertainty due to outside factors and increasing organizational creativity. They try to create an organizational structure suitable for the environmental change by focusing on issues such as goal-setting, problem solving, selection of appropriate staff, managerial decisions, organizational mission and vision, detailed forms, legality and return of capital (Sundu, 2013). Furthermore, there is emphasis on organizational factors such as organizational interaction, adaptation, business strategies, future predictions and processes (Selznick, 1996). This aspect is related to macro level of institutionalization analysis approach. In addition, companies are viewed as social entities which give way to consider both organizational and individual goals and to accept informality of them (Meyer & Rowan, 1977).

Organizational culture is another considerable aspect of new institutionalization (Karpuzoğlu, 1999). In this approach, the values, beliefs and attitudes of the employees as well as the technological structure of the organization, the equipment used, the level of education and the language of the employees are also important (Şanal, 2011). Institutionalization is an organizational culture, but there should be distinctive traits to be accepted as institutionalized.

Holm (1995) mentioned that as the second way of thinking about institutions, institutionalization analysis approach deals mainly with the aspects of rational institutionalization approach. It is stated that “the study of institutions is the study of norm-governed behavior.” In this perspective, the processes through which institutions are formed and reformed have been ignored, which tend to be interest-driven and highly political. This situation results in a barrier to explain how institutions are created and how they change. By referring DiMaggio (1988), Holm proposed that pros of this approach should not focus particularly on situations that are ignored by pros of former approach. Rather, they need to focus on all types of behavior from interest-oriented to power-oriented (Holm, 1995).

4.3. Dimensions of Institutionalization

Dimensions of institutionalization are one kind of tools for determining institutionalization degree of companies. In this study, dimensions are listed as six concepts while they are listed in different names or numbers in different studies. For example, the Organization for Economic Co-operation and Development (OECD) states that institutionalized management is possible only under the umbrella of transparency, responsibility, fairness, equality and accountability (Tefek, 2016). However, there are main claims of each study that common for analyzing institutionalization. Knowledge, foresight, reality, consistency, stability, being planned, reliability, conformity, flexibility and sustainability are general elements of institutionalization (Canvar Kahveci, 2007).

Formalization, professionalization, social responsibility, consistency, autonomy and transparency are dimensions that analyzed in this chapter.

4.3.1. Formalization

Formalization is management by pre-determined written rules and standards independent from persons. Formalization necessities clear identification of tasks, responsibilities and competency among employees. Standardization has significant role at decreasing conflict and providing coordination in the organization. Thanks to the standardization, companies can design their structures by coordinating different departments in an appropriate way (Wallace, 1995).

Formalization degree is related to the degree of methods and principles that are specified during the realization of the task. The degree is accepted high if the time and subject of the work to be realized is known clearly and in detail. Companies with high degree of formalization can have a stable and long life in accordance with the environment (Şanal, 2011). Furthermore, there is a correlation between formalization and commitment of the employees in the organization. Wallace (1995) states that formalization has a role in increasing commitment of the employees due to its protection and reinforcement about professional norms and values (Wallace, 1995).

Formalization has a role in diminishing uncertainty and role clashes (Sundu, 2013). There is a clear certainty at the activities of the formalized companies. This feature is a wanted factor at the side of possible partners and clients. Hence, formalization invests in the increase of customer portfolio and resources. It is also

mentioned that this dimension provides formalization in marketing tactics as well (Kimberly, 1979).

4.3.2. Professionalization

Professionalization is a process of establishing acceptable qualifications and resulting qualified outputs in an organization. Realizing tasks with minimum mistake in a detailed and specialized manner are traits of professionalization.

Professionalization is a dimension of institutionalization which has a considerable role for accommodation to the environment, for following changes of other companies and for establishing relationships between others in a profitable base.

According to institutional perspective, professional employees are people who can ensure professionalization. However, employing professionals into the organizational body is not a sole way for professionalization (Sundu, 2013). They need to experience an ideal professional climate and to have job satisfaction (Cohen & Kol, 2004). Because of this view, it is suggested that professionals are needed to be employed for the organizational management and companies shall provide a suitable environment such as autonomy, continuing training to back improvement of professional employees' traits. Hence, as Hall suggested, the presence of professionals in an organization influences the structure of the organization while the organizational structure can affect the professionalization process (Hall, 1968). Professionalization has influence on behaviors of the subordinates that provides them to work in accordance with. In addition, business strategy can be understood more while coordination of the tasks can be organized easily (Tefek, 2016).

4.3.3. Social Responsibility

Social responsibility of institutional perspective is a dimension that suggests companies shall have obligations towards societal benefit. Acting on the behalf of the society is a duty to perform as realizing business activities as well. Enhanced communication network makes companies open to societal criticism and pursuit. Society evaluates companies in terms of their social awareness and environmental consciousness and can analyze to what extent they realize the responsibilities.

There are different meanings given to social responsibility. According to Mohr, Webb and Haris (2001), social responsibility is an organizational promise for trying to

eliminate all harmful influences on the society and to boost long-term advances (Şanal, 2011). Carroll (1999), however, defines social responsibility as a voluntary effort to contribute on a better society and on a cleaner environment. From this view, it is far from sole economic activities (Carroll, 1999).

Social responsibility is defined as a phenomenon which consists of activities that serve for both companies themselves (for their own corporate body) and others such as consumers, clients, national society, local people and international society (Bakırtaş & Erdoğan, 2010).

Voluntary assistance, charity, constitution of aid institutions or being in solidarity with the society, making effort to be a reputable organization in the society, being sensitive to societal needs such as education, health and environment, making strategic plans for the welfare of the society are some social responsibility areas (Şanal, 2011) (Çakır, 2011).

Accentuated aspects of social responsibility dimension prove that companies with high social responsibility can have reputable perception towards the society which provides confidence between potential clients. As a result, such institutions can gain economic advance and sustainable presence in their business sphere.

4.3.4. Consistency

In a general meaning, consistency means stabilization on behaviors of any individual or organization. Institutional perspective defines consistency as taking actions in accordance with strategy, vision and mission of the organization.

In the globalized competitive world, institutions need to specify their strategy, vision and mission in addition to acting in conformity with these principles. There are many companies in same sectors that have same work activities. This situation pushes institutions to realize their promises given to internal and external partners. Similar situations throughout the sector necessitate companies to match the strategy, vision, mission and actions to do similar work in the same sector with similar responses.

Organizational structure is also needed to be compatible with the business processes. Furthermore, they shall realize their promises given to the units outside the company such as competitors, customers and all stakeholders in short. Matching employees' qualifications with their business processes is also another point (Çakır, 2011).

Institutionalization necessitates consistent business processes and decisions. Consistency results in competitive advantage and reliability. Consistent institutions can develop emotional and rational relationships between their partners due to its reliability aspect. Reliability enhances legitimacy. As the result of this, partners make valuable contributions to the institutions which provide higher performance subsequently (Apaydin, 2009).

Consistency is associated with stability. However, consistency or stability shall not be found as irrelevant to change (Şanal, 2011). Companies may need change to harmonize their activities with unstable conditions of competitive globalized world. Organizational change for adaptation invests in consistency at the implementation of the strategy, vision and mission.

4.3.5. Autonomy

Institutionalized companies have specific and distinctive traits from other companies. This distinctiveness constitutes identity for them (Selznick, 1996). Companies with high degree of institutionalization have freedom of management for themselves (Sundu, 2013).

Autonomy is associated with institutional identity as the reflection of all methods that are applied for realizing organizational goals and for having desirable image among the public. Companies use these methods for publicizing themselves to their employees and clients and to the public as well (Şanal, 2011) (Karpuzoğlu, 1999)

Companies with high degree of institutionalization have an autonomous structure. On the other hand, companies with low degree of institutionalization have an imitator and dependent manner as compare to others (Tefek, 2016).

Moreover, autonomy is a dimension that includes concepts related to institutions such as specific product or service, name, logo, general view of the operation building, internal decoration, behaviors of sales personal, specific management style, manager profile and its quality or product and service mentality (Karpuzoğlu, 1999).

4.3.6. Transparency

Transparency is transmission of information related to the actions of the organization in an accurate and unbiased way. Public, employees or partners give importance to be well informed in an honest and a quick way. Transparency results in

confidence and loyalty of related people while increases performance of the institution (Apaydin, 2008). However, share of knowledge does not mean revealing specific data about business operations, commercial activity or financial capability. Companies should be transparent when knowledge and actions appertaining to related persons or public is the topic.

Transparency is interconnected with accountability. The relationship between two aspects is mutually connected and complementary (Çakır, 2011).



CHAPTER V

RESEARCH METHODOLOGY AND HYPOTHESES

This research has been conducted to study and check the relationship between transformational leadership and institutionalization. Some analyses were carried out in order to find answers of the questions about interaction between two variables and of the question about extent of the related effect. Potential influence of demographic factors on transformational leadership and institutionalization were studied, too.

In order to conduct the study, settled questions were asked to the sample group via questionnaire method. The sample group is companies operating in Adana Hacı Sabancı Organized Industrial Zone. The survey was conducted via an online form and the link was sent to 354 companies. 190 responses accumulated at the database; however, 155 of them were accepted as valid (in the case of 90% confidence interval). Accepted responds were conducted one-by-one interviews with representatives at the firms.

5.1. Research Model

The relationship between transformational leadership and institutionalization has been analyzed in many aspects. Transformational leadership has four dimensions and institutionalization has six. Dimensions of transformational leadership are idealized influence, inspirational motivation, intellectual stimulation and individualized consideration while formalization, professionalization, social responsibility, consistency, autonomy and transparency are components of institutionalization.

Institutionalization is accepted as dependent variable while transformational leadership is independent. Three research models were developed and analyzed in the continued parts.

Kaiser-Meyer-Olkin (KMO) of Sampling Adequacy and Bartlett's Test of Sphericity were conducted to both Transformational Leadership and Institutionalization dimensions. Secondly, Factor Analysis was realized in order to find factors that affect Transformational Leadership and Institutionalization. Then, Reliability Analysis was carried out to see component's stability level. Afterwards, Pearson Correlation, Regression Analyzes, Independent Sample T-Test and Anova analysis were conducted for hypotheses and the research question.

5.2. Hypotheses

There are three research models in the study. First of all, all components have been analyzed in order to see their relation. Transformational leadership has four factors whereas institutionalization has six dimensions. The survey was designed according to each related statements of these dimensions. However, SPSS categorized both of them in three component groups due to their common results. According to this, the first and second dimensions of transformational leadership are inspirational motivation and idealized influence while individualized consideration and intellectual stimulation are third dimension together. At the institutionalization side, formalization and professionalization are first and second dimensions whereas consistency and social responsibility are considered as the third dimension together. Autonomy and transparency components were not taken into consideration due to their statistical values based on factor analyzes.

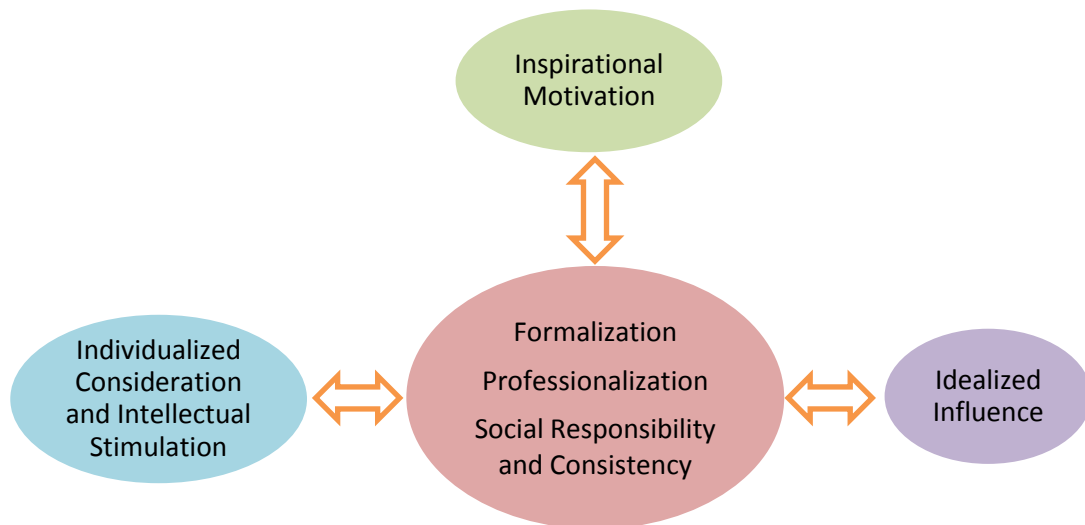


Figure 6. Model of Hypotheses 1, 2, 3

Hypotheses of first research model are listed below:

H1 is about relation of Idealized Influence and Dimensions of Institutionalization

H_{1a}: There is a meaningful relationship between idealized influence and formalization.

H_{1b}: There is a meaningful relationship between idealized influence and professionalization.

H_{1c}: There is a meaningful relationship between idealized influence and social responsibility and consistency

H2 is about relation of Inspirational Motivation and Dimensions of Institutionalization

H_{2a}: There is a meaningful relationship between inspirational motivation and formalization.

H_{2b}: There is a meaningful relationship between inspirational motivation and professionalization.

H_{2c}: There is a meaningful relationship between inspirational motivation and social responsibility and consistency

H3 is about relation of Individualized Consideration (IC) & Intellectual Stimulation (IS) and Dimensions of Institutionalization

H_{3a}: There is a meaningful relationship between IC & IS and formalization.

H_{3b}: There is a meaningful relationship between IC & IS and professionalization.

H_{3c}: There is a meaningful relationship between IC & IS and social responsibility and consistency

The second research model is about relation between transformational leadership and institutionalization without their components. For this aim, regression analysis was conducted. It is estimated that there are meaningful relationship between transformational leadership and institutionalization. The research model is below:

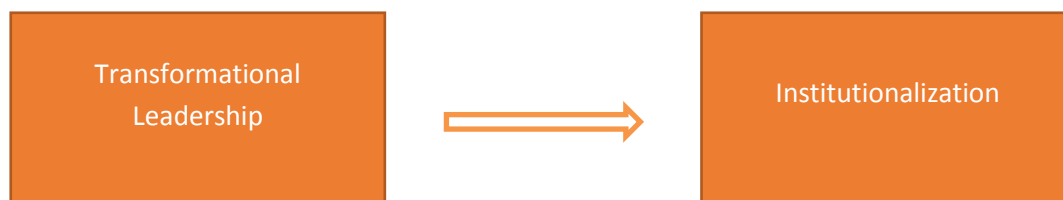


Figure 7. The Second Model as the Research Question

Demographic factors that included into the survey were also taken into consideration in order to analyze their effect on both transformational leadership and

institutionalization. Gender, age, education level, working duration in the institution are demographic factors. It is asserted that there is a meaningful relationship between demographic factors and other two variables. Independent Sample T-Test and Anova analysis were conducted for hypotheses. The research model and hypothesis can be seen at the Figure 8: Model of Hypothesis 5.

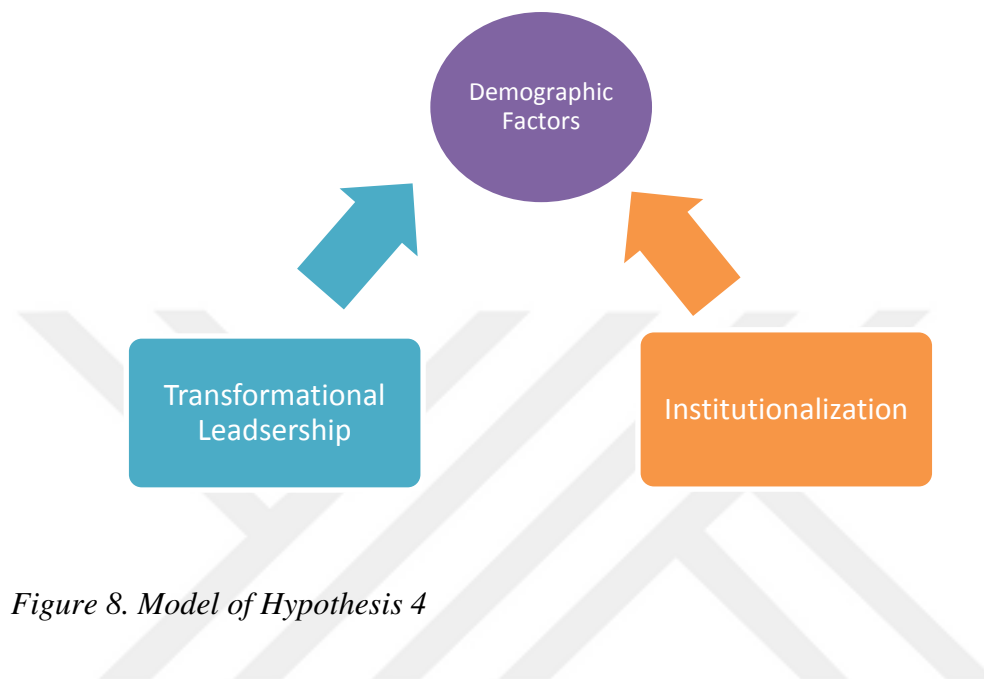


Figure 8. Model of Hypothesis 4

H4: There is a meaningful relationship between demographic factors and transformational leadership and institutionalization.

Hypothesis 4_a: There is a meaningful relationship between gender and transformational leadership.

Hypothesis 4_b: There is a meaningful relationship between gender and institutionalization.

Hypothesis 4_c: There is a meaningful relationship between education level and transformational leadership.

Hypothesis 4_d: There is a meaningful relationship between education level and institutionalization.

Hypothesis 4_e: There is a meaningful relationship between company size and transformational leadership.

Hypothesis 4_f: There is a meaningful relationship between company size and institutionalization.

Hypothesis 4_g: There is a meaningful relationship between annual net sales revenue/annual financial statement and transformational leadership.

Hypothesis 4_h: There is a meaningful relationship between annual net sales revenue/annual financial statement and institutionalization.

5.3. Data Collection and Sampling

This chapter includes methodology of data gathering and information about the sample population.

5.3.1. Data Collection

This study was conducted via survey method. The survey consists of 60 questions and four sections.

The first section of the questionnaire contains personal questions such as age, gender, education level and working duration in the company. The second section is about company and consists of five questions such as operation time, sector, number of employees and annual net sales revenue or annual financial statement of the institution. Answering neither first nor second sections were mandatory; however, there were sufficient replies for analyzes.

The third section of the questionnaire contains statements to measure employees' perception of leadership. Multi-Factor Leadership Questionnaire (MLQ) was used for this section. Multi-Factor Leadership Questionnaire was first developed by Bass in 1985 and then it is revised via new studies that final version was concluded by Bass and Avalio in 1999 which is known as MLQ 5x. MLQ is a widely accepted questionnaire used for testing effective leadership. It has a strong validity and reliability in the literature that evaluates leaders' performance. (Çakınberk & Demirel, 2010). MLQ consists of 45 statements that measures leadership styles under four dimensions. 20 questions of them are related to transformational leadership and its four dimensions. The literature was scanned in order to codify questions for the dimensions. The book written of Bass and Riggio (Bass & Riggio, 2006), the articles written by Yolaç (Yolaç, 2011) and by Baloğlu with his friends (Baloğlu, Karadağ, & Gavuz, 2009) in addition to the Master Thesis of Gündüz (Gündüz, 2015) were resources that benefited for codifying questions for Transformational Leadership part.

The fourth section contains 31 statements for institutionalization. Indicators of institutionalization were used to determine institutionalization levels (Karavardar, 2011). Indicators were designed according to six dimensions of institutionalization.

Questions were quoted from publications of many researchers. Doctoral dissertations of Şanal (Şanal, 2011) and of Güngör Ak (Güngör Ak, 2010) in addition to the articles written by Yazıcıoğlu and Koç (Yazıcıoğlu & Koç, 2009) and by Apaydın (Apaydın, 2008) were resources that benefited for codifying questions for Institutionalization part.

The first and second sections were designed with multiple-choice questions except age, working duration in the business and operation time of company. However, the third and fourth sections were designed according to 5-point Likert scale (1=not at all, 5=absolutely). All answers were coded as 1, 2, 3, 4, 5 for each statement and each question was exposed to mandatory reply.

In the questionnaire, neither participant's nor company's name were requested. The survey was created at an online platform and its link was delivered to the participants via e-mail. One respond was accepted from each participant's institution. Responses were collected at the database of the researcher's personal driver of e-mail. Approximately 10 minutes was needed to fulfill the form. 155 valid responses were accepted out of 354 firms which constitutes the sampling group. Those 155 participants were visited physically in order to provide and guarantee healthy replying process.

5.3.2. Sampling

Sample group of the study is companies in the Adana Hacı Sabancı Organized Industrial Zone. By January 2018, 354 firms were taken into consideration and all of them included to the study. The survey was created at an online platform and its link was delivered to the participants via e-mail. E-mail addresses of the institutions were obtained from the website of the Industrial Zone and also personal linkages were used in order to establish a connection with authorities. One respond was accepted from each participant institution. 190 replies gathered at the database. 155 of them accepted as valid and used for analyzes. Those 155 participants were visited physically in order to provide and guarantee healthy replying process. In addition, it is important to notice that confidence interval was accepted as 90% and under this circumstance 155 replies were accepted enough for analyses.

Out of 155 participants 57 were woman and 98 were man. Their ages ranges from 23 to 58. There are 27 high-school graduates, 38 associate degrees, 70 bachelor's degrees and 19 post graduated. Working duration of the participants ranges from 0, 2 years (2 months) to 40 years. Company operation time ranges from 1 to 50 years. Distribution of sectors is like this: 14 machine industries, 14 textile industries, 5 wood

industries, 14 plastic industries, 19 other industries, 14 chemical industries, 26 food industries, 12 service industries, 24 metal industries, 1 paper industry, 7 agricultural industries, 3 mine industries, and 2 nonmetallic mineral products industries. In terms of number of employees in the institution (company size); 15 were less than 10 employees, 89 were between 10-49, 35 were between 50-49 and 16 were more than 250. Lastly, range of annual net sales revenue or annual financial statement of the companies are like this: 22 were less than 1 Million TL, 55 were 1-8 Million TL, 49 were between 8-40 Million TL and 20 were more than 40 Million TL while 9 of them were not stated by the participants. Table 3 is summary of this data.

Table 3.

Demographic Statistics of Participants

Variable	Frequency
Gender	
Female	57
Male	98
Graduate School	
High-School	27
Associate Degrees	38
Bachelor's Degree	70
Post Graduated	19
Industries	
Machine	14
Textile	14
Wood	5
Plastic	14
Chemical	14
Food	26
Service	12
Metal	24
Paper	1
Agricultural	7
Mine	3
Nonmetallic mineral products	2
Other	19
Company Size	
Less than 10	15
10-49	89
50-250	35
250 ⁺	16
Annual Net Sales Revenue/Annual Financial Statement	
Less than 1 Million TL	22
1-8 Million TL	55
8-40 Million TL	49
More than 40 Million TL	20
Not-stated	9

Independent T-Test and Anova Analyzes were conducted in order to see relation between demographic variables and other two variables. Demographic variables were combined together in order to be able to conduct Independent T-Test and Anova Analyzes. Based on this, variables of graduate school are two rather than four; variables of company size are two rather than four and variables of annual net sales revenue/annual financial statement are three rather than four. Combined variables can be seen at Table 4: Demographic Statistics of Participants after Combining of Variables.

Table 4.

Demographic Statistics of Participants after Combining of Variables

Variable	Frequency	Percent	Valid Percent	Cumulative Percent
Gender				
Female	57	36,8	36,8	36,8
Male	98	63,2	63,2	100,0
Graduate School				
High-School ⁺	65	42,2	42,2	42,2
Bachelor's Degree ⁺	89	77,8	57,8	100,0
Company Size				
0-50	104	67,1	67,1	67,1
50-250 ⁺	51	32,9	32,9	100,0
Annual Net Sales Revenue/Annual Financial Statement				
Less than 1 Million TL	31	20	20	20
1-8 Million TL	55	35,5	35,5	55,5
8-40 Million TL ⁺	69	44,5	44,5	100,0

5.4. Analyzes

Data obtained from the surveys was used to perform various analyzes in order to test accuracy of the hypothesis by using SPSS. First of all, Kaiser-Meyer-Olkin Measure (KMO) and Bartlett test values were evaluated. KMO analysis gave path to factor analysis. Factor analysis was applied for collecting inter-related components together in smaller groups. Then, Pearson correlation analysis, Regression analysis and Independent T-Test and Anova Analyzes analysis were conducted for hypotheses. Details are at the next parts.

5.4.1. Kaiser-Meyer-Olkin Measure and Barlett Tests

Kaiser-Meyer-Olkin Measure and Barlett tests were realized for the components of both transformational leadership and institutionalization. In this study, KMO values are 0,94 for transformational leadership and 0,95 for institutionalization. If KMO value is between 0,90-1, the result is accepted as perfect. In addition, if Barlett's test value is bigger than 5%, factor analysis should not be applied. In this study, Barlett's values are smaller than 5%. Hence, it can be concluded that factor analysis can be applied for this study. The results can be seen at the Table 5: KMO and Bartlett's Test for Transformational Leadership and Table 6: KMO and Bartlett's Test for Institutionalization.

Table 5.

KMO and Bartlett's Test for Transformational Leadership

KMO and Bartlett's Test of Transformational Leadership		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,943
Bartlett's Test of Sphericity	Approx. Chi-Square	2503,239
	df	190
	Sig.	,000

Table 6.

KMO and Bartlett's Test for Institutionalization

KMO and Bartlett's Test of Institutionalization		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,959
Bartlett's Test of Sphericity	Approx. Chi-Square	4760,694
	df	465
	Sig.	,000

5.4.2. Factor Analysis

Factor analysis was used to identify variability among correlated dimensions. The primary purpose was creating fewer numbers of interpretable variables due to similar patterns of responses. Respondents may exhibit similar attitudes to different questions because some questions may have unobserved similar variables. Hence, as a statistical method, factor analysis is used to reveal unobserved relations between variables by concluding lower number of variables called factors.

In this study, three groups of components of both transformational leadership and institutionalization were occurred after factor analysis while according to the literature the previous has four and the latter has six dimensions. The result of factor analysis for both variables can be seen at the Table 7: Factor Analysis of Transformational Leadership and Table 9: Factor Analysis of Institutionalization.

Table 7.

Factor Analysis of Transformational Leadership

Rotated Component Matrix ^a			
Transformational Leadership	Component		
	1	2	3
1. The leader in my business makes the employee proud of being with her/his.			,502
2. The good of the group is more important than the leader's own priorities			,654
3. The leader in my business goes beyond her/his own interests to create a good group.			,705
5. The leader in my business speaks about values and beliefs that employees are most concerned about.			,730
7. The leader in my business takes into account the moral and ethical consequences while making decisions			,686
4. The attitude of the leader in my business gives employees a sense of power and confidence.		,526	
6. The leader in my business emphasizes the importance of having a strong purpose.		,736	
8. The leader in my business emphasizes the importance of creating a shared sense of duty among employees.		,785	
9. The leader in my business is hopeful and talks optimistically about the future.		,699	
10. The leader in my business speaks with enthusiasm when success is needed.		,802	
11. The leader in my business emphasizes the vision of the business.		,659	
12. The leader in my business shows his confidence in employees of their ability in reaching targets		,505	
13. The leader in my business questions and re-examines the appropriateness of critical business-related decisions.	,623		
14. The leader in my business refers to different perspectives to solve problems.	,525		
15. The leader in my business lets employees address issues from different perspectives.	,706		
16. The leader in my business advises the employees to seek new ways in defining their tasks.	,722		
17. The leader in my business devotes time to educating and guiding employees.	,790		
18. The leader in my business treats employees as individuals, not just as a member of the team.	,615		
19. The leader in my business is aware of the fact that employees have different needs, abilities, and desires.	,708		
20. The leader in my business helps employees improve their strengths.	,723		

As seen Table 7, there are three groups of variables. If the questions list of the survey is taken into consideration, groups become like at the Table 8: Components of Transformational Leadership after Factor Analysis. By the way, sequence numbers of the statements are the same number of the questionnaire.

Table 8.

Components of Transformational Leadership after Factor Analysis

Statements Of Transformational Leadership	Components
1,2,3,5,7	1. Idealized Influence
4,6,8,9,10,11,12	2. Inspirational Motivation
13,14,15,16,17,18,19,20	3. Individualized Consideration and Intellectual Stimulation

As seen at the table, four components turned into three groups due to similar attitudes of respondents. Individualized Consideration and Intellectual Stimulation were considered together as third group.

Table 9.

Factor Analysis of Institutionalization

Rotated Component Matrix ^a			
Institutionalization	Component		
	1	2	3
1. In my business, the authority and responsibilities of the employees and the distribution of tasks are written down.			,751
2. There is a document where the mission and vision of my business are included, all principles and rules are clearly stated, and the general and specific objectives of the business are specified.			,772
3. In my business, there is an information booklet about the security and working conditions.			,699
4. There are written rules in my business.			,770
5. The system of promotion of employees in my business is based on their ability and performance.		,542	
6. The reward of employees in my business is founded on a system based on their ability and performance.		,519	
9. In my business, it is the professionals that are effective in the process of the recruitment of the new people.		,681	
21. In my business, the technical competence of employees and business processes are compatible with each other.		,523	
26. In my business, the professionals have a high level of decision-making immunity.		,812	
27. In my business, there is no interference to people's area of authority and responsibility.		,790	
28. In my business, there are no restrictions on decision-making processes.		,776	
29. The promotion system of the managers to be appointed to serve on the board of directors in my enterprise is based on pre-determined rules.		,715	
30. The information in my business can be accessed easily by related persons and organizations.		,533	
11. Management in my business expects employees to behave with social values.	,612		
12. Management in my business expects employees to act by ethical rules.	,680		
13. My business cares about social values and reflects this to its activities.	,694		
14. My business has accountability.	,743		
15. My business attains importance to having a respectable reputation in society.	,775		
16. The operations of my business are compatible with its strategy and mission.	,738		
17. The promises given to other institutions, customers and employees in my business are kept.	,760		
18. The organizational structure in my business is compatible with business processes.	,668		
19. My business responds to similar situations in a likely manner.	,599		
20. Managerial decisions are taken in accordance with the vision, mission, and strategy of my business.	,676		
22. Our business is consistent.	,769		
23. Employees in my business take into account the benefit of society while making decisions and fulfilling their responsibilities.	,731		
24. Employees in my enterprise act in accordance with the principles and rules related to their professional fields when making a decision.	,629		
25. Employees of the business have a commitment to their profession.	,587		
31. In my business, there are corporate ethical rules that guide employees' behavior and guide employees to distinguish between right and wrong.	,574		

As seen Table 9: Factor Analysis of Institutionalization, there are three groups of variables. If the questions list of the survey is taken into consideration, groups become like at the Table 10. In addition, it should be taken into consideration that sequence numbers of the statements are the same number of the questionnaire.

Table 10.

Components of Institutionalization after Factor Analysis

Statements Of Institutionalization	Components
1,2,3,4	1. Formalization
5,6,9,21,26,27,28,29,30	2. Professionalization
11,12,13,14,15,16,17,18,19,20,22,23,24,25,31	3. Social Responsibility and Consistency

Six components turned into three groups due to similar attitudes of respondents. Social Responsibility and Consistency were considered together as third group.

Factor analysis gave way to make reliability analysis. Next chapter is about reliability statistics.

5.4.3. Reliability Analysis

Components that arisen from factor analysis were subjected to reliability analysis. In order to see reliability of answers given to the survey, reliability analyses were applied to all components particularly. Scores can be seen below.

5.4.3.1. Reliability Analysis of Transformational Leadership Components

According to analyses, all variables had alpha values higher than 0,84 and this shows that there's internal consistence in the all scales used in the research. Hence, the research can be accepted as reliable. Alpha value of each component is shown at Tables: 11, 12 and 13.

Table 11.

*Reliability Statistics of Inspirational Motivation***Reliability Statistics of Inspirational Motivation**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,930	,931	7

Table 12.

*Reliability Statistics of Idealized Influence***Reliability Statistics of Idealized Influence**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,840	,843	5

Table 13.

*Reliability Statistics of Individualized Consideration and Intellectual Stimulation***Reliability Statistics of Individualized Consideration and Intellectual Stimulation**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,933	,934	8

5.4.3.2. Reliability Analysis of Institutionalization Components

According to analyses, all variables had alpha values higher than 0,88 and this shows there's internal consistence in the all scales used in the research. Hence, the research can be accepted as reliable. Alpha value of each component is shown at Tables 14, 15 and 16.

Table 14.

Reliability Statistics of Formalization

Reliability Statistics of Formalization		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,882	,883	4

Table 15.

Reliability Statistics of Professionalization

Reliability Statistics of Professionalization		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,933	,933	9

Table 16.

Reliability Statistics of Social Responsibility and Consistency

Reliability Statistics of Social Responsibility and Consistency		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,969	,969	15

5.4.4. Analyses for Testing

This study contains analyses that conducted in order to test validity of hypotheses mentioned at the 5.2. Hypotheses part. There are 5 main and 9 sub-hypotheses. First three hypotheses with nine sub-hypotheses are related to correlation between components of two variables that are transformational relationship and institutionalization. In order to study correlation between components, Pearson Correlation analysis was conducted. The fourth main hypothesis is about relationship between transformational leadership and institutionalization. Regression analysis was conducted to study this relationship. Then, relations between demographic factors and transformational leadership and institutionalization were analyzed as the fifth hypothesis. Independent T-Test and Anova Analyzes were used for this purpose.

5.4.4.1. Pearson Correlation Analysis

Pearson Correlation Analysis is a statistical method that is used to measure strength of the relation between variables. Hence, in order to understand association between components, Pearson Correlation analysis was conducted in the study. Hypotheses that were tested by Pearson correlation were listed at the Table 17: Hypotheses 1, 2, 3.

Table 17.

Hypotheses 1, 2, 3

H1 is about relation of Idealized Influence and Dimensions of Institutionalization H_{1a}: There is a meaningful relationship between idealized influence and formalization. H_{1b}: There is a meaningful relationship between idealized influence and professionalization. H_{1c}: There is a meaningful relationship between idealized influence and social responsibility and consistency H2 is about relation of Inspirational Motivation and Dimensions of Institutionalization H_{2a}: There is a meaningful relationship between inspirational motivation and formalization. H_{2b}: There is a meaningful relationship between inspirational motivation and professionalization. H_{2c}: There is a meaningful relationship between inspirational motivation and social responsibility and consistency H3 is about relation of Individualized Consideration (IC) & Intellectual Stimulation (IS) and Dimensions of Institutionalization H_{3a}: There is a meaningful relationship between IC & IS and formalization. H_{3b}: There is a meaningful relationship between IC & IS and professionalization. H_{3c}: There is a meaningful relationship between IC & IS and social responsibility and consistency
--

However, before realizing Pearson Correlation Analysis, descriptive statistics were actualized in order to simplify amounts of data about replies. Results and explanations can be seen in pursuit of the table 18.

Table 18.
Descriptive Statistics

Statistics						
	Inspirational Motivation	Individualized Consideration & Intellectual Stimulation	Idealized Influence	Formalization	Professionalization	Consistency & Social Responsibility
N Valid	155	155	155	155	155	155
Missing	0	0	0	0	0	0
Mean	4,0507	3,9710	3,8723	3,8774	3,7384	3,9475
Std. Deviation	,82029	,83328	,82679	,94764	,90893	,85304
Items						
Cronbach alfa						
Variance	,673	,694	,684	,898	,826	,728
Skewness	-1,333	-1,319	-1,158	-1,090	-,931	-1,164
Std. Error of Skewness	,195	,195	,195	,195	,195	,195
Kurtosis	2,269	1,769	1,767	1,028	,444	1,387
Std. Error of Kurtosis	,387	,387	,387	,387	,387	,387
Minimum	1,00	1,00	1,00	1,00	1,00	1,00
Maximum	5,00	5,00	5,00	5,00	5,00	5,00

Values of results from Pearson correlation analysis ranges between -1 and 1. If the value is near to 1, it is accepted that relation between variables is powerful. Other values can be interpreted as in the Table 19: Pearson Correlation Values (spssstatistik.net, 2019).

Table 19.
Pearson Correlation Values

Value	Relation Power
$0,00 < r < 0,25$	Too weak
$0,26 < r < 0,49$	Weak
$0,50 < r < 0,69$	Medium
$0,70 < r < 0,89$	High
$0,90 < r < 1,00$	Too high

Results for Pearson correlation analysis is shown at the Table 20: Pearson Correlation Analysis.

Table 20.

Pearson Correlation Analysis

Pearson Correlations						
	Inspirational Motivation	Individualized Consideration and Intellectual Stimulation	Idealized Influence	Formalization	Professionalization	Social Responsibility and Consistency
Inspirational Motivation	1					
Individualized Consideration and Intellectual Stimulation	,828**	1				
Idealized Influence	,755**	,767**	1			
Formalization	,421**	,554**	,434**	1		
Professionalization	,660**	,712**	,639**	,705**	1	
Social Responsibility and Consistency	,690**	,714**	,603**	,719**	,833**	1

** Correlation is significant at the 0.01 level (2-tailed).

5.4.4.2. Results of Pearson Correlation Analysis

Hypothesis H1 is a group of three hypotheses about relation between idealized influence and dimensions of institutionalization. Details are below:

H_{1a}: There is a meaningful relationship between idealized influence and formalization.

According to the Table 20, value of *r* between idealized influence and formalization is 0,434. This means there is weak but acceptable relation between two variables.

H_{1b}: There is a meaningful relationship between idealized influence and professionalization.

According to the Table 20, value of *r* between idealized influence and professionalization is 0,639. This means there is medium but acceptable relation between two variables.

H_{1c}: There is a meaningful relationship between idealized influence and social responsibility and consistency

According to the Table 20, value of r between idealized influence and social responsibility and consistency is 0,603. This means there is medium but acceptable relation between two variables.

Hypothesis H2 is a group of three hypotheses about relation between inspirational motivation and dimensions of institutionalization. Details are below:

H_{2a}: There is a meaningful relationship between inspirational motivation and formalization.

According to the Table 20, value of r between inspirational motivation and formalization is 0,421. This means there is medium but acceptable relation between two variables.

H_{2b}: There is a meaningful relationship between inspirational motivation and professionalization.

According to the Table 20, value of r between inspirational motivation and professionalization is 0,660. This means there is medium but acceptable relation between two variables.

H_{2c}: There is a meaningful relationship between inspirational motivation and social responsibility and consistency

According to the Table 20, value of r between inspirational motivation social responsibility and consistency is 0,690. This means there is medium but acceptable relation between two variables.

Hypothesis H3 is a group of three hypotheses about relation between Individualized Consideration (IC) & Intellectual Stimulation (IS) and Dimensions of Institutionalization

H_{3a}: There is a meaningful relationship between IC & IS and formalization.

According to the Table 20, value of r between IC & IS and formalization is 0,554. This means there is medium but acceptable relation between two variables.

H_{3b}: There is a meaningful relationship between IC & IS and professionalization.

According to the Table 20 value of r between IC & IS and professionalization is 0,712. This means there is high and acceptable relation between two variables.

H_{3c}: There is a meaningful relationship between IC & IS and social responsibility and consistency

According to the Table 20, value of r between IC & IS and social responsibility and consistency is 0,714. This means there is high and acceptable relation between two variables.

5.4.4.3. Regression Analysis

The main focus point of the study is about significance level between transformational leadership and institutionalization. Regression analysis was conducted to see this relation.

Regression analysis is a statistical method that allows researchers to establish significance level which exists among variables. It was applied to analyze effect of transformational leadership on institutionalization.

Table 21.

Regression Analysis Coefficients

Coefficients ^a						
Model		Unstandardized Coefficients	Standardized Coefficients	Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,684	,234		2,928	,004
	Transformational Leadership	,802	,058	,747	13,894	,000

a. Dependent Variable: Institutionalization

Table 22.

Regression Analysis Model Summary

Model Summary		
R Square	Adjusted R Square	Std. Error of the Estimate
,558	,555	,55004

a. Predictors: (Constant), Transformational Leadership

Table 21 and 22 are coefficients tables of regression analysis. According to the analysis ($F=193,047$, $p=000$; $p<005$) the results are significant and transformational leadership has a considerable effect on institutionalization. In addition, there is a positive relation between two variables ($R=0,747$). Explanation rate of transformational leadership as independent variable on dependent variable (institutionalization) is $R^2=0,558$. This means, transformational leadership is not sole factor that provides institutionalization; but, has a considerable effect level (more than 50%) as compare to other any possible factor.

5.4.4.4. Independent T-Test and Anova Analysis

Relation between demographic factors and transformational leadership and institutionalization was analyzed as the fourth hypothesis model group. Independent T-Test and Anova Analyzes were conducted for this purpose.

The research model is below:

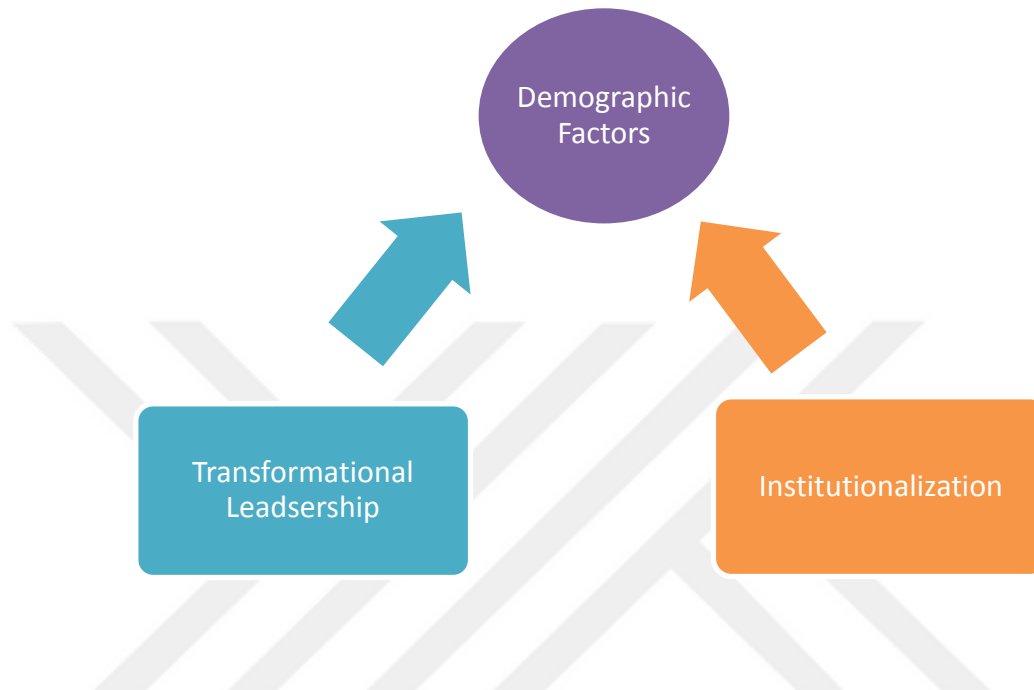


Figure 9. Research Model of Hypothesis 4

It is asserted that there is a meaningful relation between demographic factors and transformational leadership and institutionalization. Two variables were analyzed by independent t-test while three or more variables were analyzed by Anova analysis.

First of all, in order to determine whether there is differentiation between gender and transformational leadership, independent t-test was conducted.

5.4.4.4.1. Independent T-Test

Independent T-Test is a statistical method that is conducted for determining whether there is a statistically significant difference between means in two unrelated groups. In this study, Hypotheses **4a**, **4b**, **4c**, **4d**, **4e**, **4f**, **4g**, and **4h** were analyzed via Independent t-test.

Hypothesis 4_a: There is a meaningful relationship between gender and transformational leadership.

According to the results, there is not any differentiation between female ($M=3,92$, $SD=,75$) and male ($M= 4$ and $SD=,77$) gender against transformational leadership. Group Statistics and Independent Samples Test tables (Table 23 and 24) are below:

Table 23.

Gender and Transformational Leadership

Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Transformational leadership	Female	57	3,9289	,75297	,09973
	Male	98	4,0005	,77936	,07873

Table 24.

Independent Samples Test for Hypothesis 4a

Independent Samples Test

	Levene's Test for Equality of Variances		T-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Transformational Leadership	,009	,927	-,558	153	,578	-,07156	,12823	-,32490	,18177
			-,563	120,517	,574	-,07156	,12706	-,32312	,18000

Hypothesis 4_b: There is a meaningful relationship between gender and institutionalization.

According to the results, there is not any differentiation between female ($M=3,86$, $SD= ,79$) and male ($M=3,87$ and $SD=,84$) gender against institutionalization. Group Statistics and Independent Samples Test tables (Table 25 and 26) are below:

Table 25.

*Gender and Institutionalization***Group Statistics**

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Institutionalization	Female	57	3,8622	,79498	,10530
	Male	98	3,8750	,84522	,08538

Table 26.

*Independent Samples Test for Hypothesis 4b***Independent Samples Test**

	Levene's Test for Equality of Variances		T-test for Equality of Means						
	F	Sig.	t	df	Sig. (2- tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Institutionalization	,448	,504	-,093	153	,926	-,01284	,13779	-,28506	,25937
			-,095	123,119	,925	-,01284	,13556	-,28118	,25549

Hypothesis 4_c: There is a meaningful relationship between education level and transformational leadership.

According to the results, there is not any differentiation between education level (High-School⁺: M=4,01, SD= ,71; Bachelor's Degree⁺: M=3,94, SD= ,80) and transformational leadership. Group Statistics and Independent Samples Test tables (Table 27 and 28) are below:

Table 27.

*Education Level and Transformational Leadership***Group Statistics**

	Education Level	N	Mean	Std. Deviation	Std. Error Mean
Transformational Leadership	High-School ⁺	65	4,0131	,71781	,08903
	Bachelor's Degree ⁺	89	3,9410	,80832	,08568

Table 28.

*Independent Samples Test for Hypothesis 4c***Independent Samples Test**

	Levene's Test for Equality of Variances		T-test for Equality of Means							
	F	Sig.	t	df	Sig. (2- tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
								Lower	Upper	
Transf. Leadership	,360	,549	,573	152	,568	,07207	,12588	-,17663	,32076	
			,583	146,224	,561	,07207	,12357	-,17214	,31627	

Hypothesis 4_d: There is a meaningful relationship between education level and institutionalization.

According to the results, there is not any differentiation between education level (High-School⁺: M=4,01, SD= ,66; Bachelor's Degree⁺: M=3,75, SD= ,91) and institutionalization. Group Statistics and Independent Samples Test tables (Table 29 and 30) are below:

Table 29.

*Education Level and Institutionalization***Group Statistics**

	Education Level	N	Mean	Std. Deviation	Std. Error Mean
Institutionalization	High-School ⁺	65	4,0176	,66174	,08208
	Bachelor's Degree ⁺	89	3,7548	,91440	,09693

Table 30.

*Independent Samples Test for Hypothesis 4d***Independent Samples Test**

	Levene's Test for Equality of Variances		T-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Institutionalization	3,758	,054	1,970	152	,051	,26277	,13340	-,00078	,52632
			2,069	151,993	,040	,26277	,12701	,01183	,51370

According to the results, there is not any differentiation between educational level and institutionalization.

Hypothesis 4e: There is a meaningful relationship between company size and transformational leadership.

According to the results, there is not any differentiation between company size (0-50 M=4,02, SD= ,69; 50-250⁺: M=3,87, SD= ,89) and transformational leadership. Group Statistics and Independent Samples Test tables (Table 31 and 32) are below:

Table 31.

*Company Size and Transformational Leadership***Group Statistics**

	Company Size	N	Mean	Std. Deviation	Std. Error Mean
Transfor.	0-50	104	4,0245	,69656	,06830
Leadership	50-250 ⁺	51	3,8716	,89528	,12536

Table 32.

*Independent Samples Test for Hypothesis 4e***Independent Samples Test**

	Levene's Test for Equality of Variances		T-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	3,203	,075	1,166	153	,245	,15295	,13115	-,10615	,41205
Equal variances not assumed			1,071	80,641	,287	,15295	,14276	-,13112	,43703

Hypothesis 4_f: There is a meaningful relationship between company size and institutionalization.

According to the results, there is not any differentiation between company size (0-50 M=3,90, SD= ,83; 50-250+: M=3,80, SD= ,81) and institutionalization. Group Statistics and Independent Samples Test tables (Table 33 and 34) are below:

Table 33.

Company Size and Institutionalization

Group Statistics					
	Company Size	N	Mean	Std. Deviation	Std. Error Mean
Institutionalization	0-50	104	3,9021	,83351	,08173
	50-250 ⁺	51	3,8053	,81012	,11344

Table 34.

Independent Samples Test for Hypothesis 4f

Independent Samples Test									
	Levene's Test for Equality of Variances		T-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Institutionalization	,000	,993	,686	153	,494	,09681	,14119	-,18213	,37575
			,692	102,038	,490	,09681	,13982	-,18052	,37413

5.4.4.4.2. Anova Test

Anova is a statistical method that is used for assessing potential differences in a scale-level dependent variable by a nominal-level variable having two or more categories. It enables more than two variables to be compared simultaneously to determine whether there is a relationship between them.

Hypothesis 4_g: There is a meaningful relationship between annual net sales revenue/annual financial statement and transformational leadership.

According to the results, the differentiation between annual net sales revenue/annual financial statement and transformational leadership is not meaningful.

(<1 Million TL: M=4,00, SD=,89; 1-8 Million TL: M=3,99, SD=,61; 8-40 Million TL⁺: M=3,94, SD=,76). Details can be seen at the Table 35, 36 and 37.

Table 35.

Descriptives of Transformational Leadership

Descriptives								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
<1 Million TL	31	4,0048	,89548	,16083	3,6764	4,3333	1,55	5,00
1-8 Million TL	55	3,9945	,61642	,08312	3,8279	4,1612	1,65	5,00
8-40 Million TL ⁺	69	3,9442	,82393	,09919	3,7463	4,1421	1,00	5,00
Total	155	3,9742	,76808	,06169	3,8523	4,0961	1,00	5,00

Table 36.

Test of Homogeneity of Variances for Transformational Leadership

Test of Homogeneity of Variances			
Levene Statistic	df1	df2	Sig.
1,743	2	152	,178

Table 37.

Test of Anova for Transformational Leadership

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	,114	2	,057	,095	,909
Within Groups	90,738	152	,597		
Total	90,852	154			

Hypothesis 4_h: There is a meaningful leadership between annual net sales revenue/annual financial statement and institutionalization.

According to the results, the differentiation between annual net sales revenue/annual financial statement and institutionalization is not meaningful. (<1 Million TL: M=4,06, SD=,86; 1-8 Million TL: M=3,82, SD=,74; 8-40 Million TL⁺: M=3,82, SD=,85). Details can be seen at the Table 38, 39 and 40.

Table 38.

*Descriptives of Institutionalization***Descriptives**

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
<1 Million TL	31	4,0611	,86937	,15614	3,7422	4,3799	1,14	5,00
1-8 Million TL	55	3,8221	,74970	,10109	3,6194	4,0248	1,29	4,86
8-40 Million TL ⁺	69	3,8230	,85971	,10350	3,6165	4,0295	1,00	5,00
Total	155	3,8703	,82452	,06623	3,7394	4,0011	1,00	5,00

Table 39.

*Test of Homogeneity of Variances for Institutionalization***Test of Homogeneity of Variances**

Levene Statistic	df1	df2	Sig.
,420	2	152	,658

Table 40.

*Test of Anova for Institutionalization***ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1,410	2	,705	1,038	,357
Within Groups	103,283	152	,679		
Total	104,694	154			

CHAPTER VI

CONCLUSION & RECOMMENDATIONS

This chapter includes conclusion of the study, recommendations for future works and contribution to the literature parts. As the beginning, summary information about aim of the thesis, ways to reach that goal and results of analyses that were conducted to test validity of hypotheses have been written. Then, open questions related to this study and recommendations in addition to contribution to the literature are discussed.

6.1. Conclusion and Recommendations

This research has been conducted with the aim of checking the relation between transformational leadership and institutionalization. Various analyses were carried out in order to understand interaction between two variables and potential influence of demographic factors on transformational leadership and institutionalization.

There are two main basis in the thesis work. One basis is about relation between transformational leadership and institutionalization. The study was conducted with the assumption that there is a positive correlation between transformational leadership and institutionalization. The other main basis is about effects of demographic factors (in terms of employee) on transformational leadership and institutionalization.

There are many studies for these assumptions. To begin with, effect of transformational leadership on institutionalization was analyzed due to influence of continuously increasing global competition. Global competitive environment necessitates deep-rooted changes and adaptable manner against disadvantages of the developments. In addition, new management approaches and techniques also necessitate realizing change and renovation in the organization. This situation is a kind and transformation of organizational structure. Business processes into new ones can be provided with institutionalization.

It is known that higher institutionalization degree results in higher competitiveness advantage. However, institutionalization cannot be occurred by itself. Leadership has a considerable and active role in the process of institutionalization. A person can lead the organization by knowledge-transferring, inter-organizational learning and introduction of new mental models or assumptions into the institution. This kind of person, as a leader, has the traits of transformational leader. Transformational

leaders have the ability to create meaningful evolutions in subordinates and organizations. They are the leaders that transform existing values and norms to the new ones. The analyses of the study exhibits similar results.

There are three research models of hypotheses related to interaction between transformational leadership and institutionalization. Sequence of analyses were conducted for hypotheses. First of all, each component of variables has been analyzed in order to see their relation level. According to the literature, transformational leadership has four factors whereas institutionalization has six dimensions. The survey was designed according to each related statements of these dimensions. However, SPSS categorized both of them in three component groups among their common results. According to this, the first and second dimensions of transformational leadership are *inspirational motivation and idealized influence* while *individualized consideration and intellectual stimulation* are third dimension together. At the institutionalization side, *formalization and professionalization* are first and second dimensions whereas *consistency and social responsibility* are considered as the third dimension together.

Analyses show that all of results are acceptable. Hence, it can be concluded that there is a meaningful relation between components of transformational leadership and institutionalization.

Then, one of the focus points of the study is about relation between respondents' demographic effects and transformational leadership in addition to institutionalization. In the literature, there are findings that there is no difference in the leadership effectiveness competencies based on demographic factors of the subordinates. Sandhya, Singh and Kumar have analyzed employee's perception towards leadership effectiveness competencies. Their sample group was Manufacturing Industries in India. In order to establish whether there is any difference in terms of demographic factors such as age, gender, education level, job tenure (experience) and current social status (seniority), anova tests were conducted. According to the results ($P > 0,05$ in all cases (except "self-motivation" of leadership effectiveness tool) there is not any difference between demographic variables and leadership effectiveness perception (Sandhya, Singh, & Kumar, 2014). Sandhya, Singh and Kumar conducted their analyzes in terms of leadership definition as a whole. However, this study is more specialized because transformational leadership as a kind of leadership was taken into consideration.

It is known that higher institutionalization degree results in higher competitiveness advantage. However, institutionalization cannot occur by itself. Leadership has a considerable and active role in the process of institutionalization. A person can lead the organization by knowledge-transferring, inter-organizational learning and introduction of new mental models or assumptions into the institution. This kind of person, as a leader, has traits of transformational leader. Transformational leaders have the ability to create meaningful evolutions in subordinates and organizations. They are the leaders that transform existing values and norms to the new ones.

Then, does employee' attitude have substantial affect for institutionalization process. When the literature is scanned, it is seen that demographic factors of subordinates have no differentiation among institutionalization. Şanal in his work, used Anova analyzes to study interaction between demographic factors and institutionalization (Şanal, 2011). According to the study, gender, age and education level has not any difference against institutionalization. The analyses in this work is similar with Şanal's work.

Last but not least, relation between transformational leadership and institutionalization was studied as the main research question. According to the literature review, transformational leadership has a valuable role on institutionalization process. There are many basis for this assumption. As mentioned 1.2. Purpose of the Study section, transformational leaders with their related features have valuable affect at institutionalization process of organizations. Because, they can cope with challenges of global economic and technological developments. Companies have to adopt themselves all job-related improvements; otherwise they cannot be sustainable. Analyzes in the study has contributed to literature in this respect.

According to the analysis of this thesis work ($F=193,047$, $p=000$; $p<005$) the results are significant and transformational leadership has a considerable effect on institutionalization. In addition, there is a positive relation between two variables ($R=0,747$). However, explanation rate of transformational leadership as independent variable on dependent variable (institutionalization) is $R^2= 0,558$. This means, transformational leadership is not sole factor that provides institutionalization; but, has a considerable effect level (more than 50%) as compare to other possible factors.

Afterwards, if demographic data is taken into consideration, the analysis demonstrates that relation level between demographic variables and transformational

leadership or institutionalization is weak. These results are important and valuable in order to see level of relation between those variables. Because, the results state that respondents of the survey were prejudice-free against their leader and we have neutral answers from respondents with different genders, ages or education level. Furthermore, it can be concluded that leadership attitude is not a changeable issue among companies with different size. This means companies at micro-size or at large-scale can exhibit similar behavior in terms of leadership meaning. Nevertheless, analyses at a larger scale may demonstrate different results. Hence, as a recommendation for future work, similar study can be conducted with a larger sample group or with companies far from family relations at the administration unit. Studying with firms that do not have family ties is proposed due to the information about existence of many family corporations in the sample group (Adana Hacı Sabancı Organized Industrial Zone) of this study.

6.2. Contribution to the Literature

When we look at studies about leadership and institutionalization, it can be seen that literature has similar works related to the subjects separately. Researchers have actualized detailed works and analyzes in terms of leadership, transformational leadership and institutionalization. Similar to this situation, relation between leadership and institutionalization or effect of each of them have been studied by many researchers.

However, during this thesis studies, a deficiency was noticed about relation between transformational leadership and institutionalization. Hence, it is thought that this study will be crucial for the researchers who search about effect or relation of transformational leadership and institutionalization directly. The thesis work provides valuable contribution to the literature because it includes detailed data about relation of transformational leadership and institutionalization specially and employee' attitude against transformational leadership and institutionalization. So, this study will be an important source for researchers who study about related literature.

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APPENDIX

Questionnaire

Dear Participant,

This survey was conducted under the roof of Çukurova University Department of Business Administration in order to collect data for the Master Thesis, Relationship between Transformational Leadership and Institutionalization, with the consultancy of Dr. Musa ŞANAL. The survey can be replied in less than 10 minutes. The collected data will not be used for any purpose other than studying the results of the thesis on the subject of the research. Thank you for your interest and support, and wish you success in your work.

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Part II

This section contains questions about your personal information and consists of 4 questions. Please indicate or mark the most appropriate answer to you.

1. Age

2. Gender (Please mark only one option)

Female ☐ Male ☐

3. Education Level (Please mark only one option)

Primary School ☐

Secondary School ☐

High School ☐

Associate Degree ☐

Bachelor's Degree ☐

Post-Graduated ☐

4. Working duration in the company (Year)

Part III

This section contains questions about your business and consists of 5 questions. Please indicate or mark the most appropriate response to your business.

1. Operation time of the company (Year)

—

2. Which sector is your business related to? (Mark only one option)

Machine ☐

Textile ☐

Wood ☐

Plastic ☐

Chemical ☐

Food ☐

Service ☐

Metal ☐

Paper ☐

Agricultural ☐

Mine ☐

Nonmetallic mineral products ☐

Other ☐

3. If the answer to the above question is "other", please specify which sector is.

—

4. Number of employees in the company. Please indicate or mark the most appropriate response to your business.

Less than 10 ☐

10-49 ☐

50-250 ☐

250+ ☐

5. Annual Net Sales Revenue/Annual Financial Statement of the company (Please mark only one option).

Less than 1 Million TL ☐

1-8 Million TL ☐

8-40 Million TL ☐

More than 40 Million TL ☐

Part IV

The Leader is the person who strives for the success of the institution by influencing and organizing the employees in line with the objectives of the enterprise. This section contains statements about the leadership dimension of the leader in your business and consists of 20 questions. Please select the most appropriate option.

While answering the questions in this section, the criteria for "1: Not at all 2: Disagree 3: Hesitant 4: Agree 5: Absolutely" must be taken into consideration.

(Please mark only one option)

1. The leader in my business makes the employee proud of being with her/his.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

2. The good of the group is more important than the leader's own priorities

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

3. The leader in my business goes beyond her/his own interests to create a good group.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

4. The attitude of the leader in my business gives employees a sense of power and confidence.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

5. The leader in my business speaks about values and beliefs that employees are most concerned about.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

6. The leader in my business emphasizes the importance of having a strong purpose.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

7. The leader in my business takes into account the moral and ethical consequences while making decisions

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

8. The leader in my business emphasizes the importance of creating a shared sense of duty among employees.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

9. The leader in my business is hopeful and talks optimistically about the future.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

10. The leader in my business speaks with enthusiasm when success is needed.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

11. The leader in my business emphasizes the vision of the business.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

12. The leader in my business shows his confidence in employees of their ability in reaching targets.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

13. The leader in my business questions and re-examines the appropriateness of critical business-related decisions.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

14. The leader in my business refers to different perspectives to solve problems.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

15. The leader in my business lets employees address issues from different perspectives.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

16. The leader in my business advises the employees to seek new ways in defining their tasks.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

17. The leader in my business devotes time to educating and guiding employees.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

18. The leader in my business treats employees as individuals, not just as a member of the team.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

19. The leader in my business is aware of the fact that employees have different needs, abilities, and desires.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

20. The leader in my business helps employees improve their strengths.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

Part V

This section contains questions about the institutionalization level of your business and consists of 31 questions. Please select the most appropriate statement for your business.

While answering the questions in this section, the criteria for "1: Not at all 2: Disagree 3: Hesitant 4: Agree 5: Absolutely" must be taken into consideration.

(Please mark only one option)

1. In my business, the authority and responsibilities of the employees and the distribution of tasks are written down.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

2. There is a document where the mission and vision of my business are included, all principles and rules are clearly stated, and the general and specific objectives of the business are specified.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

3. In my business, there is an information booklet about the security and working conditions.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

4. There are written rules in my business.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

5. The system of promotion of employees in my business is based on their ability and performance.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

6. The reward of employees in my business is founded on a system based on their ability and performance.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

7. Employees of the business specialized in business-related tasks.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

8. Professionals are involved in the process of producing new policies in my business.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

9. In my business, it is the professionals that are effective in the process of the recruitment of the new people.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

10. Our business is professional.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

11. Management in my business expects employees to behave with social values.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

12. Management in my business expects employees to act by ethical rules.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

13. My business cares about social values and reflects this to its activities.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

14. My business has accountability.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

15. My business attains importance to having a respectable reputation in society.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

16. The operations of my business are compatible with its strategy and mission.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

17. The promises given to other institutions, customers and employees in my business are kept.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

18. The organizational structure in my business is compatible with business processes.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

19. My business responds to similar situations in a likely manner.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

20. Managerial decisions are taken in accordance with the vision, mission, and strategy of my business.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

21. In my business, the technical competence of employees and business processes are compatible with each other.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

22. Our business is consistent.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

23. Employees in my business take into account the benefit of society while making decisions and fulfilling their responsibilities.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

24. Employees in my enterprise act in accordance with the principles and rules related to their professional fields when making a decision.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

25. Employees of the business have a commitment to their profession.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

26. In my business, the professionals have a high level of decision-making immunity.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

27. In my business, there is no interference to people's area of authority and responsibility

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

28. In my business, there are no restrictions on decision-making processes.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

29. The promotion system of the managers to be appointed to serve on the board of directors in my enterprise is based on pre-determined rules.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

30. The information in my business can be accessed easily by related persons and organizations.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

31. In my business, there are corporate ethical rules that guide employees' behavior and guide employees to distinguish between right and wrong.

	1	2	3	4	5	
Not at all	☐	☐	☐	☐	☐	Absolutely

CIRRICULUM VITAE

PERSONAL INFORMATION

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EDUCATION

Master's Degree: Business Administration (Management and Organization) (2014-2019, Çukurova University / Adana)

Bachelor's Degree: International Relations (2006-2011, Middle East Technical University / Ankara)

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