

**Transformational Leadership and Marketing Performance: The  
Mediating role of Organizational Learning and customer  
orientation.**

by

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Submitted in accordance with the requirements

For the degree of

**DOCTOR OF BUSINESS LEADERSHIP**

at the

UNIVERSITY OF SOUTH AFRICA

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NOVEMBER, 2017

# DECLARATION

I, HAILEMARIAM KEBEDE GELGILE, hereby declare and certify with my signature that my dissertation entitled, “Transformational leadership and marketing performance: the mediating role of organizational learning and customer orientation” submitted for the Award of Doctor of Philosophy (PhD) in Business leadership is entirely the result of my own work and has not been submitted for any other similar titles.

I have faithfully and duly acknowledged all my sources, including, books, journals, handouts, and the internet.

I understand that I myself could be held responsible for plagiarism, if any declared later on.

**HAILEMARIAM KEBEDE GELGELO** \_\_\_\_\_ **November 2017**

# ACKNOWLEDGMENTS

First and foremost, praises and thanks to the God, the Almighty! for the strengths and health he gave me throughout this work.

This dissertation would have not been possible without the encouragements and direction from my advisor Dr. Fanta Tesgera. For the same reason, my heartfelt thanks and appreciations shall be extended to my colleagues and friends at Addis Ababa university school of commerce.

I am indebted to my family; my wife Betelhem Dubale, and my two little boys Ijakoo and Bekem, my mother Tsadkan Mamo and father Kebede Gelgelo, my brother Atanfu, my sisters Mamiye, Serk, Marta, and Alem, without your support this thesis might not be completed.

I would also thank the amazing people across the four breweries who genuinely supported me in the ethics clearance and data gathering phases of the study, Mr. Gebresilasie Sifer, deputy marketing managers of BGI Ethiopia, Mr. Mesfin, HR director of BGI Ethiopia, Mrs. Wintana Pijado, legal officer of Meta abo brewery, Mr. Antenhe, HR officer at Meta abo brewery, Mr. Molla Asseffa of Raya brewery, Mr. Tilahun, brand manager of Raya brewery, Mr. Getaneh, marketing manager of Habesha brewery, Mr. Fitsum, brand manager of Habesha brewery, Mrs. Yordanos Seyfu of Habesha brewery, and many other whose name is not mentioned here, without you this project might not be completed.

Finally, my special appreciations shall be extended to the coordinators, examiners, advisors and other officers at the university of south Africa, for their tireless support and encouragement throughout this endeavour.

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# LIST OF ABBREVIATIONS

<b>AGFI</b>	Adjusted Goodness of Fit Index
<b>AMA</b>	American Marketing Association
<b>AMOS</b>	Analysis of A Moment Structures
<b>ASV</b>	Average Shared Variance
<b>AVE</b>	Average Variance Extracted
<b>BTS</b>	Bartlett's Test of Sphericity
<b>CEO</b>	Chief Executive Officer
<b>CFA</b>	Confirmatory Factor Analysis
<b>CFI</b>	Comparative Fit Index
<b>CL</b>	Continuous Learning
<b>CMB</b>	Common Method Bias
<b>CO</b>	Customer Orientation
<b>CR</b>	Composite Reliability/Critical Ratio
<b>CSP</b>	Customer Satisfaction Performance
<b>DC</b>	Dynamic Capabilities
<b>DCBV</b>	Dynamic Capabilities Based View
<b>DCV</b>	Dynamic Capabilities View
<b>DF</b>	Degree of Freedom
<b>DI</b>	Dialogue and Inquiry
<b>DLOQ</b>	Dimensions of The Learning Organization Questionnaire
<b>DMC</b>	Dynamic Managerial Capabilities
<b>EFA</b>	Exploratory Factor Analysis
<b>EFBPIDI</b>	Ethiopian Food, Beverage and Pharmaceuticals Industry Development Institute
<b>EM</b>	Expectation-Maximization
<b>ES</b>	Embedded System
<b>GFI</b>	Goodness of Fit Index
<b>GOF</b>	Goodness of Fit
<b>IC</b>	Individual Consideration
<b>II</b>	Idealized Influence
<b>IM</b>	Inspirational Motivation
<b>IMF</b>	International Monetary Fund
<b>IRT</b>	Item Response Theory
<b>IS</b>	Intellectual Stimulation
<b>ISO</b>	International Organization for Standardization
<b>KMO</b>	Kaiser-Meyerolkin Measure

<b>MAR</b>	Missing at Random
<b>MCAR</b>	Missing Completely at Random
<b>MI</b>	Modification Indices
<b>ML</b>	Maximum Likelihood
<b>MLQ</b>	Multifactor Leadership Questionnaire
<b>MP</b>	Marketing Performance
<b>MPM</b>	Marketing Performance Management
<b>MPMS</b>	Marketing Performance Management Systems
<b>MSI</b>	Marketing Science Institute
<b>MSV</b>	Maximum Shared Variance
<b>NCV</b>	Test for Heteroskedasticity,
<b>NFI</b>	Normed Fit Index
<b>NPD</b>	New Product Development
<b>OL</b>	Organizational Learning
<b>PBP</b>	Product and Bran Performance
<b>PNFI</b>	Parsimony Normed Fit Index
<b>POE</b>	Panel of Experts
<b>RBV</b>	Resource Based View
<b>RMR</b>	Root Mean Square Residual
<b>RMSEA</b>	Root Mean Square Error of Approximation
<b>RNI</b>	Relative Non-Centrality Index
<b>ROA</b>	Return on Asset
<b>SAB</b>	South African Breweries
<b>SC</b>	Systems Connections
<b>SEM</b>	Structural Equation Modelling
<b>SL</b>	Strategic Leadership
<b>SMC</b>	Squared Multiple Correlation
<b>SPP</b>	Sales and Profit Performance
<b>SPSS</b>	Statistical Package for The Social Sciences
<b>SRMR</b>	Standardized Root Mean Residual
<b>SSA</b>	Sub-Saharan Africa
<b>TL</b>	Transformational Leadership
<b>TLC</b>	Team Learning and Collaboration
<b>TLI</b>	Tucker Leyyis Index
<b>TLS</b>	Transformational Leadership Style
<b>TQM</b>	Total Quality Management
<b>VIF</b>	Variance Inflation Factor
<b>VIRO</b>	Value, Rarity, Imitability and Organization

# ABSTRACT

The making and breaking power of leadership has never been disputable. It is believed to be the single most important factor by which organizations used to exploit opportunities and survive hardships. Despite the fact that all functional areas are not immune to the consequences of good and bad leadership, marketing is uniquely sensitive. Unarguably, all leadership styles are not expected to equally impact marketing performance. A leader of character who inspires followers, helps employees to use their potentials, allows employees to make and fix errors, and pave ways for employee advancement is a one typically needed by organizations. This kind of leader is even more critical for those organizations operating in a brutally competitive market; like the brewing one in Ethiopia.

This study is designed to investigate the direct and indirect impact of Transformational Leadership on marketing performance. Moreover, the moderating effect of leaders' experience and the impact of group difference in leaders' gender, leaders position and brewery sizes are studied. The unit of analysis are managers and decision makers (committee members) from the four sample breweries (St. George Brewery, Meta Abo Brewery, Raya Brewery, and Habesha Brewery). The data are collected from 211 respondents. In the study, in addition to the data cleaning procedures, all the multivariate data analysis assumptions are ensured. A model is developed and tested using a survey methodology. Four properly validated instruments, one self-designed (for marketing performance construct) and three adopted (for transformational leadership, organizational learning, and customer orientation constructs) are used. The validation work is ensured through factor analysis (exploratory and confirmatory). Exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) are worked out using SPSS 21 and

AMOS 21 packages respectively. Data is analysed through the structural equation modelling technique.

Results show that, Transformational Leadership style is positively and significantly associated with marketing performance, organizational learning and customer orientation. Moreover, it is found that Transformational Leadership indirectly and positively impacts marketing performance. Nevertheless, the hypothesized moderation effect of experience for the impacts of Transformational Leadership on customer orientation is failed to be significant.

The study contributes a lot by narrowing the wide literature gap existed in the topic area in the context of the developing world. Secondary evidences are strongly discussed on the antecedents and outcomes of Transformational Leadership and marketing performance. Thus, it is the researcher's belief that now because of this study; value is added to the body of knowledge and the study can benefit practitioners and academicians alike.

***Keywords:*** *Transformational Leadership, Marketing Performance, Organizational Learning, Customer Orientation, Leaders Experience, Management Position and Organizational Sizes.*

# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of The Study

Unarguably, a company's success is mainly due to its overall organizational performance (Drucker 2007). At this time, companies are operating under unprecedented pressure from the hostile marketing environment. In the past few decades rapid changes in the economic, political, technological and cultural environments are witnessed. These changes are happening indiscriminately in almost all types and sizes of businesses around the world. Hence, finding the proper way to respond for these changes is becoming the top priority of most businesses. From the several indicators of agility and competitiveness, the organization's performance in the marketplace is supposed to be the one and vital (Mackenzie et.al. 2001). Marketing performance could be swayed by various factors, however, leadership style, learning orientation, and market orientation are commonly mentioned as the most critical (Lee and Tsai 2011). Likewise, Vorhies et.al (2010) claimed that, from all business functions, marketing is central driver of organizational performance. Similarly, Wang et.al. (2010) claimed that, there cannot be a factor as critical as the leadership style of organizations to positively impact marketing performance. Despite this fact, very little is done to understand how organizations could advance their marketing competences through the acquisition and implementation of good leadership knowledges. Vorhies et.al (2010) again stated that, different theories of organizational learning are providing proper theoretical guides, as a result, this day's new customer intensive marketing capabilities are being created through exploring unique capabilities.

As García-Morales et.al. (2011) concludes, because of the existing unpredictable and shifting business environment, modern day organizations require a transformational Leader to improve their firm's marketing performance. Boerner et.al. (2007) suggested that, effective leadership is well known by motivating, inspiring, remunerating and possessing analytical skills and improving employee satisfaction which can in turn positively influence the productivity and profit of the firm. Another study by Widiartanto and Suhadak (2013) concluded that, transformational Leadership has a significant effect on marketing performance and Learning Orientation. Similarly, a study by Arago'n-Correa et.al. (2007) probed the concurrent influence of Transformational Leadership and organizational learning on the firm's innovativeness and the result shows that while both factors directly influence firm innovativeness, the communal process of Transformational Leadership has a stronger direct influence on performance than organizational learning. Gumusluoglu (2009) suggested that, Transformational Leadership has an imperative effect on performance at individual, group and organizational level.

In addition to the above studies, the positive association between "Transformational Leadership" and "organizational performance" is also studied by Bass et.al. and Howell & Avolio (cited in Boerner et.al. 2007). In the study they concretely showed the relationship between the two organizational variables. Despite this fact, little is done and known about this relationship in the context of the developing world like Ethiopia. Furthermore, to the best of the researcher knowledge, it is a little bit surprising to not locate researches similar to the current topic even in the wider continent. Therefore, this fact is a clear evidence to the existential gap in the transformational leadership and marketing performance literature. It is also a sign that the body of knowledge is yet to be well developed and established. Likewise, the mediating role of

organizational learning and customer orientation between transformational leadership and marketing performance is seldom investigated in the context of the developing world. The other thing which is also proved to be in scarcity is literatures related to the group effects of leaders' demographic factors on the effectiveness of transformational leadership. Furthermore, the nature of the available pieces of literature are very territorial i.e. obsessed to the context of the western world, and limited to few industries. Therefore, the current study is trying to narrow this gap by studying the all-rounded relationship between Transformational Leadership and marketing performance along with the mediating, and moderating roles of organizational learning, customer orientation and leaders' management experience.

As it is discussed in the limitation part, to the best of the researcher's knowledge, there are very limited works of literature which are exactly similar to the present study. Hence, closely related literatures are mostly used to support and justify the present study. As a matter of fact, it should be understood that, the limited presence of similar studies is a sign of the big gap in the current studies body of knowledge so that it could be used as an opportunity to contribute something valuable to theory and practice.

## **1.2. Background to the research problem**

For today's organizations, information in the form of warnings and advises are coming from all over the places. The academic studies, medias, and consultant firms are the most common sources of such information. However, for any leader who wants to understand situations and make the right decision, such sort of statements alone might not be enough. This is partly because of the thorniest kind of realities in the boardrooms. In other words, leaders generally

need precise scientific evidences about the prevailing situations in and out of the organization. From the many choices that leaders are expected to make, leadership style is the one and vital. Therefore, based on the prevailing reality around them, leaders are expected to choose and apply the right leadership from the many competing styles so that they can comfortably achieve what they want. Meanwhile, Martin and Meyerson (cited in Obasan 2012) claimed that, the heart of any business success lies in its marketing triumph because most aspects of a business are highly dependent on successful marketing. Again, as Farris et.al. (2010) stated, regardless of its vitality, marketing is among the least understood and measured function at many firms. Hence, as sales related costs are going up, and profit is going down, strength in marketing is fundamental for stock market evaluation, to customer acquisition and retention. However, many companies still lack the ability to meter and exploit the opportunities imbedded inside the positive relationship between marketing performance and other organizational factors (Farris et. al. 2010).

Right now, the sub-Sahara African region, where Ethiopia is located, is considered as an unexploited and rewarding investment destination for large international breweries. This is partly because, these global breweries are looking for a fresh and growing markets to pay off the rapidly falling demand in the matured markets of the developed world (Jernigan *et.al.* 2015). This huge interest from global breweries are largely to be blamed for the ever-increasing war in the market. Because of the devastating power of the newcomers at destroying the comfortable status-quo, the challenge is becoming irresistible for the already established local breweries. To join the African beer market, recently many international beer companies including “Castle”, “Heineken” and “Diageo” are acquiring most of the existing local brewing companies. Moreover, these companies are investing huge sum of money to build their own huge breweries in all regions of

Africa. As an example, Heineken has established two big beer manufacturing facilities in Nigeria (the most populated nation in the continent) and Ethiopia (the second most populated nation in Africa) in the last decade only (Jernigan *et al.*, 2015).

The brewery industry is one of the oldest industry in Ethiopia. It has put down its roots since 1922 and passed through a very slow growth until the recently. Right now, the industry is experiencing the toughest market competition ever in its history. The amount of money being invested by breweries to win the market is skyrocketing. Generally speaking, the situation in the Ethiopian brewing market is not different from the situation in the rest of sub-Sahara African nations. After the introduction of the “free market economy” in 1991, the level of competition in the brewery industry is increasing. Especially, in recent times because of the slowdown in the western economy and good economic achievements at home, the industry is in a bloody revolution and almost all players are feeling unsecured and fighting for survival. As Jernigan *et al.* (2015) stated, the increasing and large population of Ethiopia, its falling poverty level, and the relatively low per-head consumption rates, are signalling the substantially high market potential of the nation. Because of this huge promise, breweries are allocating huge amount of resources for promotion, new product development, and Human resource development. Thus, from the above evidences it is possible to say that, the headache for most of Ethiopian breweries is to survive the existing unprecedented competitive environment and eventually to dominate the market. But a desperate search alone is not a guarantee to gain market dominance. The search for the ‘x’ factor is going on and will stay for a while. There is no a management function which is immune from the consequences of poor leadership, as Mackenzie *et.al.* (2001) suggested marketing is however, exceptionally susceptible. As Menguc (2007) concluded, regardless of the

business type and size, the role of leadership for the successful marketing operation is very big. Especially, for highly competitive industries like brewery industry in Ethiopia, the vision, flexibility, and competence of leaders are even more important. Despite the fact that the competitive history of the industry is short, at present, significant number of breweries are managed by foreign CEO's, which can be seen as indicator of the attention breweries are starting to give to the importance of Leadership. If the leadership fails the company fails (Kets-De-Vries et.al. 2009). At this time, Ethiopian breweries need a transformational leader, as Yammarino (2000) described, a kind of leader who can stimulate sharp cognizance and desire inside individuals and groups, boosts self-confidence, and helps workers to don't think for mere survival but for achievement and advancement.

### **1.3. Problem statement**

From the many evidences above and in other sources, it is now widely acknowledged that, the right leadership is one of the right inputs for high firm performance in general and marketing performance in particular. Similarly, from the many competing leadership styles, it is believed that, transformational leadership style is the most effective in helping organisations to perform higher than their competitors. Despite this fact, as evidences shows, there is a transformational leadership gap in the Ethiopian breweries and because of this gap they are not benefited from the positive leverage of a transformational leadership style. This quantitative study is therefore primarily aimed at identifying the link between Transformational Leadership and marketing performance and the mediating role of organizational learning and customer orientation between transformational leadership and marketing performance. Also, the impact of

transformational leaders' gender, management position and brewery size on the positive impacts of Transformational Leadership on marketing performance is examined. Finally, this study sheds light on how Transformational Leadership could directly and indirectly affect marketing performance and since the relationships are going to be probed from the highly ignored African context, the contribution to the body of knowledge could be tremendous.

#### **1.4. Rationale of The Study**

The study topic was realized after a thorough investigation and understanding of the role of leadership in organizations. As Kets-De-Vries (2009) stated, if leadership fails the company fails. Similarly, Farris et.al. (2010) concluded that there is no function in any organization that contributes a lot to the success of any business as could marketing do. From Kets-De-Vries (2009) and Farris et.al. (2010) conclusions one can easily understand the irreplaceable role of good leadership for the success of organizations or the requirement of transformational leadership for a successful business operation. This holds even truer when comes to organizations operating in an increasingly competitive market environment like the brewing in Ethiopia. To have a comprehensive understanding of the matter, the mediating and moderating roles of some factors need to be investigated. Thus, the strength of influence of Transformational Leadership because of differences in gender of leaders, management position of leaders, and brewery size shall be verified. These understandings and conclusion are behind the realization of the topic. In selecting the case industry/organizations, the relative degree of competitiveness among firms and other methodological feasibilities are considered. Therefore, in Ethiopia right now the brewery industry is believed to be the most competitive and experiencing the bloodiest market war. In such kind

of tough times, the role that could be played by good leadership is usually huge. However, every type of leader may not be able to come to the rescue, only those leaders who are ready to expand and lift the aspirations of their workforces, create consciousness and good reception to the drives and purposes of the company, and stimulate workers to think far from their self-interest could only help their organizations. As Boerner et.al. (2007) concludes, such kind of leaders have a great chance to transform their organization. These qualities of leaders are highly linked to the quality of the so-called transformational leaders. Therefore, investigating this theorized relationship in the context of the developing world could have a great importance for both practitioners and professional peers.

## **1.5. Research Question**

The main and sub-research questions this dissertation attempts to answer are the following.

The main research question of the study is:

- Does Transformational Leadership affect marketing performance? How? And why?

The sub-research questions are:

- How does organizational learning affect marketing performance?
- How does customer orientation affect marketing performance?
- What are the mediating role of organizational learning and customer orientation on the positive effects of transformational leadership on marketing performance?
- What is the moderating effect of experience on the positive effects of transformational leadership on marketing performance and customer orientation?
- In which group (male or female, line managers or non-line managers, smaller breweries

or larger breweries) the effect of moderating variables (gender, management position, and organizational size) are more pronounced?

## **1.6. Research Aim and Objectives**

The aim of this quantitative study is to understand the direct and indirect impact of Transformational Leadership on marketing performance. Besides, the moderating effect of experience and the role of differences in transformational leaders' gender, their management position, and brewery size on marketing performance and customer orientation is aimed to be probed.

This research has tried to attain the following general and specific objectives:

### General objectives

- ✓ To examine the direct and indirect impacts of transformational leadership on marketing performance

### Specific objectives

- ✓ To find out the effect of Transformational Leadership on organizational learning and consumer orientation.
- ✓ To assess the moderating effects of experience between transformational leadership and marketing performance.
- ✓ To assess the wide-ranging forms of Transformational Leaders impact on marketing performance because of differences in their gender, management position and organizational size.

## 1.7. Research Scope

This study is restricted to the Ethiopian brewery industry. It is a cross-sectional study, intended to find out the direct and indirect link between Transformational Leadership and marketing performances. The breweries studied are all operating in Ethiopia and are currently active. The breweries included are St. George brewery, Meta Abo Brewery, Raya Brewery and Habesha. Since there is no publicly owned brewery in Ethiopia, it's not possible to include in the study, therefore all breweries are either privately owned or owned by foreign companies. Regarding size, St. George and meta brewery are assumed big sized and have been in the market for long, whereas Raya and Habesha breweries are relatively small and started operation in the last five years. Concerning the issue of generalization and representativeness, even if the data is collected from breweries (firm level), because of the homogeneity in the industry, conclusion is made at the industry level. Moreover, the industry homogeneity is carefully dealt to not affect the theoretical choices and foundations of the study. Therefore, the dynamic managerial capabilities view is favoured to guide the theoretical framework of this study.

The study only investigates the direct and indirect impact of Transformational Leadership on marketing performance and the wide-ranging forms of Transformational Leaders impact on marketing performance because of differences in their gender, management position and organizational size. Therefore, the impact of other leadership styles is not the business of this study. Moreover, in this study marketing performance, but not the entire organizational performance is examined. Finally, the analysis and hypothesis testing work is done through the structural equation modelling technique.

## **1.8. Contributions of the Study**

The primary contribution of this study stems from its ability to provide empirical pieces of evidence on the direct and indirect impact of Transformational Leadership on marketing performance. To the best of my knowledge, this study is the first of its kind to address this issue in the context of the developing world. Therefore, from the empirical evidence, practitioners across the breweries and other organizations could learn how leadership interacts with marketing performance. They can also reconsider their leadership philosophies once they are clear about the significance of Transformational Leadership style. The context on which this study established could give a new way of understating and helps to look into organizational matters. Moreover, the researcher strongly believes the uniqueness of this study in terms of context, number, and type of variables, thus, the chance to add value to the existing body of knowledge is certain. Perhaps, the significance of this study cannot be limited to its findings and results, the methodological procedures applied, the theoretical framework developed, the collected data, and the analysis techniques used could provide a valuable lesson to many other future researchers.

## **1.9. Limitations of the Study**

The biggest challenge of this study is the availability of very limited works of related literature in the context of Ethiopia in particular and Africa in general. This problem possibly may hinder the ability to comprehend and refine the study matter in an appropriate context. Furthermore, because of this limitation, closely related literatures are typically used as a support of the current

research problem rather than exactly similar works of literatures. Besides, the lack of sufficient resources, i.e. problems related to finance, and equipment is another hindrance to the best possible outcome of the study. Had it been with sufficient resources, the study could include more breweries and/or involve other industries so that the conclusions could address more audiences than this. Moreover, the generalizability of this study shall be limited by the characteristics of the study participants. Since, the study population is limited to the brewery industry, it is not simple to generalize the findings of this study to other industries and sectors. This is because, there can be a lot of factors that make the brewery industry different from other industries in Ethiopia which may include the degree of competition, growth rate and type of products. Hence, like all other studies readers are advised to take care before taking the results and findings for granted.

### **1.10. Key Assumptions**

The underlying assumptions shall be discussed into two categories, i.e. Methodological and contextual assumptions. Based on the reviewed works of literature, it is assumed that this thesis shall be guided by the positivistic Paradigm Assumptions, which automatically dictates to use the quantitative research method. Concerning data collection instruments, the assumption is it is better to use the mix of adopted and designed instruments, as suggested by the shreds of literature evidences this could improve the value of the study. Therefore, three constructs (Transformational Leadership, organizational learning, and customer orientation) are measured by an adopted instrument, whereas, one construct (marketing performance) is measured by an originally designed tool. The decision for the last construct is made after a relentless and

unsuccessful search for a valid, reliable, and accepted measurement tools from existing literatures. Concerning target population and sampling it is assumed that the brewery industry is the most competitive and the right place to examine the research problem of this study than any other industry in Ethiopia. The assumption for taking only managers and decision makers as source of information is because of the rich knowledge and awareness managers possess about leadership and marketing performance issues.

Context wise, the assumptions are the following; first, Ethiopia is one of the fastest growing economies in the world, hence the purchasing power of the people is growing: second, the brewery industry is one of the most competitive in Ethiopia and people are consuming more and more of their products: third, the current inflow of cash into the industry from all over the world could enforce brewery leaders to strive for market dominance: fourth, the industry is homogenous in terms of the transformational leadership gap thus, industry level conclusions will not be affected by different factors including, size, experience, and ownership form of breweries. Hence, the above are the major assumptions that motivate the researcher to execute a study on the direct and indirect impacts of Transformational Leadership on marketing performance in the Ethiopian brewery industry:

## **1.11. Operational Definition of Terms**

### **Transformational leadership:**

A process by which leaders elevate the aspirations and motivations of others, particularly employees to higher levels by alluring to higher ideals and values (Burns 2012). And means by which a leader transforms his/her followers (Bass 1996).

- **Idealized influence:**

How much the leader is interested to the needs of every employee and the leader's willingness to mentor employees and readiness to solve their concerns and needs (Avolio et. Al. 1999).

- **Inspirational motivation:**

How much the leader is ready to trial existing conventions, takes risks and requests employees' ideas (Avolio et. al. 1999).

- **Intellectual stimulation:**

The ability of the leader to develop a common-vision that is interesting and motivating to employees (Avolio et. al. 1999).

- **Individual consideration:**

The ability of a leader to be an example for good moral character, implants self-importance, gains proper respect and trust (Avolio et. al. 1999).

### **Marketing performance**

Marketing performance can be defined as the outcomes of marketing operations expressed in the form of changes in customer satisfaction, market share and profit (Ambler et.al. 2004).

- **Sales and profit performance:**

Organizations profit and total sales performance in relation to their competitors (Farris et.al. 2010).

- **Product and brand performance:**

Organizations performance in brand awareness, speed of NPD, and product distribution in relation to their competitors (Mariussen 2011).

- **Customer satisfaction performance:**

Organizations performance concerning number of complaints, satisfaction and loyalty in relation to their competitors (Mariussen 2011).

### **Organizational learning:**

Organizational learning is a process by which followers/employees enable themselves to be and behave as a “learning” agent by noticing and amending faults in the organizationa (Argyris and Schön 1978).

- **Continuous learning:**

Learning is designed to be part of the work so that advancement chances are given for unending edification and in a way, people can learn on the job (Yang et.al. 2004).

- **Dialogue and inquiry:**

Is a means by which individuals possess helpful thinking abilities to express their opinions and the capability of listing and enquiring into the views of co-works; hence, ultimately, the values could be changed towards supporting questioning, criticism, and trialing (Argyris and Schön 1978).

- **Team learning and collaboration:**

This happens when organizations designed their works to make use of teams to have the opportunity for diverse manners of thinking; teams are awaited to acquire knowledge and discharge their responsibilities collectively; finally, teamworking will be appreciated by the system and rewarded (Yang et.al. 2004).

- **Embedded systems:**

This to happen, organizations shall make use of both advanced and less advanced technological systems to share what everybody is learning with other people and the system will become an

integral part of the work. (Yang et.al. 2004).

- **Empowerment:**

It happens when a joint vision is developed, owned, and implemented with the involvement of workers; and when job related authorities are given up to decision making rights so that employees could know they accountabilities (Argyris and Schön 1978).

- **Systems connections:**

It happens when people are assisted to look in to their work's effect throughout the organization; and when workers can monitor the general environment around them and use the collected information to adjust their way of life in the organization; eventual the company could be tied to the stakeholder (Argyris and Schön 1978).

- **Strategic leadership:**

This comes if leadership make use of learning for a better business results, and when managers are role-models, winners, and learning oriented (Yang et.al. 2004).

**Customer orientation:**

“Customer orientation is a set of views and attitudes that places the will and interest of clients first, and at the same time respecting and satisfying the interests of others such as owners, managers, and workers in order to establish a long-term money-making organization”  
Deshpande et al (cited in Ciric et.al. 2014 p 28).

**Moderator variables** "In general terms, a moderator is a qualitative (e.g., sex, race, class) or quantitative (e.g., level of reward) variable that affects the direction and/or strength of the relation between an independent or predictor variable and a dependent or criterion variable”  
(Baron & Kenny1986).

**Mediator variables** "In general, a given variable may be said to function as a mediator to the extent that it accounts for the relation between the predictor and the criterion. Mediators explain how external physical events take on internal psychological significance. Whereas moderator variables specify when certain effects will hold, mediators speak to how or why such effects occur" (Baron & Kenny1986).

## **1.12. Organization of the Study**

The thesis is organized into nine chapters. The first chapter, as you come across, deals with the introductory issues of the study. The second chapter discusses the contextual evaluation of the brewery industry. Background of African brewery industry, the historical background of Ethiopian brewery industry and the existing environment of Ethiopian brewery industry are discussed in rigor. The third chapter deals with literature reviews. The chapter discussed literatures dividing in to two as theoretical and empirical. Thus, recent and notable works of literature about marketing performance and Transformational Leadership style, organizational learning and customer orientation are discussed. In the fourth chapter three issues are covered, they are the background of the theoretical framework, the theoretical framework of the study and hypothesis formulation. Chapter five deals with the research methodology including anthological and epistemological choices, paradigm choices, method choices, sampling design and analysis techniques. Chapter six deals with data examination and preparation. Thus, the necessary data cleaning issues including, data screening, missing data analysis, and outlier handling, are discussed. Moreover, multivariate data analysis assumptions including normality, multicollinearity, homoscedasticity, and others are clarified. In chapter seven instrument and

model validation are discussed. The procedures for factor analysis (exploratory and confirmatory) are clearly illustrated. Besides, face, content, and construct (convergent and discriminant) validities, and the matter of reliability are clearly presented. Chapter eight is about analysis, results and discussions. The validity of the structural model and hypothesis testing are discussed. Furthermore, the rigors procedure of the mediation, moderation and multi-group analysis are explained. Finally, in chapter nine, contributions, limitations and direction for future research are discussed.

### **1.13. Summary**

This chapter puts the foundation for the subsequent chapters. It begins by showing the gap in the existing literature. Hence, it is discussed that in spite of enormous works of literature on the topic, little has been done in the context of the developing world. The current study demonstrated the need for future researches with the mission to narrow this gap. After clearly showing the gap, justifications for doing a study on the current topic is explained. Next to this, the research questions and objectives are presented. The key assumptions part clearly presents the economic, market and demography environment of the current study. The contribution of the study, both to knowledge and practice are then discussed. Finally, operational definitions of terms are provided. The next chapter discusses the contexts of the brewery industry.

# **CHAPTER TWO**

## **THE CONTEXT AND BACKGROUND OF BREWERY INDUSTRY**

### **2.1. Introduction**

Before going too far in the research process understanding the context of the research setting is important. The reason for this is because context usually has a direct role in affecting the researcher's methodology and other choices. Furthermore, conclusions can be better understood if we accumulate proper knowledge about the research setting before executing the subsequent stages in the research process. As discussed in the previous chapter, this study is going to be carried-out in the Ethiopian brewery industry. Therefore, henceforth the contextual evaluation of the brewery industry is discussed. First, the African brewery industry context is discussed, followed by the local industry context evaluation. Since, Ethiopia is a typical African nation, discussing the continental context is helpful. Despite the fact that, there are limited pieces of empirical evidences regarding African and Ethiopian brewery industry, an effort has been exerted to use every available literature to strongly substantiate the present study.

### **2.2. History of African Brewery industry**

As Cabras et.al. (2016) stated, the African brewing and beer industry was there since ancient times and has passed through quite a lot of changes over the centuries. Moreover, as reported by WHO (2011), in the SSA region, the making and drinking of beer was the fundamental part of the social structure. In this region still most of the traditional drinks are homemade made and

commonly make use of different ingredients, thus it is mostly denser and brownish in color between 2% and 5% alcoholic content (Van Wolputte and Fumanti 2010). As Nyuur & Sobiesuo (2016, p 148) wrote, “some of the names of the locally brewed beer in African countries include mqomboti (South Africa), pito (in Ghana and Nigeria), busaa (in Uganda and Kenya), chapalo (in Benin), walwa (in Angola), amgba (Cameroon), dolo (in Ivory Coast, Burkina Faso, Mali, Niger, Togo), pombe (in Kenya and Tanzania), Concerning Ethiopians name for local beers, because of the large number of ethnic groups in the country there are possibly as many names as the number of the languages including Tela in Amharic, Ferso in Oromiffa and Suwa in Tigregna. These unique characteristics of African indigenous beer (low alcoholic content, and high thickness), influenced many people including consumers to consider it as a food than as an alcohol. Furthermore, the wide variety of tastes in the continent could also be exist because of the diversified nature of the formulas and several blends of indigenous crops counted in the fermenting process of the beer is partly to be blamed (Nyuur and Sobiesuo 2016).

In spite of the essential role of African brewing sector in the day to day life of Africans, significant events have been happened in the last few 100 years, such as the commoditization of native beers to transform beer as favorite goods so that it could be purchased, bartered and taxed (Nyuur and Sobiesuo 2016). Moreover, other major changes including the starting of mass production of news beer-brands and the eventual expansion to the new regional markets are also witnessed. Moreover, changes in drinking ambiances as well as the unprecedented interest from women, teenagers and young adults has become huge force (Nyuur and Sobiesuo 2016).

According to Cabras et.al. (2016), in spite of tremendous industry wide positive changes in recent times, “academic studies was unable to go hand in hand with the rapid changes in the industry,

which could be blamed for our evident knowledge gap for the African brewery industry, and the existing consumption habits of African beer customers”. This knowledge gap and the diversified nature of the continent make it uneasy to generalize issues and facts related to the brewery industry. Despite the differences between African nations are apparent, still it is easy to find many common grounds to unpack.

In a study by Heap and Roberts (cited in Nyuur and Sobiesuo 2016), in the previous few centuries African indigenous beer market has experienced a lot of changes. The European explorers and their folks in 1850 to 1930 were the first group of people to take the credit for the importations and familiarization of modern beer in to Africa. This was the first disturbance for the long established African beer market by changing the nature of homemade beers and the consumption habits of the people. Furthermore, as Van-Wolputte and Fumanti (2010) stated, the emergency of thesis money in the marketing of commodities in Africa positively helped to the homemade beer to become as one of marketable product. After independence, however, some African nations started to establish their own beer manufacturing facilities, including “Ghana Brewery Limited, Nigeria Brewery plc, Swaziland Breweries, Lesotho Brewing Company, Kenya Breweries Limited and Tanzania Breweries Limited” (Nyuur and Sobiesuo 2016 p 152). The only independent African nation, Ethiopia, has also established its first brewery, the current St. George brewery in 1922.

From 1980’s to the early 2000 the economic growth rates of the SSA nations has been going up and down between -1.5 and +1 while elsewhere the growth rates were around 2% in this particular time (Nyuur and Sobiesuo 2016). Because of this figure, sizable multinational beer

producers started to look in to the emerging markets of Asia and Eastern Europe because this region was relatively more attractive than Africa hence (Nyuur and Sobiesuo 2016 p 152).

### **2.3. The Present and Future of African Beer Industry**

The past four decades has witnessed instabilities in making, circulation and drinking of beer in Africa. However, after this depressed period the industry recorded 25% growth in adult per capita consumption between 2001 and 2005 (WHO 2011). Generally speaking, this growing tendency is induced by liberalization of the Beer industry across African economies. The speeding of the free-economy policy, globalization and upgraded infrastructures all over the continent can also be cited as another positive cause. Moreover, a study by Odejide (cited in Nyuur and Sobiesuo 2016) suggested that, the slow disappearance of the typical beer usage controlling means, and the beginning of a strange taxes and the emergency of societies which tolerate beer consumption regardless of age, gender and income perhaps positively affected the beer industry. Moreover, beginning of new drinking cultures, like drinking in bars with loved ones rather than at home, the differentiation revolution of beer tastes and flavors, have become normal, predominantly African youths have taken these as way of modern lifestyle, and sign of achievement.

Presently, the beer sector is among the blossoming industry across the continent and consuming beer is no more demarcated by age, gender or social class, but awesomely by income (Nyuur and Sobiesuo 2016). Even though the impact of culture yet to vanish, the consumption of bottled beers has arrived into the inaccessible villages as they are becoming the favorite choice of drink for people who can afford. Similarly, an increase in the making and packing of native beers for commercial purposes is showing huge improvement and they are being consumed at different

ambiances by diversified people who can't afford to pay for the imported or nationally recognized brands. Nevertheless, it is strongly believed that, in Africa, this market is not fully exploited and has huge growth potential (Nyuur and Sobiesuo 2016). As can be seen from Table 2.1 below the overall amount of consumption by African male and female beer customers aged >15 years is only 19.6% of females and 40.2% of males. When comparing the figure with the world average of 47.7% males and 28.9% females it can tell us how much Africa is still unexploited market for breweries. The figure can also be interpreted from the view point of a market gap in that, it shows a market gap of 59.2% and 80.4% for males and females aged 15 years and above respectively. As can be seen at the last column of the table below, the ration of beer consumption for male to female is equal to 2:1 which means African males are consuming twice of females' consumption level. The high level of beer avoidance by females' may perhaps be because of culture, religion and other social influences (Nyuur and Sobiesuo 2016). The other important data presented in figure 2.1. shows that, beer, wine, and sprits are the most widely known consumed alcohols at 40%, 37%, and 12% respectively. Moreover, as can be understand from table 2.2 below, in some African nations, such as South Sudan and Mauritania, the market is hugely unexploited even than other African nations. Furthermore, beer usage in most of the nations is under 30%. For example, Nigeria is at 9% consumption level despite having the largest market in the continent. Similarly, South Africa, with a considerable market size, accounts for a 48% beer consumption level. The only three African countries with a consumption level above 70% are Congo, Guinea and Namibia.

Table 2.1 Known Alcohol Consumption by Type: 2010 (WHO 2014).

WHO Region	Males (%)	Females (%)	Males/females
			Females (%)
<b>African Region</b>	<b>40.2</b>	<b>19.6</b>	<b>2.1</b>
Americas Region	70.7	52.8	1.3
Eastern Mediterranean	7.4	3.3	2.2
European Region	73.4	59.9	1.2
Southeast Asia Region	21.7	5.0	4.3
Western Pacific Region	58.9	32.2	1.8
<b>World</b>	<b>47.7</b>	<b>28.9</b>	<b>1.6</b>

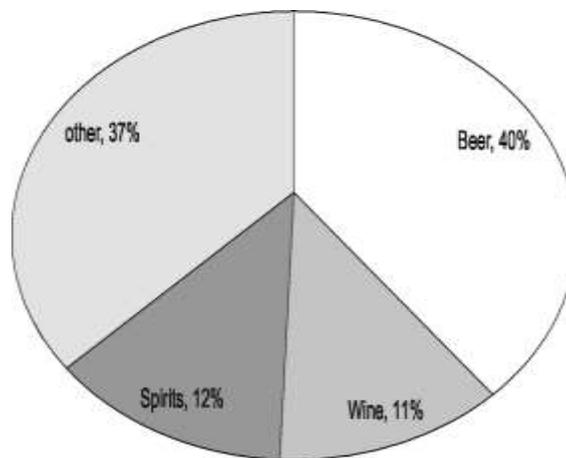


Figure 2.1. Percentage of Alcohol Types Consumed in African in 2010 (WHO 2014).

According to Obot (cited in Nyuur and Sobiesuo 2016), as a matter of fact, positive economic changes have a positive effect on beer consumption habits. Persistent and encouraging economic progress in many African nations including Ethiopia is signaling the growing amount of disposable income and buying power of people and hence implying they are promising destination. Moreover, the ever-increasing population of Africa which could in due course lead to an improved level of usage; should be considered as the sign of the bright future of African beer market. As Obot (cited in Nyuur and Sobiesuo 2016) suggested, the absence of feasible limits on marketing and promotional activities and the deprived execution of the

poor regulations are another reality of the industry. According to WHO (2011) report, all these assumptions and facts means, investors can confidently expect an improved beer demand in the region likely up until 2025. Therefore, the number of likely customers and the total demand for beer in SSA region until 2025 may meaningfully surge because of this unprecedented economic development and increase of the adult population (WHO 2011).

Table 2.2. Beer Consumption in Sub-Sahara African Countries 2010 (WHO 2014).

<b>Consumption level (%)</b>	<b>Country consumption levels of beer (%)</b>
Below 10 %	South Sudan, Mauritania (0%); Sierra Leone (6%); Gambia (6%); Nigeria (8%); Malawi (9%); Uganda (9%)
10-19%	Burkina Faso (10%); Tanzania, Rwanda, Liberia (11%); Mali (13%); Côte d'Ivoire, Central African Republic (16%)
20-29%	Guinea-Bissau (20%); Comoros (23%); Zambia (23%); DR Congo (24%); Sao Tome and Principe (24%); Zimbabwe (24%); Burundi (25%); Equatorial Guinea (28%)
30-39%	Ghana (30%); Swaziland (33%)
40-49%	Cameroon (45%); Niger (46%); South Africa (48%); Togo (49%)
50-59%	<b>Ethiopia (50%);</b> Lesotho (51%); Benin (55%); Senegal (55%); Botswana (56%); Madagascar (56%); Kenya (56%)
60-69%	Algeria (63%); Mozambique (63%); Angola (64%); Eritrea (64%); Cape Verde (64%); Chad (66%); Mauritius (66%); Seychelles (67%); Gabon (68%)
70-79%	Congo (78%); Guinea (79%)
80-89%	None
90-100%	Namibia (97%)

## 2.4. Marketing Opportunities

According to Obot (cited in Nyuur and Sobiesuo 2016 p 156), right now the SSA nations are being marked as a 'JEWEL' of the global brewery market, resulting high investment flows to these nations by big multinational breweries including Castel, Heineken, and Diageo and SABMiller. Moreover, in recent years competition in African beer industry becoming fierce, partly because, local brands are gradually snatching some of the market share of the recognized brands. As the competition heats up, this days, across the SSA region, both strong brands and weaker national companies are mounting their marketing and promotional works (Nyuur and Sobiesuo 2016). In spite of all the positive encouragements in the continent, the disintegrated nature of the African market, and serious infrastructural limitations are posturing a test to successfully operate in African brewery industry. The underdeveloped transportation and communication networks, predominantly in the countryside, have possibly a weighty bearing on the selling of beer products by businesses. (Nyuur and Sobiesuo 2016).

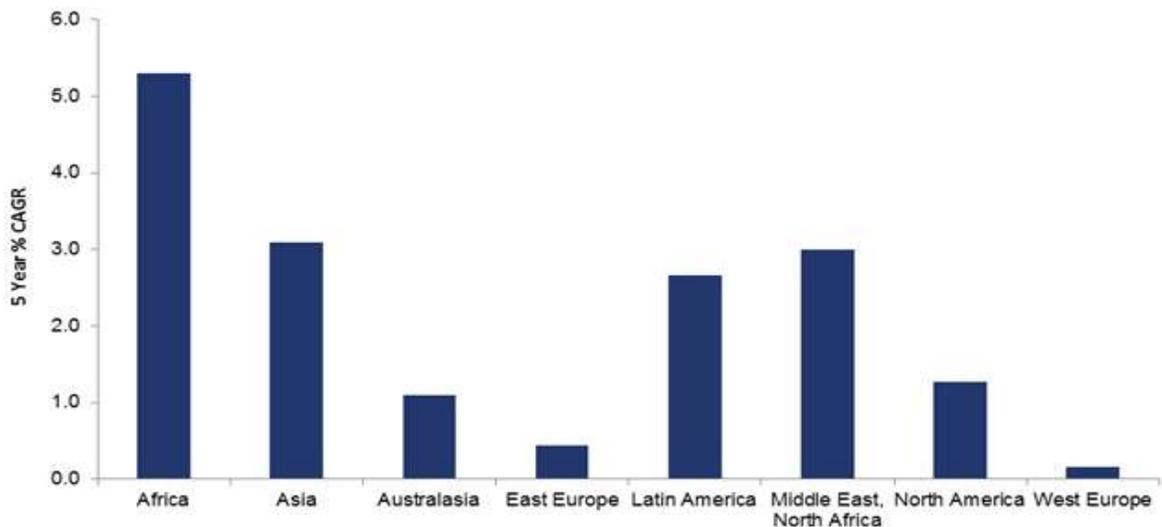


Figure 2.2. Predicted Beer Consumption Growth 2015-2020 (WHO 2014).

## 2.5. History of Ethiopian Brewery Industry

Western beer, as opposed to the traditional Tella in Amharic and Ferso in Oromiffa was introduced in Ethiopia in the early 20th century, and the first brewery, St. George, was established in the early 1920s (Zavatta and feyissa 2009). As time gone, western bottled beer has become an increasingly popular beverage and consumption is currently estimated at about 3-3.5 million hectoliters (hl)/year, with a remarkable increase over the hl one million consumed in the late 1990s (Zavatta and feyissa 2009). the beer market is largely supplied by local breweries, with only limited amounts of special beers imported. Exports are also very limited, with small quantities sold to North America and European countries, where sometimes Ethiopian beer is available in ethnic restaurants.

At present, nine breweries are operating in Ethiopia. They are controlled by six companies, from which three are owned by Heineken, one is owned by an endowment fund and four are fully private and jointly owned by local and foreign owners. Almost all the breweries in the country recently implemented or announced expansion programs to keep up with growing demand. In the recent past, plans for the establishment of additional breweries were also announced. In Ethiopia, the market for beer has its own geographically mark i.e. the location of the breweries have huge impact on the primary market of their respective products. An exception is represented by Harar, which is a non-alcoholic beer sold all over the nation. Similarly, for logistical and other reasons, draft beer is sold primarily in local markets, i.e., in areas close to breweries. In terms of product lines, the main distinction is between bottled/canned beer and draft beer, the latter being consumed only in bars and restaurants whereas the former usually consumed both in out of the bar. Apart from that, each brand has its own distinguishing features,

owing to both objective and subjective characteristics. But they can all be considered in competition with each other. Taken together, industrial beers are also in intense competition with traditional beer, which is often homemade or produced by small scale artisan-like operations.

## **2.6. The Environment of Brewery Industry in Ethiopia**

Now a days, most of the famed international breweries are looking at the Ethiopian brewery industry resulting unprecedented foreign direct investment in to the beverage industry. The invested money is one of the highest and so far, not showing any decline (as stated on glass international magazine by Morris 2016). In the same report, Morris quotes the director of Ethiopian Food, Beverage and Pharmaceuticals Industry Development Institute/EFBPIDI/, and confirmed that, investments in the beverage and stimulant sector exhibits an incredible expansion in the past ten years. Moreover, according to the Institute, multinational beverage companies are remaining loyal to the promise they made by expanding their operations throughout the nation. As Morris (2016) stated, right now there is a consensus among big investors that Ethiopia has investors attraction power. As Koster (2014) stated on the wall street journal website, as of December 2016, seven beer producers (eleven breweries) are operating in Ethiopian, they are Dashen (owned by an endowment fund), BGI (owned by foreign and local investors), Heineken (famed European company), Meta abo (owned by Diego), Raya (owned largely by local investors), Habesha (largely owned by local investors) and Zebidar, (owned by foreign and local investors). The following figure presents the total production capacity of Ethiopian breweries In Hectolitres Per Year.



Figure 2.3. Production of Breweries in Ethiopia In Hectolitres Per Year (Access Capital Research, 2014).

In the last decade, the Ethiopian government has privatized most of the breweries under public ownership including Harar and Meta. This decision is fueling the already competitive market by allowing foreign experienced breweries to operate with better efficiency and skill. Nevertheless, this rapid expansion is not coupled by the incompetent malt producing plants resulting in a very delayed delivery of this critical input. This shortage, though, could be another opportunity to further expand the market because due to this market gap clear interests have shown from some western’s firms to engaged in malt production works, this eventually will further stimulate the already spinning industry for more expansion and market competition.

Table 2.3. Total Alcohol Per Capita (WHO-2010)

Gender	Total alcohol per capita.
Males (15+) 30.1	30.1
Females (15+) 19.9	19.9
Both sexes (15+) 26.5	26.5

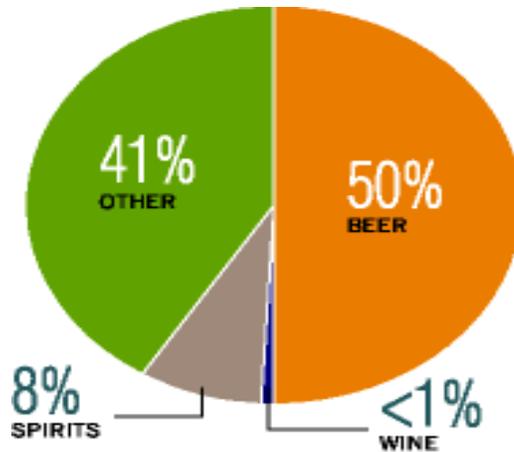


Figure 2.4. Alcohol Per Capita (15+) Consumption by Type of Alcoholic Beverage (WHO 2015)

The glamorous outlook of the industry is however, not without problems. The first concern for most foreign breweries is shortage of foreign exchanges which limit firms to oust some of their money. The other challenge is the availability of skilled manpower. This is especially worse when they look to fill the top and middle-level managers positions. Moreover, the leadership tradition of locally trained personnel is sometimes not compatible with standardized practices of international breweries. Because of this, most Ethiopian breweries are currently led by foreign trained or locally retrained leaders (Morris 2016). As solution to this hindering issue, some breweries are using a university recruitment strategy to get the finest fresh minds of the labor market and then to train and accustom them with the leadership standards and cultures of the multinational breweries.

## 2.7. The Leadership Gap in the Ethiopian Brewery Industry

As briefly discussed above, from the many hurdles the brewery industry faced today, the outdated know-how and skill of their leaders is the most critical. Knowing the low education level

of the people, poor economic level of the nation, and the worrying rate of brain drain, experiencing such kind of problem cannot be a surprise. Those leaders with the capability to transform the country and its organizations are leaving in the broad daylight. Brewery's Leadership is one of the area hampered by this problem. Like other SSA nations, Ethiopia also possess ample manpower; nevertheless, locating and having the typical modern personnel is tough and when these people are found most of them lack the proper practical leadership experience. Even though engaging foreign workers is one alternative (as done by most Ethiopian breweries), this is not always the best solution, because, since these foreign experts are new for the culture, they might find working in most of African countries in full capacity is very problematic. The current leadership situation across Ethiopian businesses could be viewed from two broad leadership perspectives. The first leadership perspective could be explained by those traditional leaders who strongly believe in the contractual or transactional leadership style. Whereas the second perspective could be explained by those leaders who strongly believe in the power of a relationship or transformational leadership style. Currently, it is strongly believed that, most of the businesses in Ethiopia are predominantly living with the transactional kind of leaders and leadership styles which is causing an unhealthy/antagonistic leader-follower relationship. On the other hand, very few industries and business are starting to give chance for a transformational leaders and leadership style. This unique reality of the Ethiopian leadership perspective has its own genuine reasons. One reason could be the history of low competitive market environment of the nation. The other reason is the isolation of the countries' business from the rest of the world which could make local companies very compliance about their competitiveness because they could only compare themselves with weak local companies rather

than other stronger companies elsewhere. However, this reality is now rapidly changing and the need for transformation and the eventual market domination is becoming the order of the day. The relevance of transformational leader for Africa in general and Ethiopia in particular is suggested by many scholars. For example, Rotberg (2004) suggested that, the absence of transformational leadership affects the underdeveloped nations like Ethiopia than the other parts of the world (developed nations) partly because of ineffective and inefficient institutions. Moreover, the deep-rooted diversity of African/Ethiopian people is another reason to give a chance for transformational leadership. As Fairholm (1991) concluded, there is no a leadership style like transformation leadership that can achieve unity in diversity, respect and trust between managers and workers, and value centered. The mentioned leadership gap is not a problem of the few breweries, it is rather an industry wide challenge regardless of the size, experience, and ownership form of breweries. Therefore, it is now unarguable conclude that, a transformational leader is desperately needed for an industry and organization, especially for which, currently are passing through unprecedented all rounded transformation.

Few leading breweries seem to have the right understanding of the relevance of leadership in shaping of employee attitudes towards organizational change and thus they are busy by creating a pool of talents through university recruitment and selection. Most of them are using their good names, and brand position, to attract and retain the finest leaders of the labor market. They are also ensuring salaries and other financial rewards are properly determined not only by comparing with local forms but also with other global competitors that could rob their talent. Because of the unique nature of the African market, winning there requires a leader with an innovative mentality, who allows followers to become accustomed with unanticipated obstructions and

chances, who are fearless towards risk and who believe their instincts to make uninformed decisions. In other words, To win in Africa, leaders are not expected to throw out everything they have learned, they do need to foster a culture of boldness, agility and resourcefulness. This is undoubtedly the quality of transformational leader. Thus, from the above empirical and theoretical evidences one can conclude that a transformation leadership is the one that Ethiopian brewery need right now to grasp the existing market opportunity and ultimately to dominate.

## **2.8. Summary**

This chapter discusses the context of the research setting. Historical background of African and Ethiopian brewery industry is briefly discussed. The slow and steady transformation of the beer industry from consuming homemade indigenous beers to the beginning of beer commercialization, and the increasing control of the industry by multinational beer companies is explained. Moreover, the unique realities of Ethiopian brewery industry, including the structure, number of breweries, their form of ownership, degree of competitiveness, and leadership gaps are discussed. Finally, the prevailing leadership gap and the associated challenge in the industry along with the key causes are thoroughly discussed. From the discussion, a lot of important background information is found and this is used as a main guiding context throughout the completion of this study. The next chapter discusses closely related literatures. Thus, relevant theories, models, and assumptions are debated and ultimately theory evaluation and choices are made.

# CHAPTER THREE

## LITERATURE REVIEW

### 3.1. Introduction

The preceding two chapters hugely tried to indicate the literature gap and justify the relevance of working a research paper on the topic. In the second chapter, contextual evaluations are made after continental and local literatures are profoundly reviewed. This is done to understand the unique characteristics of the Ethiopian brewery industry through justification and contextualization. The objective of the following chapter is to further review the existing work of literature on the area of marketing performance, transformational leadership, organizational learning, and customer orientation. As has been discussed, the aim of the current study is to investigate the direct and indirect relationship between Transformational Leadership and marketing performance, thus afterwards, renowned theories, models, arguments, suggestions, and conclusions on the topic area shall be discussed.

### 3.2. Review Approach

In this study, the narrative or traditional literature review approach is used. This is because, the primary purpose of this approach is to provide a wide-ranging overview about the topic and to show the important areas of the study. Since it is a comprehensive, critical and objective analysis of a current knowledge on a particular topic, this type of review could possibly aid to detect gaps in the research topic and help to refine and define research questions. Moreover, this review process is generally considered as an indispensable part of most researches, hence, it helps to

establish a theoretical framework for the study. The approach helps the researcher to identify patterns and trends in the literature as well, then it could be easy to identify gaps or inconsistencies in a body of knowledge. For the present study, the available related (the closest possible) literatures are reviewed and used to detect the gap in the body of knowledge which in turn helped a lot to develop the research framework. Hence, the available theories for firm performance, marketing performance measurement system, and leadership are reviewed, evaluated and their implications to the present study are explained. Finally, because of multiple reasons (they are old, or not exist in the available databases) some reference materials are inaccessible to the researcher, thus, in such cases the secondary referencing approach is used.

### **3.3. Theoretical literature review**

As it is well known secondary literatures are divided in to two major catalogers i.e. theoretical and empirical. The former is aimed at the underlining or foundational knowledge of the concept whereas the latter is focuses on the actual facts or findings found from scientific researches. Thus, to maintain clarity and quality the current study is going to discuss the theoretical evidences and empirical evidences subsequently.

#### **3.3.1. Dimensions of Organizational Performance**

Organizational performance is the degree of accomplishment of objectives and goals indicated by both financial and nonfinancial results which provide valuable data for enhanced decision making (Lebans and Euske 2006). Ambler et.al. (2004) defined marketing performance as the result of marketing related activities expressed in the form of positive changes in customer

satisfaction, market share and profit. According to Penning (2012), financial performance measures are type of idiosyncratic measures used by businesses to evaluate the health of their business or their industry as all and to compare themselves with other players in the industry. Rahman et.al. (2005) stated that, firms commonly make use of two types of performance measures, i.e. 'hard' performance measures and soft performance measures, under the 'hard' measure ROA, share of market and sales volume are included and in the 'soft' measure category, innovativeness, organizational-learning, and level of customer satisfaction are included. The other type of performance measure is called the objective and subjective measure, as suggested by Dess and Robinson (1984). Generally speaking, if a measure is highly depending on financial data it can be categorized under the objective measure and if it is mainly relay on the assessments of the manager, it shall be seen as a subjective type of measure. However, Li and Ye (cited in Farhanghi et.al. 2013) claimed that, there cannot be a single objective measure that can describe every kind of performance effectively. Morgan (2011) argued that, during the entire history of marketing, its role to explain and measure organizations' performance has acknowledged by my theorists and practitioners. As Morgan (2011) clamed, firms are creating a sustainable competitive advantage because of their growing theoretical knowledge about the positive contribution of marketing. Morgan (2011) also suggested that, the new developments in the interaction between marketing and finance are providing valuable empirical data about the impact of every marketing tasks and assets on the organizations all rounded performance. Donald (2004) argued that, some finance related decisions and costs could clearly impact the marking side of the firm, thus, nowadays, marketers are using new marketing mix models and theories to associate finance related spending to sales and market share. Donald (2004) concluded that,

since sales has a direct relationship with financial consequences it is possible to show the financial performance of the firm through measuring sales performance.

As Douglas (cited In Vorhies 2003) claimed, in this modern time the intangible assets of the firm are becoming critical than ever and they are claiming almost half of the values of any organizations. However, this was not the truth before some time ago when more than 80% of organizational values were linked to its tangible assets. Despite the fact that intangible assets are becoming critical, not all of them are equally important, rather there are few extremely treasured intangible assets including “intellectual property”, “brand”, and “the customers”. As can be seen in the list, two of the three are absolutely related to marketing and the other one is an intellectual property which similarly can be treated as a part of a marketing mix (product), thus all in all it possible to say that marketing performance measures are very comprehensive and expressive to use than other forms of performance measures. Admittedly, as a result of this debate the need to find out the right way of measuring firm performance is attracting the attention of many researchers and practitioners all over the world. To sum up, from the two categories of firm performance, it seems very easy to conclude that, ensuring marketing performance is the most important thing because it can lead to high financial performance.

### **3.3.2. The Concept and Theory of Marketing Performance**

Among marketing researchers, the ‘Marketing performance’ concept as a topic has been one of the most debated and as the same time controversial area of research (Sorina-Diana 2013). In like manner, according to the marketing science institute (MSI) from the top ten research areas “marketing accountability”, “return on marketing investments” and “marketing performance

management systems” are the three topics most commonly probed by researchers between the year 2008 and 2010 (Lamberti and Noci 2010). However, despite its popularity and literature richness, it was not easy to locate a clear and comprehensive definition for the term ‘marketing performance’. As the same time, Iyer and Grewal (2016) argued that, possibly from all other concepts in the short history of marketing, the concept of marketing performance has proven to be stubbornly resistant to conceptualization, definition, or application. In spite of the confession concerning the difficulty of defining the concept marketing performance, there are few definitions in the literature. Most definitions however, have prefer to define marketing performance as two different words, so that understanding the concept could be easier. Ambler et.al. (2004) defined performance as doing what is expected to do and achieving what is expected to archive; a result, for Ambler et.al. (2004), marketing performance can be defined as the outcomes of marketing operations expressed in the form of changes in customer satisfaction, market share and profit. Moreover, the term can also be explained as a consequence of marketing capabilities the firm possess. When these capabilities are exploited in an integrated manner by using organizational resources to identify the taste and preferences of customers and excellence in product and brand positioning, improved marketing performance could easily follow suit. According to Day (1994), once the firm able to establish those capabilities and make them difficult to copy, they could be used to facilitate and possess competitive advantages. Finally, as Morgan (2011) stated, firms marketing performance deserves more attention than any other performance dimensions because of its significant association with firm’s financial performances.

Throughout the history of firm performance theories, scholars have asked and answered a number of questions to understand what really matters to improve firm performance. As an example, Carpenter and Sanders (2004) and Dasgupta and Hilary (2010) asked, “Do CEO’s have an impact on firm performance”? And found that, of course firm performance is affected by both CEO and non-CEO related factors. From the CEO related factors, their leadership style, experience, and gender could have possibly mentioned and the non-CEO factors could be organizational assets, their workers, and sometimes luck. However, surprisingly CEO pay was not directly and positively related to high firm performance. O’Sullivan and Abela (2007) raise the question whether marketing performance measures ability positively influences firm performance or not, and the result indicated the firm’s profitability, productivity, and marketing related statures could possibly be the direct consequences of the firm’s marketing performance measurement capability. Murphy (2013), tried to examine the impact of firm culture on performance, and found that, culture relates positively to cooperation, coordination, and performance. The relationship between competitive strategies and firm performance are also investigated by Teeratansirikool et.al (2013) and the result demonstrated that, all competitive-strategies have appeared to enhance firm-performance. Bae (2008), investigated the link among “multinationality”, and “firm performance”, and indicated that, the empirical relationship between the two variables is uneasy to predict and the impact of one on another fluctuates as the firm go through the different stages of multinationality. Primc and Čater (2015) studied the impact of environmental proactivity on firm performance, the result shows, firm performance is not under the influence of its environmental proactivity. Dawar (2014) researched the link between agency theory, capital structure and firm performance, and the result indicate leverage has a negative influence

on financial performance of firms, which is in a direct contrast with the belief of the agency theory as generally established and accepted in developed as well as emerging economies. As the above results clearly shows, different studies have concluded differently about the critical factor behind high firm performance. These indicate there is no consensus in the literature concerning what is or isn't important for high firm performance. In addition to the above findings and suggestions, next, the three most remarkably debated theory of firm performance are discussed i.e. The resource-based view (RBV), the dynamic capabilities views (DCV) and the dynamic managerial capabilities view (DMV).

#### 3.3.2.1. The Resource-Based View (RBV)

It is believed that, the emergency of the resource-based view/RBV/ is mainly linked with the revolution erupted in the field of strategic management. Further to the nature of RBV theory, its creation is deeply rooted to the theories of economics and management theories as early as 1950's. According to the theory, organizations competitive advantage and performance is fundamentally determined by the type and size of resource they possess. According to Peteraf and Barney (2003), the theory is built upon two major assumptions. The first assumption is organizations in a given industry controls heterogonous/different/ sets of resources and the second assumption deals with the immobility nature of resources so they can stay with the beholder for long. Likewise, Brahma and Chakraborty (2011 p 52) claimed that, these factors or resources are imperfectly competitive, if that is not the case, firms couldn't get economic rent for the resources they control because the price to possess those resources will be similar across

the market, thus it should be understood the factor market or the source of resources are imperfect so that only few firms could manage to possess and other will not.

As Collis and Montgomery (1995) defined, resources are assortments of factors owned by organizations provide help to attain profitability and signify and show value for the customers. It is strongly believed that, in the area of marketing, resources were first studied and introduced by George Day. Eventually, other scholars including Hooley et.al. (2001), thoroughly analyzed the concept and further develop and purify the theory.

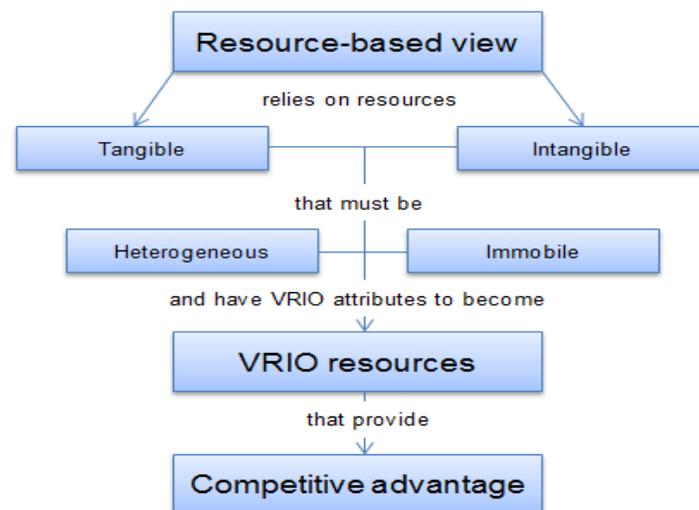


Figure 3.1. The RBV Model (Adopted from Jurevicius 2014)

Even though, the existence of heterogeneous and immobile resource is critical to achieve competitiveness, there is an agreement that this alone could not be enough to sustain it. As a response for this concern, Barney (1991) has identified the VRIN framework which helps a lot to examine resources from their valuable, rare, costly to imitate and non-substitutable nature. The VRIN way of description was later enriched and changed in to VRIO. In the new VIRO framework the following characteristics are necessary to any resource if it is capable to give a competitive advantage to its beholder. Therefore, so long as they are helping the organization to add value

to the customers. If resources are very territorial in their presences i.e. if they are found only in few organizations they are called rare. Moreover, if competitors find it very costly to copy some resources, it is probably because of its inimitable nature, thus that resource is called *costly to imitate*. Finally, unless otherwise resources are well organized to capture the foreseen opportunity they cannot provide a competitive advantage, however, if the opposite is true they are called *organized to capture the value* (Jurevicius 2014)

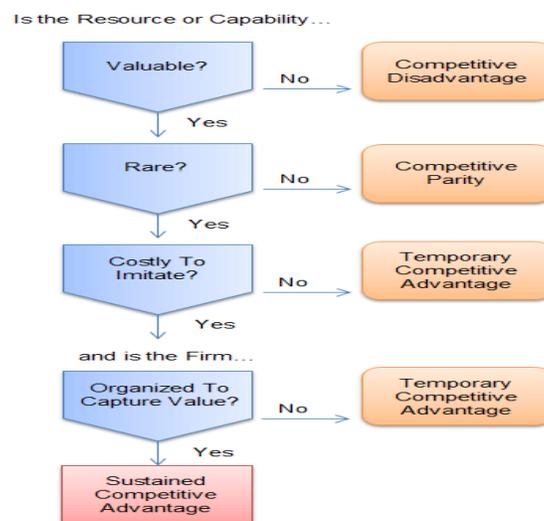


Figure 3.2. VRIO Framework (Adopted from Rothaermel 2015)

### 3.3.2.2. The Dynamic Capability View (DCV)

This view is believed to be the evolutionary extension of the resource-based perspective Helfat *et al.* (cited by Ambrosini 2009) because it has tried to tackle the weakness of the RBV theory. The theory has appeared as an effort to unravel the composite problem of maintainable “competitive advantage” in a business environment full of dynamism (Eisenhardt and Martin 2000). The theory’s primary assumption is organizations with the ability to understand and

exploit approaching opportunities and, then able to restructure their capabilities in accordance with the known prospects and environmental transformation can form and endure a competitive advantage (Teece 2012). As Brahma and Chakraborty (2011 p 58) suggested, “using the two words i.e. dynamic & capabilities, together is the right way to understand the proper meaning of the concept dynamic capabilities, but, using dynamic and capabilities separately could have a misleading connotation. Therefore, the word ‘capabilities’ might have different implications when used to refer ‘dynamism’. For instance, in the “resource-based view” theory, “capabilities” can be procedures and sequences resulted by the “VRIN” nature of resources. Nonetheless, today’s capabilities refer a sort of static nature similar to today’s abilities which are expected to be different and hence to have a competitive advantage over rivals (Brahma and Chakraborty 2011). Conversely, in “dynamic-capabilities view”, “capabilities” stresses ‘the irreplaceable role of the leadership in aptly adjusting, assimilating, and restructuring resources, skills, and other competencies both internal and external to the organizational (Brahma and Chakraborty 2011). On the other hand, Teece (2012 p 9) suggested that, “the word dynamic is directly related to the ability to refresh organizational resources and competencies to create congruence between the firm and external dynamism. Dynamism is also assumed to be future oriented since it focuses on processes that could be changed based on VRIN resources, but not to engage them in different ways”.

Logically speaking, “dynamic capabilities” could be grouped into three forms, the first is sensing capability; the second is seizing capability; and the last one is reconfiguring capability (Teece 2012). Sensing capability is related to ability to detect good market chances. Thus, to this end, organizations shall endlessly monitor the situation around them and search for opportunities that

are coming both in and out of their organization. When good chances are detected, exploited and their impact is understood it is the sign the firm has the seizing capability. The last capability i.e. the reconfiguring capability, could exist if the firm successfully and continuously reconfigure the sensed and seized opportunities. All in all, if the firm is in the position to restructure its resource base based on the dynamism in the environment, it is easy to reconfigure the resources. Despite the fact that Empirical testing about the impact of “dynamic capabilities” on “firm performance” is usually laden by problems related to the “description, operationalization and measurement” of tests, there is growing indication that a firm’s “dynamic capabilities” meaningfully affect firm performance (Protogerou et.al. 2011). Moreover, in their study of post-acquisition integration processes, Singh and Zollo (1998) revealed that, firms who devoted more effort in organizing their amalgamation processes attain higher profitability than competitors.

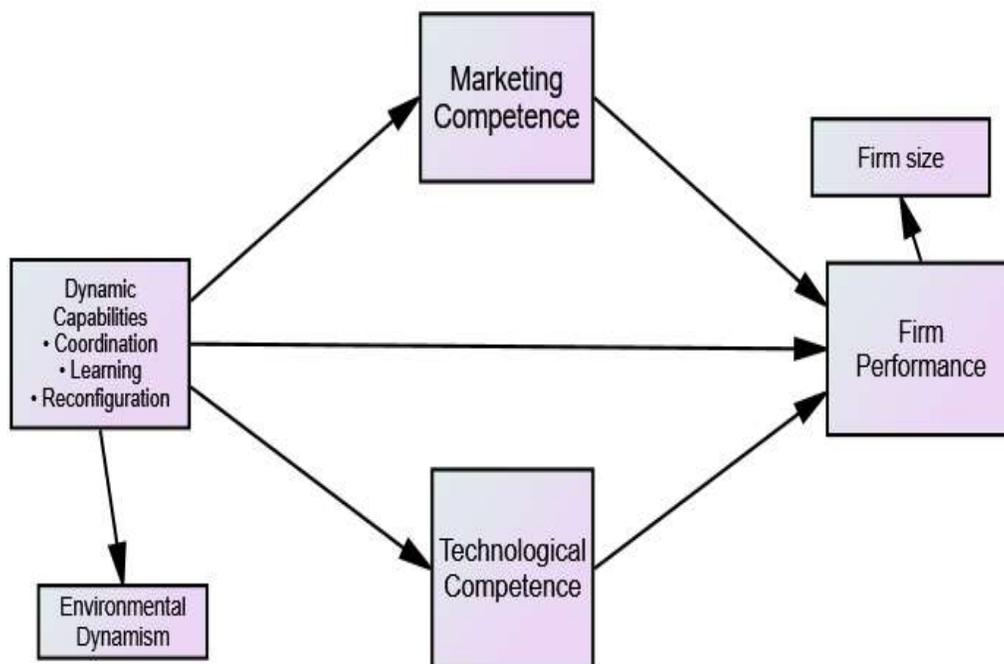


Figure 3.3. Impact of Dynamic Capabilities on Firm Performance (Adopted from Protogerou et.al. 2011)

These days it is clearer than ever the resource base of organizations shall be continuously restructured, redefined and reconfigured to overcome the many challenges laid by their outdated resource bases and they need to find out the perfect substitutes for their outdated resource as soon as possible to keep the momentum for long.

### 3.3.2.3. Dynamic Managerial Capabilities View /DMC/

Helfat *et. al.* (2012) defined dynamic managerial capabilities as the capability of leaders to make, spread, or amend the resource foundation of a firm. It is strongly believed that, the father of DMC concept is Adner and Helfat (2003). This is because, in one of his work entitled “Corporate Effects and Dynamic Managerial Capabilities”, which is an experiential examination of thirty establishments from 1977-1997 in the petroleum industry of U.S.A. they gave the modern identity for the concept and firmly position DMCs as an equivalent to ‘organizational dynamic capabilities’ rather than taking it as something different. Moreover, in the same study, they suggested that unlike resources, ‘DMCs’ possess fundamental qualities including “managerial human capital”, “managerial social capital”, and “managerial cognition”.

As literatures showed in past, the availability of dynamic capabilities in an organization leads to the presence of dynamic managerial capabilities which is defined as a dynamic managerial capability of leaders to make, spread, or amend the resource foundation of a firm (Helfat 2012), and highly related with the behavior of a transformational leader’s style. Furthermore, beyond the direct relationship between the two variables (DC and DMC), as argued above by dynamic capabilities-based view of the firm theory advocates, DC usually affects other exogenous variables of the current study, organizational learning and customer orientation and eventually marketing performance of the firm. Therefore, the rationale to lay the foundation of the current

study's conceptual framework on the DCBV of the firm is the clear relationship between dynamics capabilities/DC/ and dynamic managerial capabilities /DMC/.



Figure 3.4. Dynamic Managerial Capabilities and Marketing Capabilities (Adopted from Jacob, 2017)

### 3.3.2.4. Summary of Firm Performance Theories

Table 3.1 Summary of Performance Theories

Theories	Key arguments	Reference
<b>Resource based view</b>	The resource-based view (RBV) emphasizes the firm's resources as the fundamental determinants of competitive advantage and performance. First, it assumes that firms within an industry may be heterogeneous with respect to the bundle of resources that they control. The other assumption is that resource heterogeneity may persist over time because the resources used to implement firms' strategies are not perfectly mobile across firms	(Peteraf and Barney 2003) (Collis and Montgomery 1995) (Day 1994) (Lockett et.al. 2009)
<b>Dynamic capabilities view</b>	Firms, which are able to sense and then seize new opportunities and, further, reconfigure their resources and capabilities in line with recognized opportunities and environmental change can create and sustain a competitive advantage.	(Teece 2012). (Helfat <i>et al.</i> 2012) (Eisenhardt & Martin 2000) (Brahma and Chakraborty 2011).
<b>Dynamic managerial capabilities view</b>	Argues that those firms lead by managers with dynamic managerial capability i.e. the capacity to create, extend, or modify the resource base of an organization and with managerial human capital, managerial social capital, and managerial cognition can positively influence their organizational performance.	Helfat <i>et al.</i> 2012 (Adner and Helfat 2003).

### **3.3.2.5. Theory Evaluation and Implication**

At a glance, all the three theories appear very identical. However, when going deep into their arguments and assumptions their differences become clear. The first theory /RBV/, relies on the compartment of the so called VIRO resources for better firm performance. The second theory, /DCV/, unlike the first theory rests on presence of capabilities rather than resources, kind of capabilities that make you agile and flexible in the face unpredictable predictable change. The third theory is highly related to the second theory for the reason both are concerned for capabilities rather than resources. Moreover, the dynamic managerial capability theory believes in the capability of leaders than anything for the improved firm performance. So, based on these arguments and triangulations, the third theory is employed as a cornerstone for the theoretical framework of the current study.

### **3.3.3. Marketing Performance Measurement/MPM/**

At least for the time being, the huge effort to find the 'best' marketing performance measure is not seemingly working well. This fruitless effort is making some theorists to believe marketing performance is not a measurable thing, but As Pimenta (2011) stated, the main problem is many organizations even don't know what and how to measure. Despite most of them are linear and outdated, diverse sorts of frameworks have been established to provide firms the right means to understand the effectiveness of their marketing activities (Mariussen 2011). According to Clark (1999), MPM have changed in three continual ways over the past few years: the first move was "from financial to non-financial output measures"; the next move was "from output to input measures"; and the third move was from "unidimensional to multidimensional measures".

As (Ambler et.al. 2008) stated MPM is one the frequently discussed topic area practitioners and academics. But, despite this attention the suggested measurement frameworks are very diversified and lack standards. Moreover, they are not measuring effectively what they are supposed to measure (Mariussen 2011). The following are some of superbly debated marketing performance measurement frameworks in the literature: “Marketing metrics, the definitive guide to measuring marketing performance”, Farris (2010): “determinants of marketing effectiveness”, Demma’s (cited in Mariussen 2011): “multidimensional marketing performance metric”, (Ambler 2007): “An Information Processing Model of marketing Performance Measurement”, Clark (2006): “Technology-Driven Online Marketing Performance Measurement”, Bowie et.al. (2014): and finally, “The Effect of Multi-Dimensional Performance Measurement System on market Orientation”, Mohamed (2014). As Miller and Cioffi (2004), argued, the difficulty in MPM could also emanate from the relative softness of marketing related goals and objectives, and concurrent employment of multiple tactics. Despite the fact that there are these and other enormous proposed measurement techniques in the literature, still the efforts continuous by scholars to find the best. From the many types of marketing measures, to the best of my knowledge the one which I found widely accepted and unifying is found in the study by Clark (1999). The reason for the acceptance of this theory is that, it can portray the situational and strategic fluctuations explaining the diverse level of attentions given by different experts to many types of measures. In his work Clark suggested four major categories of marketing performance measures.

- The first category is called a “Single financial output measures” which includes “Net income, sales and cash flows”.

- The second category is known as “Nonfinancial measures”, which could include measures like “market share, satisfaction and commitment of customers and brand value”.
- “Input measures” are another form of measures and can include the “Marketing assets, and marketing budget”
- The last categories are called the “Multiple measures” which are hybrid measures and pointed at measuring the macro dimensions of efficiency, potency and attractiveness.

### **3.3.3.1. Market-Based and Accounting Based Performance Measures**

In addition to Clark’s theory, scholars also argued about the importance of market-based measurement and accounting-based measurement. As Al-Matari et.al. (2014) stated, this approach has its basis on preceding or present performance and it is mainly branded as a progressive/forward looking/ aspect. Moreover, the approach is known by reflecting the anticipations of the stockholders about the organization’s future performance. On the other hand, the accounting-based performance measurement system/ABPMS/ is by large taken as a real gauge of the firm’s success in term of profit. According to Hutchinson and Gul (2004), the ABPMS presents the actions outcome of managers and because of this reason it is favored over market-based measures when the linkage between corporate governance and firm performance is explored.

### **3.3.3.2. Financial and non-financial performance measures**

Beyond the preceding theories, a number of literatures have also debated the need for “Financial and Non-Financial Performance Measures”. As Van Herpen (2005) claimed, to assess overall corporate performance, organizations are showing a tendency to not solely rely less on financial

measures such as, “profit”, “return on investment”, and “return on assets”. This is to some extent because of the reason that financial performance measures are being seen as less suitable to deal with the issues which discomfort businesses now. As Van Herpen (2005) suggested, even-though few companies understand the benefit of these measures many years ago, the mounting global opposition have even stretched the demand of “non-financial performance measures”. Moreover, as Zaman (2017) claimed, the application of this type of measures could advance leaders appraisal and evaluation by providing a more accurate assessment of activities, as most of the “non-financial measures” are unsusceptible to outside factors than “financial measures” (Pont and Shaw 2003).

### **3.3.3.3. Multi-Dimensional Performance Measures**

The weaknesses in financial and non- financial measures leads the consideration of the dynamic Multi-Dimensional Performance framework. However, as Pont and Shaw (2003) stated, still significant challenges are there as executives lean towards avoiding the use of “multiple indicators”, because of a skewed interest towards the “single indicators” which commonly gives clear-cut results. As a conclusion, Farris et.al. (2010) suggested that, there cannot exist a single measure which perfect and accepted everywhere, hence, it is recommended that companies shall make use of a group or “dashboard” of metrics. In a way, they can assess the dynamism around them from several standpoints and could chive a “triangulated” approaches and resolutions. Moreover, by using various measures, organizations can use every measure as a check on the other measure and ultimately, it will be possible to make best use of their knowledge.

### 3.3.3.4. Summary of MPM Frameworks

Table 3.2. Summary of MPM frameworks

Frameworks	Key opinions	Reference
Clark's theory	Marketing performance shall be categorized into the following four measures, i.e. Single financial output measures, nonfinancial measures, Input measures, and Multiple measures. Organizations are recommended to choose the best based on their situation	(Clark 1999)
<b>Marketing based vs accounting based measures</b>	Marker based measurement is characterized by its forward-looking aspect and its reflection of the expectations of the shareholders concerning the firm's future performance, whereas accounting-based performance measures present the management action's outcome and are hence preferred over market-based measures when the relationship between corporate governance and firm performance is investigated. Hence, organizations shall use one of them based on their need.	(Al-Matari et.al. 2014) (Hutchinson and Gul 2004)
<b>Financial vs non-financial measures</b>	There are two types of performance measures, i.e. financial and non-financial. Financial measures are such as, profit, return on investment, and return on assets.	(Van Herpen 2005) (Pont and Shaw 2003)
	non-financial performance measures are measures such as customer satisfaction, brand awareness and good will. It is recommended to use both because one alone can't tell a lot about your performance.	
<b>Multi-dimensional measures</b>	Multidimensional Performance measures are a technique to use multiple indicators, then to rely on only one indicator which produce unambiguous results. This is highly recommended over the others for the reason that the measure is compressive can tell everything necessary.	(Pont and Shaw 2003) (Farris et.al. 2010)

### **3.3.3.5. Theory Evaluation and Implication**

As one can see from the above discussion, there is no agreement among scholars concerning the choice the 'best' marketing performance measures. Thus, to support the measurement choice of the current study, adopting the following fact by Ambler (2004) is assumed to be appropriate. As ambler (2004) stated, after reviewing more than 150 articles related to this matter, it is found that, sales, market share, and profit contribution are the top three performance measures which accounted for 22.3%, 17.1%, and 11.0% respectively. The study also claimed that 67.3% of the measures are financial, and the remaining 32.7% are non-financial. Hence, the current study is going to use the top three marketing performance measures as found by Ambler (2004), which are mainly financial and multidimensional.

### **3.3.4. The Concept and theories of Leadership**

As Stogdill (1974) stated, the number of leadership definitions could be probably as many as the number of people who tried to define the concept. Leadership appears to be defined differently under the supports of various perspectives with a mixture of nuances by a reach of scholars with many differentiation points, such as, philosophy of management, sociology, economics, psychology and political science (Bolden 2004). From the many familiar names associated with leadership concept Avolio is the first to come, and according to him, Avolio (2009) leadership can be easily understood as the process of influencing collection of masses and organizations or the capacity to do this. Another scholar who defined leadership in a more comprehensive way is Bolden; for Bolden (2004), an individual or a group of individuals who recruit, train, develop and

influences an employee or groups of employees can be called a leader. A leader shall understand employees under his/her leadership usually have diversified gifts and shall look towards the subordination of everybody's interest to the organization's mission and objectives. Leaders usually understands each and every tagholder of the organizations and their importance perhaps, thus, they always try their best to positively and mannerly present the organization to outside stakeholders. Based on this presentation, stakeholders can develop the right belief and confidence towards the firm and they will have a clear understanding for the organization's objectives and goals and believe these things could live out in the life of the leader.

#### **3.3.4.1. Leadership theories**

The 'schools of thought' for the theories of leadership extends from "great man" to "Transformational" leadership theory. As Bolden (2004) suggested, though the first theories shown a tendency to emphasis in the unique physiognomies and deeds of effective leaders, the later theories start to contemplate the role of other people around the successful leaders and a particular context. The following section briefly discusses the seven leadership theories believed to be widely discussed by leadership literatures.

- *Great Man Theory*

Thomas Carlyle, the 19th-century critic and historian, has been taken the credit for this old theory. As he argued "the biography of great men and women is perfectly equal to the entire history of our world" thus, because of their individual qualities and heavenly inspirations brave man and women have made history (cited in Rost 1993). This theory strongly believe leadership

is a matter of gift or born cannot be made or learn. This might contain royalties, top military men and women, and business CEO's. However, as one of Carlyle's bitter critic i.e. Herbert Spencer counterargued, attaching these kinds of historical occurrences with the choice making ability of individuals is despairingly primeval, and against science and spence ascertained those "great men and women" are not great because of their effort only bust they are the result of this society and environment. (Spencer 1860).

- *Trait Theory*

like the great man theory, the trait theory is also associating a great leader with some known personality traits or in other worlds a successful leader is born not made (Allison 2012). A meta-analysis conducted by Judge et.al. (2009), has clearly established the positive and significant relationship between "leadership perceptions and intelligence", "masculinity and dominance". The matter of the fact is, the identified physiognomies are linked to "leadership perceptions", but not directly with the leader behavior or achievement, thus it might not reflect individual attributes which could cause the leader's efficiency. However, as Fleenor (2006) found, regarding some of the leadership chrematistics, there is no differences between the workers and the leader and even some people without possessing these characteristics were became a leader vis-versa. For the reason that only some of these traits noticeably distinguished the best leader from the poor means, the worth of these traits to promote people for leadership could be limited and may be catastrophic. Finally, some of the characteristics have shown low validity and reliabilities values, and were excluded from the study, thus all these problems are making the theory unreliable (Fleenor 2006).

- *Behaviorist Theories*

The behaviorist theory of leadership has emerged principally as a response for the most criticized trite theory which heavily believes in the personal traits of leaders for their effectiveness and performance. Unlike the trait theory, the behaviorist theory is declaring the behavior of leaders as the only factor for their success and failure. Thus, Leadership cannot be something like you born with but something you do through the right behavior you possessed Allison (2012). In their study, Amanchukwu et.al. (2015) tried to identify the right leadership behavior by systematically comparing the performance and behavior employees working under two different leadership styles i.e. autocratic and democratic leadership, and they found that different level of productivity and performance was seen i.e. employees under the autocratic leader appeared to be more productive but as long as the leader is there and employees repeatedly shows sign of discontentment and frustration, whereas workers under the democratic leadership show as good performance as the autocratically led employees and shown no frustration and discontentment towards the leaders. Most importantly, the physical presence or absence the leader was not noticed by employees and they keep working even when the leader is not around. Despite the fact that, many studies are concluding about the invalidity of the behavior theory, however, the theory is still frequently discussed.

- *Contingency-Situational Theory*

Amanchukwu (2015) argues that, the underlying assumption to this theory is a believe that there cannot be one universally workable way of leading or behavior to adopt, rather it strongly

believes the right leadership style is the one that can make us effective when it meets the right environment. Thus, the decision to choose the right course of action is always depend on the leaders understanding of the prevailing situation around them. Therefore, almost all leadership styles could possibly have their own suitable situation. As an illustration, there are situations where the leader is assumed to be the maker and breaker of everything, thus in such kind of environment an autocratic approach could be the best, whereas in a situation where employees are skilled and self-controlled, the democratic style will be the best choice. Undoubtedly, the behavioral theory could easily tell leaders to develop certain effective behaviors, they are unable to give as to what comprises a successful leadership in diverse state of affairs. Undeniably, majority of academics nowadays are concluding no leadership-style could be always good for every leader under all circumstances. For this reason, the contingency-situational theories were come in existence to illustrate the right type of leadership style is depending on factors such as, the employee, the job, the firm, and other external variables (Bolden 2003).

- *Transactional/Management Theory*

The transactional leadership or also known as the management theory for leadership is well known by its give and take approach for leadership and that is why it widely mentioned as a cost-benefit transaction between leaders and followers. In organizations the exchange encompasses values from both parties, and usually value in the form financial and nonfinancial rewards are possessed by the leaders and employees are expected to give back their skills, experience, time and energy in return. According to this theory, leaders are required to develop clear and attractive goals and objectives, whereas employees are required to give their best individual or in a group based on the contract they signed in to achieve the goals and objective accordingly.

Moreover, the type of leader-follower relationship employed in the organization has important impact of the success of this leadership style. In short, this style is relying on the supposition that employees, groups and the systems as a whole performs better when they are allowed to work under a clear chain of command (Tavanti 2012). From the evolutionary perspective, it is widely believed that, transactional leadership theory shall be seen as a stepping stone towards the more contemporary leadership theory i.e. the transformational leadership theory, because the business environment is similarly shifting from a relative stability to a more dynamic and turbulence environment (Nikezić et.al. 2012).

According to Umme-Salma (2015), unarguably, transactional leadership style is simpler to practice than the transformational leadership style. The most key two words to describe this leadership is punishment and reward. Hence, people can be inspired effortlessly for their works based on the rule of “rewards and punishments”. Moreover, Leaders may not require complex training. What is expected from leaders is to tell subordinates to respect the rules of the game for reward and punishment. Furthermore, a sharp chain of command should be developed, so that everybody could easily know whom is leading and who is being led. Thus, once it is observed how well subordinate obeys the rule it is simple and natural to give rewards and punishments accordingly. “A transactional leader never feels the necessity to give compliments or praise his subordinates when they do well. Sometimes extraordinary performance noticed and rewarded by the leader. A transactional leader is usually uncompromising in his expectations about the working relationship, he considers subordinate’s duty is clear and to follow the instructions” Umme-Salma (2015 p 4).

- *Transformational/Relationship Theory*

The term Transformational Leadership is relatively recent both as a theory and practice. The most powerful definition for the term Transformational Leadership is given by a leadership theorist James MacGregor Burns, who defined as a relationship of shared inspiration and advancement that translates employees into managers and leaders into moral-agents (Burns 2005). Yammarino (2000) describes the role of transformational leaders as the one who stimulates sharp consciousness and affection either in the team or the firm, hikes self-confidence, and changes employees progressively from worries for subsistence to apprehensions for triumph and advancement. All in all, Francis Yammarino believes that, such kind of leaders develop their subordinates to the level where they could become ready to take leadership responsibilities and achieve more than the normal ends. Another famous scholar Bass et.al. (2003) described transformational leader as the one who tirelessly challenge and thrive in hovering followers, assistants, and customers to the next level of consciousness about consequence of issues. According to McCloskey (2015), “transformational leaders” start and endure a culture of corporation in and by which managers and employees practice growing levels of unity between the dream and principles they back. All in all, it can be concluded that, such kind of leaders are catalytic agents for positive changes in organizations so that everybody become like who they want to be and act in harmony with what they want to do.

Transformational Leadership faces matters in unusual approach and if the leader is truly transformational, he/she are expected to “purify the ethics, trust, and requirements of followers into a vision, and then guide them to pursue that vision” Umme-Salma (2015 p 1). Beyond and above, transformational leader is not there only to give motivation only, but also to be committed

to persuade and coach employees until they attain their vision (Umme-Salma 2015).

### ✓ **The “4i’s” of Transformational leadership**

According to Avolio *et al.* (1999), there are four key leadership behaviours that uniquely explain the transformation leadership style: (1) “Idealized influence”. (2) “Inspirational motivation”. (3) “Intellectual stimulation”. And (4) “Individualized consideration”.

- **Idealized influence:**

How much the leader is interested to the needs of every employee and the leader’s willingness to mentor employees and readiness to solve their concerns and needs (Avolio et. Al. 1999). Moreover, the leader is expected to exhibit “high ethical behavior”, “instills pride”, “gains respect and trust”.

- **Inspirational motivation:**

How much the leader is ready to trial existing conventions, takes risks and requests employees' ideas (Avolio et. al. 1999). Leaders with this particular ability contests employers with new and better principles, transfer hopefulness about impending goals, and provide sense for the tasks at employees' hand.

- **Intellectual stimulation:**

The ability of the leader to articulate a vision that is appealing and inspiring to followers (Avolio et. al. 1999). Those managers with good behavior of intellectual stimulation usually kindle and inspire inventiveness among their employees. Further, they are also well known doing cultivating and helping employee people to advance.

- **Individual consideration:**

The ability of a leader to be a role model for high ethical behavior, instills pride, gains respect and trust (Avolio et. al. 1999). Such kind of leaders are emphatic and supportive, retains interactions open and fights problems before their employees. Besides, they are ready to celebrate the contributions of every employee that each member could make to the team and preach the need for respect.

As a matter of fact, Transformational Leadership is by now being practiced in all sectors of the developed nations, mainly as a change tool. For Bolden (2003), to be a “transformational leader” is to do things differently including, building meaningful people’s desire, is purpose and value centered, attention for morals and ethics, thinks out of the box, obsession with farsightedness, looking beyond the horizon, helping employees to give their best and to discover new talent, designing and redesigning jobs to make them eloquent and at the same time challenging, and finally aligning organizational structures to the firms’ value system. Moreover, Yuki (1999) suggested the following implications of Transformational Leadership for managers: 1. Establish a thought-provoking and promising vision with the participation of followers. 2. Don’t forget to relate the vision with a good strategy for its attainment. 3. After developing a vision stipulate and decode it to actions. 4. Show self-confidence, resolve and hopefulness towards your vision and its execution. 5. Understand the vision by small prearranged steps and successes for its full application.

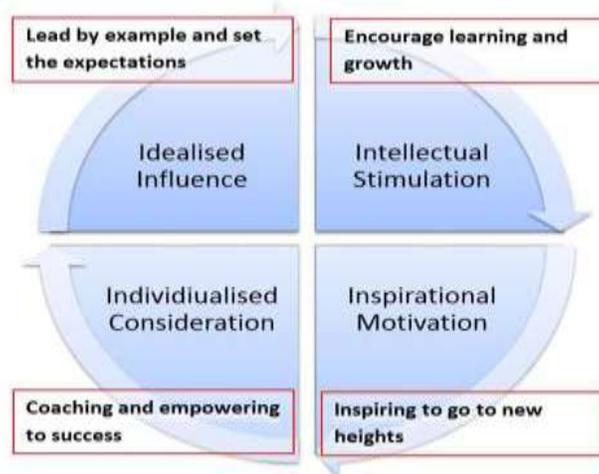


Figure 3.5. Transformational Leadership Model (Based on Avolio *et al.* (1999) Theory)

### 3.3.4.2. Theory Evaluation and Implication

In this section more than six leadership theories are discussed i.e. from the great man theory to transformational theory. The order of the theories clearly implies their respective time to emerge in the literature world. The flaw with most of the oldest theories is very huge, to use those theories with such kind of fallowness may jeopardize the quality of the current study. The only theory that come closer to the Transformational Leadership theory is the transactional theory, however since it is based on the contractual agreement between the leader and the follower, it is clearly doubtful to apply for the current dynamic organizational environment. With this logic Transformational Leadership theory is the latest and proved to impact firm performance greatly than any other theory. Cooper and Atkins (2005) suggested that, transformational leadership is a dynamic capability that makes employees motivated, committed and deliverer. Based on the contextual analysis made in the preceding chapter and the literature review made in this chapter, the Transformational Leadership theory is decided to be the one and only theory to guide the current study.

### **3.3.5. The Concept of Organizational Learning**

As Schulz (2001) stated, concepts of “organizational learning” has grew fast in the 1950’s partly because of a fierce debate between “behaviorists and economists”. Anderson et.al. (1997) defined organizational learning as follows; learning in organizations happens when everybody behaves as an ambassador for learning through spotting and amending faults wherever they are and voluntarily implanting positive developments and changes inside employees’ mind. Hence, it is still believed that The Behavioral Theory of the Firm by Cyert and March has sharpened the knowledge for organizational learning. In the theory, the firm was exhibited as an intricated, and adaptive system, which is because its internal complication it manages to show substantial sovereignty because it not exclusively decided by external limitations. Furthermore, it is illustrated “organizational learning” was happened in a “learning cycle” in which firms responded to outside tremors by adjusting the possibility of recycling definite working procedures. In the theory, they suggested “higher-level procedures” would adjust less quickly than more specific procedures. Another study by Inkpen and Crossan (1995) has tried to compare the firm’s capacity to learn, unlearn, and relearn with the Revitalizing properties of the “fountain of youth”.

#### **3.3.5.1. Definitions**

Before defining the term ‘organizational learning’, it seems very important to discuss its relationship with the term ‘learning organization’. To this end, the statement by Tsang (cited in Wiebe 2010) is assumed to be telling; thus, “organizational learning” is a way of describing some

sorts of deeds happened in a given organization while the “learning organization” is the one effective in “organizational learning”.

**Argyris and Schön (1978, p. 29) as cited by (Steininger2010):**

“learning in organizations happens when everybody behaves as an ambassador for learning through spotting and amending faults wherever they are and voluntarily implanting positive developments and changes inside employees’ mind.”.

**Fiol and Lyles (1985, p. 803) as cited by (Steininger2010):**

“The scientific process of refining actions through enhanced knowledge and understanding is called organizational learning”.

**(Probst 1998 p. 17) as cited by (Lacher and Koch 2000).**

“Organization learning is the process of variation of the organizational basis of knowledge, the perfection of the problem solving and action capability as well as the variation of the corporate reference context of and for members of the organization”.

**Crossan et.al. (1999, p. 522):**

“it is widely considered as a primary means of achieving the strategic rejuvenation of an enterprise”.

**(Weick 1984, p.285) as cited by (Collinson and Cook 2006)**

“occurs when organizations develop an action outcome relationship between the firm and the surrounding environment through using their knowledge.”

### **3.3.5.2. "Founders" of Organizational Learning.**

Rebecca Cors is well known by her famous questions concerning the origin of organizational learning and other principal doubts related to the concept (Cors 2003 p 4). Her questions are, first “when and where is organizational learning emerge? Second, who are responsible for the spread of the concept? Third, what are the landmark publications that changed our thinking in the 1990s”? to answer all of these questions the current study cannot be enough; however, some light can be shed on the founders of the organizational learning concept so the origin could be traced. As literatures shows, from the many prominent scholar who worked a lot to the advancement of this concept, Peter Senge, Chris Agyris, Donald Schon, and Margaret Wheatley are considered to be the founders. What these people have said is discussed afterwards.

#### **✓ Peter Senge**

By many academic peers Senge taken as one of the founding fathers of organizational learning (Dumaine (cited in Cors 2003). As a matter of fact, his repeated note on advancement and wealth embraces solid plea for most of modern day leaders.

It is strongly believed that the concept of organization learning spread fast after Senge’s bestselling book “The Fifth Discipline in 1990”. In the book, mainly what he wrote is about the values of a learning organization. According to Senge (1990), the famous five disciplines are systems thinking, personal mastery, mental models, shared vision, and team learning. Similarly, in his book, he show the procedural ease of learning in organization by connecting the five disciplines as follows, thus, first workers shall abandon their outdated thought system (mental models), then they shall embrace openness among each other (personal mastery), thirdly they

are expected to comprehend the way their organization works (systems thinking), and fourthly employees should develop a common goal (shared vision), and finally they need to work as a team to achieve the common goal (team learning), (Cors 2003 p 4). Despite there is debate regarding the newness of the concept, the way Senge presented it is unarguably novel and easy to understand than the way the older academics discussed (Cors 2003 p 4). Similarly, because of this debate as Cors (2003 p 4) stated, from the large number of people who bought his book only a few shares of them were thoroughly read it and again only a tiny group of people have carried out the ideas”.

#### ✓ **Chris Argyris**

Another person praised for spreading ground-breaking thoughts about how firms learn is certainly Chris Argyris (Cors 2003). Argyris is best known for “differentiating the two types of learning i.e. double loop and single loop. According to Argyris the former is a kind of learning that usually challenge the status quo whereas the latter is concerned for repetitive and routine learning.” (Cors 2003 p 5). For Argyris Double-loop learning is a good way of solving difficult problems. He believes when organizations question people's claims through demanding tests they could possibly discover and establish truth implanted in those claims and this is called transparency. Thus, ‘double loop learning’ is in charge of taking care of things particularly ensuring the devotion of followers to pursue fact, transparency, and own obligations in the company” (Cors 2003 p 5). Furthermore, he said that for single-loop learning, people are set to have a faith in the established transparency and truth but only when they're not intimidating or uneasy.

✓ **Donald A. Schon**

Don Schon was largely mentioned along with Chris Argyris. He eventually coauthored Theory in Practice and Organizational Learning book. Lichtenstein (cited in Cors 2003 p 5) believes that, Schon's contributions could be categorized in four groups: "(a) the thought of inquiry as reflection-in-action, (b) creating a learning dialectic in organizations, (c) the exercise of learning and how to learn, and (d) his pledge to a new learning archetype that imparts practitioners how to reflect-in-action." In one of his work called, "The Reflective Practitioner" he describes the anatomy of 'reflection-in-action' and clarifies approaches and boundaries of 'reflection-in-action' across different occupations. Reflection-in-action," he explains, "is both a consequence and cause of surprise." Finally, according to Schon, most companies are unhappy with the danger of ambiguity that is the consequence of this kind form of learning.

✓ **Margaret Wheatley**

As Dennard (cited in Cors 2003 p 7) wrote, "her book 'Leadership and the New Science: Learning about organizations from an Orderly Universe', is mainly responsible for the introduction of a novel model for organizational development that encompasses "restoration" of society". The book proposes people are always expected to form a new stance their "organizations, leadership, change, and chaos". In short Wheatley contributes the following seven core ideas for the body of knowledge: first, the whole thing is a continual process of detection and making. Second, Life uses clutters to get efficient answers. Third, Life is committed on discovering what works right rather than what is right. Fourth, Life makes more options as it involves with chances. Fifth, Life is engrossed to order. Sixth, Life systematizes around identity. And the last one is, everything

contributes to the formation and development of its neighbors.

### **3.3.5.3. Debates Shaping Organizational Learning Literature**

As can be seen across the organizational learning literature, except few issues, most part of the concept is still open to debate. Several scholars have only shown the theoretical foundation of the concept and its key constructs; thus, this gap has become the reason for the fierce scholarly debate witnessed in the concept (Castaneda and Rios 2007). Most commonly debated issues are discussed below. While these questions provide the chance for exploration, on the other hand every of the queries are inciting another question, showing new intuitions, arguments, and areas of inquiry.

#### **✓ What Is Learning?**

The first debatable question is the meaning of learning itself. Across the literatures, this concept is presented in multiple viewpoints, and mostly found and established in the “psychology” field of study over a long developmental history. Unarguably, the process of learning at the individual level has a weighty influence on the notion and application of organizational learning. There are many approaches to individual learning, but the most widely recognized theories are the “Behavioral Theory”, “Cognitive Theory”, “Social Cognitive Theory”, and “Gestalt Theory”. To fit to the aim and scope of the present study, only the first two theories are discussed.

#### **✓ Behavioral Theory**

The Behavioral Theory for individual learning is like a general standard to comprehend learning

ideologies by which human behavior is cultured and upheld. The whole domain of Behaviorism could possibly have explained by the following four main sub-theories; “Pavlov’s classical conditioning, Skinner’s operant conditioning, Wolpe’s reciprocal inhibition, and Eysenck’s incubation theory” (Cors 2003 p 8).

**The Classical Conditioning Theory (Pavlov 1927) (cited in Cors 2003);** for this theory learning is all about a conditioned response which is formed by the action and reaction of stimulus and response i.e. when a previously exposed neutral stimulus is coupled with unconditional stimulus it can result a conditioned stimulus which directly triggers the conditioned response. Moreover, the concept of reflexive behavior is the main driver of the classical conditioning theory, however, the strength of the reflexive is depended on the frequency of the reinforcer that precedes the behavior, and this only accounts for a small part of total human learning” (Cors 2003 p 7).

**The Operant Conditioning Theory;** according to skinner (cited in Cors 2003 p 9) human behavior is shaped and maintained by its consequences for the behavior. In contrast to the above theory where the reinforcer is coupled with the stimulus, this theory relays on the situational works by which a response and behavior reacts to the environment to cause outcomes”. Accordingly, the penalties explain the results based on which responses looks comparable. The bottom line is the consequences of organizational behavior may change the organizational environment and affect employee behavior.

**The Reciprocal Inhibition Theory (Wolpe 1958) (cited in Cors 2003);** is a theory that takes credit for the process of the “learning and unlearning”. The theory associates a couple of foundational

actions which are responsible for high self-consciousness at the time of extinction; they are “reactive inhibition”, which labels an “inhibitory state” disintegrating with time, and the second is “negative conditioning”, that primes to a lasting decline in “response probability”. “Reciprocal inhibition includes prompting a contending reply to decline the power of an instant response so that old behaviors can be disregarded by allowing new behaviors to advance in the same circumstances” (Cors 2003 p 8). From the organizational perspective and context, as Schein (cited in Cors 2003) suggested, unlearning happens when organizations alter outdated know how’s, when they create novel impressions, and even when forms new approaches for verdict.

**The Incubation Theory (Eysenck 1976) (cited in Bogg and Roberts 2004);** this theory perceives that, a behavior which trailed by unwanted penalties cannot be removed from people, which is not described by the “Operant Conditioning Theory”. Furthermore, in several cases, extermination may happen, and helpful development will come, so the “unreinforced conditioned stimulus” perhaps make anxiety to go high which can be taken as a conditioned response in every exhibition of the “conditioned stimulus”.

### ✓ ***Cognitive Theory***

According to Tolman (cited in Jensen 2006), the Cognitive Theory for individual learning recognizes learning through a relationship between the “environmental cues and the expectancy”. Therefore, learning happens when a sort of cognitive cues allied with the choice point which might possibly directed towards a goal or a reward. The theory is unarguably positively helped the “old human relations movement”. Thus, workers could acquire to be more

fruitful by establishing an association between accepting orders and hopes for financial rewards for their effort Luthans (cited in Tell et.al. 2007).

### **3.3.6. The Concept of Customer Orientation**

Due to the fact that both market-orientation and customer-orientation have a focus pointed towards satisfying customers, marketing literatures often used the two as an alternative expression (Brach et.al. 2015). Ciric et.al. (2014 p 25) stated market orientation and customer orientation are alternative expression, and defined customer orientation as a set of views and attitudes that places the customer's interest first, but also caring for other stakeholders in order to establish a long-term profitable enterprise. In spite of this fact, still the two concepts have some dissimilarities i.e. as Narver and Slater (1995) stated, customer-orientation is among the three behavioral-components of a market-orientation, and the other two components are competitors-orientation and inter-functional coordination. In another study, Dev et. al. (2009) tried to show the difference between customer-orientation and competitive-orientation. Moreover, based on an empirical evidence from the global hotel management industry, customer and competitive orientations have their own unique bearing on the performances of businesses (hotels).

Fader (2012) defined Customer orientation or customer centricity as an approach to deeply integrate a business's offerings with the tests and preferences of its customers. By doing this, it believed firms can secure high long-term profit, which is unarguably an end every-single company want to have. However, this might require to scrap some old way of doing business including, our relationship with customers, and it shall last until we develop a readiness to fundamentally

reconsideration things like “organizational design”, “performance metrics”, “product development”. Fader (2012) again tried to show why customer orientation or centrality is becoming important for today’s business environment than ever. Fader argued that, in past, things like “technology”, “deregulation”, “globalization”, have contrived to negatively affect not alone those weak firms but also hugely effective product-oriented companies, however, this day’s those old challenges are seem gone forever, because technological barricades are shattered, Geographic fences absent, but the only thing remain is the strong contacts that businesses have/don’t have with their customers. As a matter of fact, it is also undeniable that, in the past sizable corporations managed to thrive deprived of customer-orientation and still few others may be able to get without customer-centrality philosophy today. However, organizations in many industries won’t succeed endlessly without applying customer centrality philosophy, thus they are recommended to begin this work sooner rather than later (Fader 2012).

Fader (2012) further strengthens his arguments by claiming that, despite what the weary ancient adage suggests, the customer is possibly perhaps certainly not always-right because not all customers are created equal. He believes that, in the realm of customer-orientation, there are always “good-customers” and “bad-customers”, but, even “bad customers” shall not be disregarded, rather, a company and its shareholders could be possibly served well if they decided to spend much of their time working with the good and loyal group of customers because they are the one who can make or break our future.

### **3.3.6.1. Customer Orientation as A Process**

Bhasin (2016), discussed customer orientation as a process and argues that a customer

orientation approach exists when the company gives the right status to the customer and when is a customer-oriented company. The unique characteristics of such companies is they develop all their marketing directions with clients at the top of the pyramid. He further suggested that, to be a customer centric company is to incorporate as much value as possible onto our products and services, this is because customers usually love a company which provides them value. Hence, according to Bhasin (2016), customer orientation consists of the following four steps to value adding including to-develop, to-manufacture, to-market and to-deliver.



Figure 3.7. Process of Customer Orientation

### *Develop*

The first task in the develop stage is a product design, and as Bhasin (2016) argued, if organizations design their products by keeping the customer in their mind, they will be respected and customers are more likely to be loyal. As a matter of fact, in the case of most expensive goods, during product design, every small detail is taken and used as feedback. The second task under this step is the customer needs –i.e. development of new products must be carried out having the ultimate user in our mind. The last task under the develop stage is the development time which is required to meet the interests of clients. Moreover, this work shall be ascendable

so that it gives more output at the time unexpected demand. Otherwise, if customers kept waiting for the product for long, their satisfaction level might be affected Bhasin (2016).

### *Manufacturing*

Under the second step the first thing to think about is the of the product quality which is as Bhasin (2016) argued, there are a lot quality certificates given to businesses if they satisfy the minimum requirements in adopting the so called good manufacturing practices (GMP). Therefore, such kind of quality requirements and the subsequent awards shall be acquired by every business which want to realize a customer centric environment. The other task is to worry about the output in that, it shall be optimal with the demand in the market place. Naturally, this encompasses downing the required time for each manufacturing cycle and enhancing it so the business may not suffer extra cost, this in turn can make the total unit output is optimal as well.

### *Market*

The first task under this step is to Segment Target and Position the market and our products properly. According to Bhasin (2016), good marketing begins by segmenting the market followed by appropriate targeting work and finally executing promotions so that customers always have consciousness for the our offerings. The next work is to advertise the product rightly. As Bhasin (2016) suggested, there are many different types of advertising to establish confidence among customers that we have manufactured these products for them through a state-of-the-art technology to fit with them. The last task under this step is understand and fill the demand and supply gap. As Bhasin (2016) argued, this is could be among the few serious things because balancing demand and supply is what marketing is all about.

### *Deliver*

The first thing to do under the last step is to build Brand. For Bhasin (2016), it is keeping the promises which we have gave at the design stage. Next to marketing a product, the customer starts the long wait to get good things from the livered product. Therefore, all in all our product need to promise properly and shall show value for money. The pleased customer is the one who thinks he/she has purchased stuffs far beyond what they expect. The last thing under the fourth stage is after sales service. For Bhasin (2016), to have a positive experience, customer believe that, they need to have proper after sales service and this is an area where many businesses fail.

Altogether, when we see the above four steps, if a business wants to be a customer orientated, they shall start by designing the right product and need to delivery properly, which could reverse the outdated beliefs in which companies were interested to manufacture what they could (Bhasin 2016).

### **3.3.6.2. Challenges with Customer Oriented Marketing Approach**

Now a days, for most organizations securing earnings and more profits to strengthen their market position is the priority. However, while chasing after this shortsighted objective, they are missing one very important issue, i.e. customers. As Bhasin (2016) claimed, in the struggle to make a fortune and to remain viable, companies can choose between two competing alternatives, either to focus on launching totally novel goods or services for which no tangible demand exist (push strategy) or second is to make our offerings based on the existing needs and wants of buyers (pull strategy). Thus for Bhasin (2016), the second strategy (pull strategy) is called the customer oriented marketing strategy. However, because of the unprecedented pressures from

everywhere, organizations are heavily investing and perusing the push strategy, this prevailing situation therefore, can be taken as one of the challenges to not fully apply a customer-oriented marketing strategy. Besides, the most challenging challenge as described by Fader (2012) and Bhasin (2016) is the customer orientation strategy favors large sized organizations over the small sized businesses. From the many reasons, the big difference in financial and non-financial resources possess by big and small business can be mentioned. Further to the resource difference, relatively bigger businesses can control the adverse effects of negative environmental changes.

Finally, market orientation usually tends to totally redirect the organizations focus towards customers and neglect the product and service aspects. Despite the fact that it looks glamorous, the focus drift sometimes appeared to cost organizations a lot partly by making market-orientation strategies challenging for effective implementation.

### **3.4. Empirical literature review**

In this section empirical evidences related to the topic area are discussed. To maintain the logical flow of the discussion, every relationship depicted in the study model are procedurally presented. Accordingly, the entire relationships are divided in to five groups i.e. the direct, indirect, mediation, moderation, and group mean difference.

#### **3.4.1. Direct effect of TL, OL, and CO on MP**

The theory of Transformational Leadership has been one of the most repeatedly mentioned concept in the field of leadership. Studies have confirmed the direct and positive impacts of

transformational leadership on multiple organizational factors including, customers' attitude, workers dedication, and marketing performance (Kane and Tremble 2000). As Bass *et al.* (2003) confirmed, leadership style can be seen as a precise predictor of firms' performance better than any other predictor. A positive association between Transformational Leadership and employee inventiveness has also been found by Ahmad *et.al* (2010). In the same study, employees said that such kind of leaders tend to be sincere for their desires and ambitions and tend to develop and spread an attractive vision to provoke strong moods among workers; also behave as a man/woman of principles and values to rise employees' motivations towards their personal and organizational goals and eventually to even surpass the predetermined goals (bass 1997). The impact of Transformational Leadership is also tested and confirmed by Podsakoff *et al.* (2003), in the study he found that, this leadership style has been linked with favorable employee characters including, duty-mindedness and high organizational citizenship behaviors. Hesselbein and Cohen (cited in hall 2016) also stated that those companies that invest their time to communicate the right leadership for existing and potential leaders are usually better than their competitors. Therefore, it is possible to say that, managers could improve their positive contribution if they are accustomed with the Transformational Leadership behavior. The other impact of transformational Leadership was witnessed on employee motivation, which is another very important factor to improve the competence of workers and can lead to the all-rounded success of the organization. In one old study by Bass (1994) the power of such leadership style to bring unprecedented positive changes across the organizations is confirmed. All in all, it is possible to say that performances that surpass organizational expectations are usually the result of Effective Transformational Leadership. The figure below demonstrates the improver outcome of

Transformational Leadership in which supervisors expected to bring together the four apparatuses of Transformational Leadership to reach the so called 'performance beyond expectations' (Northouse 2001). All the four elements pronounce leaders' behaviors that are treasured to the transformation process. Thus, when leaders utilize the four I's properly, they will become "role models, encouragers, visionaries, and coaches".



Figure 3.6. Additive effect of Transformational Leadership (adopted from Hall et.al 2016)

Furthermore, as a study by Overstreet et.al. (2013) found, transformational leadership has both a direct and indirect positive relationship with marketing performance. In the same study, it is suggested that transformational leaders can easily inspire and stir positive organizational change just because they are transformational i.e. because they are focusing in transforming their followers and the organization, everybody can easily love and live with the way their leader is perusing. Ling *et al.* (2008) concluded that, transformational leaders can easily cause an encouragement and advancement among employees better than other leadership styles; this is because such leaders are always trying to transform others around them and encourage people to help one another. A study by Poddar (2012) shows that, Transformational Leadership as

expected by the employees of the organization are positively and significantly correlated with the employee commitment. Moreover, Transformational Leadership style as observed by the employees of the organization are positively co-related and highly significant with the employee commitment. Besides, as Rao and Kareem Abdul (2015) concluded, unlike transactional leadership style, transformational Leadership caused a favorable environment on productivity of sales teams and other task groups. As García-Morales et.al. (2012) claimed; transformational Leadership and innovation exhibits a direct and indirect positive relationship by building capabilities directed towards organizational learning. This result strongly supported the importance of Transformational Leadership in building the culture of innovativeness.

Table 3.3. summary of empirical Evidences on the Impact of Transformational Leadership on Marketing Performance

NO.	Authors	Findings
1	(Camps and Rodriguez 2011)	there is a positive relationship between Transformational Leadership behavior of the leader and employability perception of the worker. The study revealed that Transformational Leadership behavior increases workers' self-perceived employability, commitment, and performance. Those who work under transformational leaders have high self-perception of their employability and stay committed to their employers who have trusted and invested in them.
2	(Ozaralli 2003)	the ability of leaders to implement Transformational Leadership had increased both subordinates' empowerment and team effectiveness. Employees who worked under transformational leaders expressed a high level of innovativeness, communicate efficiently among the group members, and achieve a high level of performance and goal accomplishment.
3	(Ling et al. 2008)	managers at the top should consider the benefit of adopting Transformational Leadership because the findings of the study revealed that transformational CEOs had a significant positive effect on the performance of the SMEs. Transformational leaders enhance follower performance by encouraging organizational citizenship behavior. In addition, Transformational Leadership boosts follower innovation by triggering controversial debate among followers
4	(Lee et al. 2011).	The results revealed that Transformational Leadership has a critical role in the banking sector.

5	(Chen 2004)	significant positive correlations between Transformational Leadership and organizational commitment and culture
6	(Limsila and Ogunlana 2008)	Transformational Leadership style has a positive impact on work performance and organizational commitment of subordinates. Transformational leadership style was found to have a significant association with leadership outcomes (effectiveness, satisfaction, and extra effort) and commitment. The results suggest that transformational leaders are likely to gain commitment from subordinates, whereas transactional and laissez-faire leaders are not
7	Lo <i>et al.</i> (cited in Cummings et.al. 2010)	intellectual stimulation, idealized influence, and inspirational motivation directly influenced affective and normative commitment. In addition, intellectual stimulation and individualized consideration directly influenced continuance commitment. They concluded that Transformational Leadership was related to organizational commitment
8	(Erkutlu 2008)	found a significant positive relationship between all components of Transformational Leadership and both job satisfaction and organizational commitment. In contrast, transactional and laissez-faire approaches were found to negatively influence job satisfaction and organizational commitment. Evidence suggests that individual consideration has the highest positive correlation with the dependent variables, while laissez-faire has the highest negative correlation with dependent variables
9	Ismail <i>et al.</i> (cited in Ojokuku et.al. 2012)	Transformational Leadership positively and significantly correlated with both the empowerment and the organizational commitment of employees. Respondents perceived that transformational leaders had increased employees'

10	(McGuire and Kennerly 2006)	all the Transformational Leadership subscales on the MLQ were significantly correlated with organizational commitment. Idealized influence showed the strongest positive correlation with organizational commitment. Similarly, all transactional subscales demonstrated statistically significant correlation except for the Management by Exception subscale. The results validate that Transformational Leadership enhances the level of organizational commitment among subordinates.
11	(Rusliza and Fawzy 2016)	found a positive association between Transformational Leadership and both mediating variables (fairness perception and leader trust), which in turn positively linked to organizational commitment. In contrast, transactional leadership was negatively correlated with both mediating variables. The study also found that organizational commitment was negatively related to the turnover rate of Canadian Forces personnel.
12	(Walumbwa <i>et al.</i> 2005)	despite cultural differences, Transformational Leadership has positive relationships with both organizational commitment and job satisfaction.

The other empirical evidence is reviewed on the impact of transformational leadership on organizational learning. As a study by Bucic *et.al.* (2010) found, when a team leader is following a transformational Leadership style, his/her impact on the operation of the organization appeared to be higher than when adopting other styles. Another study by Zagoršek *et.al.* (2009) disclosed a positive relationship between transformational Leadership and organizational learning. Above and beyond, as Crawford (2005) find out, Knowledge management behaviors were significantly estimated by Transformational Leadership behaviors. The result of a study by Imran *et.al.* (2016) clearly depicted that, transformational Leadership has significant positive impact on organizational learning and knowledge management process capability. García-Morales *et.al.* (2012) empirically demonstrates that, transformational Leadership and innovation

exhibits a direct and indirect positive relationship by building capabilities directed towards organizational learning. The same study strongly supported the importance of Transformational Leadership in building the culture of innovativeness and to reinvent its mechanics to dodge tumbling into inaction. Wan *et.al.* (2012) suggested that, Transformational Leadership is crucial to controlling organizational Learning and improving organizational innovation in changing and competitive business environments. A study by Zagorsek *et.al.* (2009) also discovered that all aspects of a learning organization are under the direct influence of transformational Leadership style. Kurland *et.al.* (2010) found that, the vision a transformational leader is found to be vital predictor of organizational learning behavior. As Bucic *et.al.* (2010) found, when a team leader is following a transformational Leadership style, his/her impact on the operation of the organization appeared to be higher than when adopting other styles. Holten and Brenner (2015) claimed that, transformational and transactional leadership styles were positively related high engagement of managers.

The impact of transformational leadership on customer orientation is also discussed by a sizable article including Liaw *et.al.* (2009) who indicated the direct and indirect impact of transformational Leadership to increased and enhanced employee customer orientation through employee-perceived supervisor support. From the review of a study by Harris and Ogbonna (2000) it is learned that management behavior is frequently cited as a key barrier to developing a market-oriented culture. In the same study it is found that, the importance of management behavior is vital in improving the level of customer orientation. A study by Popli and Rizvi (2015) displayed that, in a multifaceted organizational system the link between transformational Leadership, and customer orientation is higher and more significant than in a less complicated

businesses. A paper by Pousa and Mathieu (2014) further reinforced this conclusion by revealing the substitutable role of the transformational leaders coaching role in advancing followers' customer orientation behavior and performance. Mahmoud et.al. (2016) reveals a significant positive relationship between learning orientation and market orientation with learning orientation explaining 64% of the variance in market orientation. Slater and Narver (2005) argued that, Learning organizations are led by a shared vision that emphasizes the energies of organizational members on creating superior value for customers. A meta-analysis by Goh et.al. (2012) reveals the positive impact of learning capability on many of anticipated performance outcomes such as sales, market share, and profit. The study by García-Morales et.al. (2012) empirically confirmed that, transformational Leadership and innovativeness exhibits a direct and indirect positive relationship by building capabilities directed towards organizational learning. The result from the same study strongly reinforced the importance of Transformational Leadership in building the culture of innovativeness and to reinvent its mechanics to dodge tumbling into inaction. Finally, Calantone *et al.* (2002) concluded that, from very limited critical variables that controlled firm performance, organizational learning and innovativeness are the two and both are strategic and have exceptional impact on marketing performance.

A study by Salojärvi *et al.* (2015) finds a positive association between customer orientation and marketing performance. Another study by Gladson (2006) reveals that, customer centricity is positively and significantly associated with marketing performance. As Cross *et al.* (2007) claimed, the focus of salesperson and their company towards customers has a positive effect on marketing performance. The same research confirms the mediating role of customer focus of salespersons in the positive impact of company customer orientation on salesperson

performance. As Jaramillo et.al. (2006) revealed, growth in sales performance were strongly caused by customer orientation and experience of the salespersons i.e. those salespersons who managed to improve their sales volume in a given period of time were appeared to be more caring, empathic, and responsible than low performing salespersons. Similarly, a study By Tsiotsou and Vlachopoulou (2011) found the direct and indirect positive impact of market orientation on marketing performance.

### **3.4.2. Indirect effect of TL through organizational learning and customer orientation**

As discovered by Popli and Rizvi (2011), the mediating effect of 'organizational learning' in-between 'Transformational Leadership' and 'organizational innovation' is positive and statistically significant. This effect could indirectly be related to the improved marketing performance of firms through effective NPD program and improved sales. Moreover, the same study claimed that, the direct effect of 'Transformational Leadership' on firm innovativeness is stronger than the indirect effect of transformation leadership through organizational learning. Another study by Jung *et al.* (2003) found that, organizational performance is positively and significantly influenced by transformational Leadership through organizational learning. Similarly, Jung *et al.* (2003) stated that firm innovativeness is positively affected by organizational learning. Once again, Popli and Rizvi (2011) confirmed the power of organizational learning to trigger the positive link between Transformational Leadership and organizational innovation. All in all, it can be concluded that effective learning culture could more easily leads to effective innovativeness culture and ultimately to effective marketing operations. Lambin (cited in Neves et.al. 2004) demonstrated that, customer disoriented

organizations could lose their competitive advantages and the ability to capture changes in the economic, social and political scenarios. Besides, a meta-analysis by Kirca *et. al.* (2005) found that, most of the studies related to customer orientation revealed a strong and positive association between firm performance and customer/market orientation. Correspondingly, Mintz *et.al.* (2009) claimed that, customer-orientation advances the feeling of fulfillments of workers and clients, which eventually expects to intensify efficiency and service-quality of businesses.

### **3.4.3. The moderating effect of leaders' experience**

Bettin and Kennedy (cited in Bosch 2014) found that, from the many things which are vital for a successful leadership, experience is extraordinarily important because it affords leaders many exceptional opportunities and changes them in a number of ways including attitude, behavior, commitment and eventually performance. A study by Evans *et.al.* (1989) concluded that, experience found to have a direct, significant, and positive effect on performance and role clarity; perhaps the most relevant finding is that experience has an indirect impact on marketing performance through leaders improved efforts; thus, leaders with higher experience tend to exert more effort and hence perform better than those low in experience. A study by Pat (2009) found a positive association between experience and marketing performance, i.e. more experienced leaders are found to be more productive and profitable than less experienced leaders. The same study found that, the dimension of leaders' experience accounted is very important factor in analyzing the impact of experience on marketing performance, thus, unlike other experiences managerial experience predicted greater sales and profits. Finally, as Austin (2016) established, a transformation in the desire people place on certain characteristics for an

ideal leader is may be the first thing that may occur with leadership experience and it is particularly significant to leaders with dissimilar experiences when they make leadership hiring and promotion decisions.

#### 3.4.4. Group differences in leaders' gender, position and brewery sizes

Austin (2016) established that, transformation is the desire most people place on certain characteristics of an ideal leader and it is commonly possessed by female leaders than male leaders. It is also probably the first thing that may occur with leadership experience and it is particularly significant to leaders with dissimilar experiences when they make leadership hiring and promotion decisions. However, as Austin (2016) claimed, this change, in fact happen solitary for females. Another research work by Steven (cited in Appelbaum et.al. 2003) concluded that, female leaders' style is unique and not similar with their male counterparts, however male leaders can easily learn and adopt female's way of leading and can also effectively use it. To put it differently, while effective leadership is a gift to women it is a learning matter to men. In their meta-analytical study, Paustian-Underdahl (2014) suggested that, the perception of people regarding male vs. female domination of an organization significantly influence their association of effective and gender. The overall result illustrated that organizations which were male dominated have considered by many as more effective than female. Another meta-analysis by Eagly *et.al.* (cited in Paustian-Underdahl 2014) shows a consistent result of gender differences in leadership effectiveness. Moreover, Berdahl (1996) analysed six models in relation to leadership and gender and concluded -male-managers exhibits mediator' behavior than managers, however, female-managers exhibit more of a public behavior than male-managers. Furthermore,

male-managers have shown huge interest towards leadership than do female-managers and female-managers lean towards better social-emotional character than male, and mixed-sex groups. All-female-groups have shown a strong desire than all-male-groups towards equal involvement and not interested to establish steady status ladders

Freyre (2013) found a significant positive effect of immediate transformational leaders on the employees' shared positive perceptions of higher performance work systems; in the same way, the data fail to support the assumption that top transformational leaders can virtuously help workers shared positive perceptions on Higher Performance Work System. Macky and Boxall (2007) enlightened our perception of the HRM process in that it is a manacle of relations between HR goals, leader's intents, worker responses and, firm performance; thus, it is simple to understand that, supervisors' ends could possibly differ from what, top leaders are doing. Therefore, unarguably lower level managers are expected to link top level leader's objectives and goals with employees through practical works. As Pedraja-Rejas *et al.* (2006) revealed, the positive influence of transformational leadership styles is stronger for small companies than large companies. Another finding by Matzler *et al.* (2013) provide support for greater impact of Transformational Leadership style for smaller companies than bigger ones. Bolden (2004) find out that, small and medium businesses can be especially benefited from transformational leadership style because of their increasingly competitive market environment. Finally, as Bolden (2004) stated, to achieve greater marketing performance, transformational leaders shall set free themselves from everyday routines to get time for strategic matters and ultimately, they can be more strategic than their counterparts in large organizations.

Table 3.4. Relevant Empirical Studies, Findings and Conclusions

No.	Title	Author/s and year	Finding and Conclusion
1	“The impact of leadership on organizational performance”	(Raluca 2015)	It is concluded that, there is a positive association between Transformational Leadership style and firm performance.
2	“Follower behavior and organizational performance: the impact of transformational leaders”	(Boerner et.al. 2007)	Employees commitment revealed to moderately mediate the relationship between Transformational Leadership and organizational performance. However, the mediating effects of transactional leadership couldn't be supported.
3	“Transformational and transactional leadership and Salesperson performance”	(Mackenzie et.al. 2001)	A direct and indirect relationship is found between transformational leadership style and sales performance. However, this relationship is not found in the transactional leader behaviors.
4	“Explaining the effects of Transformational Leadership”	(Sparks 2001)	The evidence suggests that the Transformational Leadership is effective in bringing about greater effort, performance and satisfaction.
5	“A study on the impact of leadership styles on employee motivation and commitment”	(Chowdhury 2014)	The results reveal that different leadership styles have different effects on employee motivation components.
6	“Effect of leadership style on employee performance”	(Iqbal et.al. 2015)	The participative style of leadership shows a greater positive effect on employee performance in which employee tend to feel the power and confidence in doing their job and in making different decisions. And in autocratic style leaders' eager to use their formal authority to take decisions in which employees' feels inferior in doing jobs and decisions.
7	“Effect of leadership style of organizational performance”	(Obiwuru et.al. 2010)	It was found that the charismatic, transformational and visionary of the leadership style are positively related to the organizational performance,
8	“Transformational leadership influence on	(García-Morales et.al. 2011)	The results show that a management style of Transformational Leadership through organizational

9	“The effect of Transformational Leadership on market orientation, and learning orientation”	(Widiartanto and Suhadak 2013)	Transformational leadership has a significant effect on market orientation, Transformational Leadership has a significant effect on organizational innovation, Transformational Leadership has a significant effect on learning orientation, organizational innovation has a significant effect on organizational performance.
10	“Transformational leadership and market orientation”	(Menguc 2007)	These findings indicate that marketing differentiation represents the only competitive strategy that is bolstered by both Transformational Leadership and market orientation. This encouraging information assures marketers investing in Transformational Leadership and market orientation that these competencies will lead to positional advantage in the marketplace through marketing differentiation.
11	“Impact of transformational and servant leadership On organizational performance”	(Choudhary 2013)	This study empirically relates two leadership styles to organizational learning and performance. Both leadership styles (servant and transformational) have many things in common: they influence followers, empower followers, encourage them for best performance, communicate, and listen to subordinates.
12	“The effect of leadership behaviors on staff performance in Somalia”	(Ali and Mohammad 2013)	The findings revealed that leadership behavior and employee performance are positively correlated. The study also indicates that there is a statistically significant moderate positive relationship between leadership behavior and employee performance.
13	“Relations between Transformational Leadership, organizational Learning, knowledge management, organizational Innovation, and organizational performance”	(Noruzi 2013)	The study results indicate, Transformational Leadership is a significant determinant of organizational learning, knowledge management, organizational innovation, and organizational performance. Furthermore, the finding demonstrates that Transformational Leadership impacted organizational performance both directly and indirectly.
14	“Innovation, organizational	(Jiménez-Jiménez 2011)	The finding shows that the effect of organizational learning on innovation is stronger than its effect on performance. This result may imply that

15	“Leadership and organizational learning’s role on innovation and Performance”	(Aragon-correa et.al. 2007)	This study analyzes the simultaneous influence on firm innovation of Transformational Leadership and organizational learning; shows that although both directly influence innovation, the collective process of organizational learning has a stronger direct influence on innovation for our sample than Transformational Leadership.
16	“Organizational learning and market performance: the interactive effect of market orientation”	(Kamya 2012)	There is a need for organizations to link their organizational learning activities with market-based information in order to improve on their market performance. It is better to focus on higher levels of learning combined with a market orientation approach.
17	“Leadership style, organizational culture and Performance: empirical evidence from UK Companies	(Ogbonna and Harris 2000)	The results of this study indicate that leadership style is indirectly associated with performance. Conversely, competitive and innovative traits are directly associated with performance while, community and bureaucratic traits are not directly related (contrary to the hypothesis).
18	Transformational leadership, creativity, and organizational innovation”	(Gumusluoglu and Ilsev 2009)	The findings suggest that Transformational Leadership has important effects on both individual and organizational levels. At the individual level, Transformational Leadership positively relates to followers' creativity.
19	“The relationship between organizational learning and firm performance”	(Kocoglu 2011)	The finding of the study sheds light on the idea that, mainly organizational learning, innovation and TQM have begun to be established as legitimate and promising pivotal factors creating firm performance.

### **3.5. Summary**

The current chapter discussed matters related to secondary literature reviews. Because of a grave limitation in the related literature, principally, the closest empirical evidences are used to show the gap and support the research problem. Hence, theories and models related to the four constructs (marketing performance, transformational leadership, organizational learning, and customer orientation) are thoroughly examined and debated. Particularly, the two major constructs i.e. marketing performance and transformational leadership are discussed in rigour. After the rigours debate, theories are evaluated and their implications to the present study are illustrated. The next chapter discusses some of the important matters of the study including, the background of the theoretical framework, the theoretical framework and hypotheses formulation.

# **CHAPTER FOUR**

## **CONCEPTUAL FRAMEWORK AND HYPOTHESES FORMULATION**

### **4.1. Introduction**

The previous chapter discusses related literatures on marketing performance, transformational Leadership, organizational learning and customer orientation. Multiple marketing performance theories and marketing performance measurement systems are contested and viewed from different angles. To the leadership construct, from great man to transformational theories are discussed. Besides, the concept of organizational learning is explained and the views of the few giants (founding fathers) of the organizational learning concept are discussed. Similarly, the concept of customer orientation is elaborated. These discussions helped a lot to frame the study and to make the right choice among the many competing theories and models. Moreover, the discussion helped a lot to develop the research framework and hypothesis. In the next chapter three fundamental topics are discussed. First, background for the theoretical framework is presented and the dynamic capabilities theory of firm performance is explained and justified why it is chosen to be the guiding theory of the study. Second, the research framework is discussed, which is directly derived from the theoretical background explained. Finally, the hypothesis of the study is formulated based on the theoretical background and the research framework developed.

### **4.2. Theoretical Background**

After reviewing sizable literatures in the area of firm performance and marketing performance,

the dynamic capability theory has emerged to be the best choice to develop the conceptual framework of the present study. This decision is made following the literature review process which provided strong evidences in favor of the positive influence of dynamic capabilities of a firm on leadership capabilities. Different researchers on the area have defined and treated dynamic managerial capabilities in their own ways. However, the majority of them defined it as a kind of capability rather than one of the leadership style. The current study is preferring to define and treat dynamic managerial capabilities as a form of resource that companies could possess once they embrace Transformational Leadership. Moreover, study results have strongly showed the qualities and characteristics of a transformational leader are part and parcel of dynamic capabilities of a firm. Protopogerou (et.al. 2008) for example stated that, new form of competitive advantages typically formed when a firm is capable of reconfiguring and manipulating its functional competences though applying its dynamic managerial capabilities. From Adner and Helfat (2003) definition, it is also possible to understand Dynamic Managerial Competencies/DMC/ as a means used to build, integrate, and reconfigure the resource base of organization and in a way, they can tie DMC's with organizational dynamic capabilities. Collis (1994) suggests dynamic capabilities are vital for the reason they benefit organizations to avoid path addictions put by their current outdated competencies. The other reason to treat dynamic managerial capability as a resource is that, it is wholly derived and discussed based on the dynamic capabilities views of the firm which treats dynamic capabilities as resources that helps the firm to change itself based on the prevailing realities in and out of the organization. Thus, the logic to use the dynamic managerial capabilities theory as a guiding theory for the present study is simply because the exogenous variable in this study or (Transformational Leadership construct)

is highly associated with managerial dynamism and it is believed to be source of marketing success for most organizations. Thus, it is believed Transformational Leadership exists if the firm possess the dynamic managerial capabilities and if it exists, the chance to perform better will be always there. The figure below shows the foundation of the conceptual framework and shows the interdependency between the relevant theories and the research model.

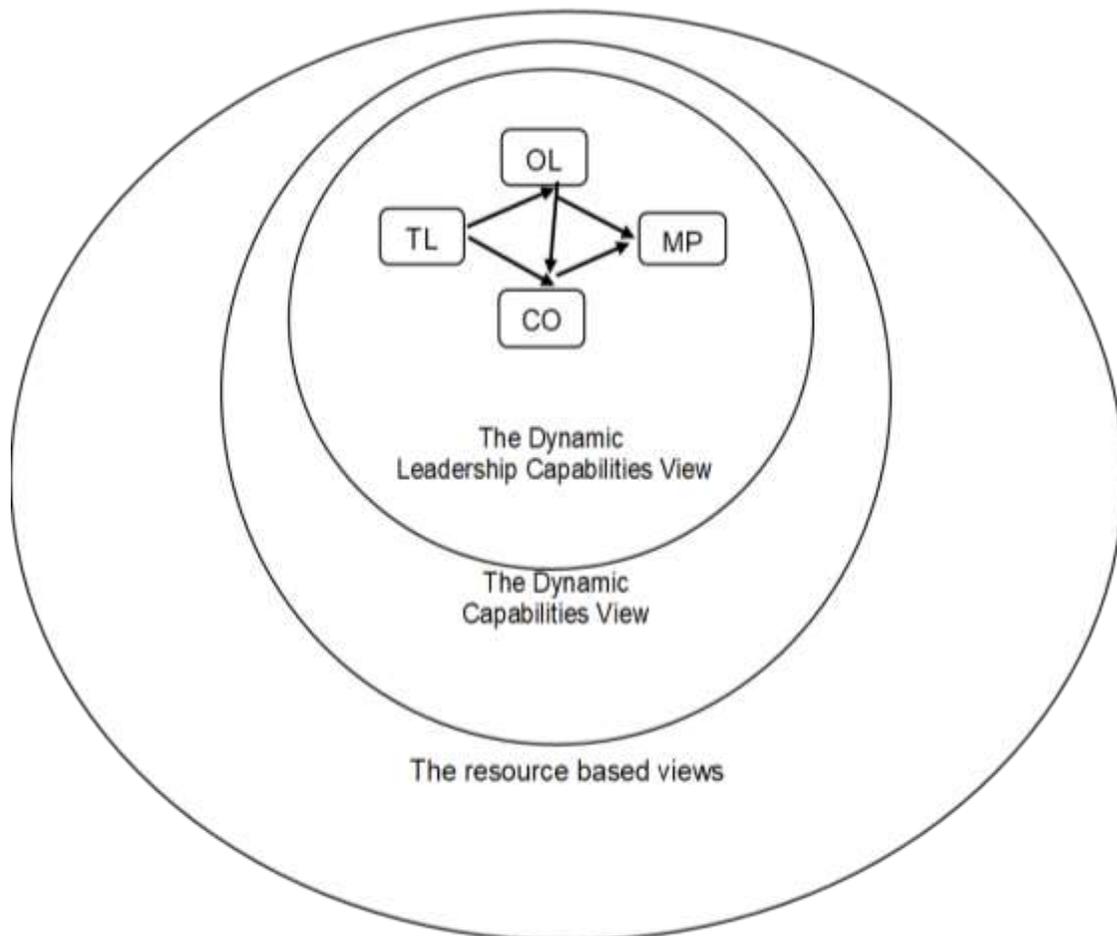


Figure 4.1. Background of The Research Framework

To better comprehend the above potted arguments, the following discussions are very useful. It begins by explaining the three firm performance theories i.e. The resource-based view/RBV/, dynamic capabilities view /DCV/, and the dynamic managerial capabilities view /DMCV/. Next to

that, the theoretical connexion between the second theory/DCV/ and the third theory/DMCV/ is explained. Finally, the reason why the dynamic managerial capabilities are presumed to be connected with transformational Leadership and dynamic marketing capabilities is expanded.

#### **4.2.1. The Resource-Based View (RBV)**

The resource-based view of the firm is a theory/model brands resources as the key driving factors for high firm performance. According to the theory, organizations competitive advantage and performance is fundamentally determined by the type and size of resource they possess. According to Peteraf and Barney (2003), the theory is built upon two major assumptions. The first assumption is organizations in a given industry controls heterogenous/different/ sets of resources and the second assumption deals with the immobility nature of resources so they can stay with the beholder for long. Likewise, Brahma and Chakraborty (2011 p 52) claimed that, these factors or resources are imperfectly competitive, if that is not the case, firms couldn't get economic rent for the resources they control because the price to possess those resources will be similar across the market, thus it should be understood the factor market or the source of resources are imperfect so that only few firms could manage to possess and other will not.

As Collis and Montgomery (1995) defined, resources as assortments of factors owned by organizations that provide help to attain profitability and signify and show value for the customers. It is strongly believed that, in the area of marketing, resources were first studied and introduced by George Day. Eventually, other scholars including Hooley et.al. (2001), thoroughly analyzed the concept and further develop and purify the theory. Even though, the existence of heterogeneous and immobile resource is critical to achieve competitiveness, there is an

agreement this alone could not be enough to sustain it. As a response for this concern, Barney (1991) has identified the VRIN framework which helps a lot to examine resources from their valuable, rare, costly to imitate and non-substitutable nature. The VRIN way of description was later enriched and changed in to VRIO. In the new VIRO framework the following characteristics are necessary to any resource if it is capable to give a competitive advantage to its beholder. Therefore, so long as they are helping the organization to add value to the customers. If resources are very territorial in their presences i.e. if they are found only in few organizations they are called rare. Moreover, if competitors found it very costly to copy some resources, it is probably because of its inimitable nature, thus that resource is called *costly to imitate*. Finally, unless otherwise resources are well organized to capture the foreseen opportunity they cannot provide a competitive advantage, however, if the opposite is true they are called *organized to capture the value* (Jurevicius 2014)

#### **4.2.2. The Dynamic Capabilities View (DCV)**

As defined by one of the founding fathers of the concept, dynamic capabilities view is stated as the unique capability of a firm's leaders to renovate, build, and integrate resources to firms address the rapidly changing environment. The DCV is supposed to be the evolutionary extension of the resource-based perspective Helfat *et al.* (cited by Ambrosini 2009) because it has tried to tackle the weakness of the RBV theory. The theory has appeared as an effort to unravel the composite problem of maintainable "competitive advantage" in a business environment full of dynamism (Eisenhardt and Martin 2000). The theory's primary assumption is organizations with the ability to understand and exploit approaching opportunities and, then able to restructure

their capabilities in accordance with the known prospects and environmental transformation can form and endure a competitive advantage (Teece 2012). As Brahma and Chakraborty (2011 p 58) suggested, “using the two words i.e. dynamic & capabilities, together is the right way to understand the proper meaning of the concept dynamic capabilities, but, using dynamic and capabilities separately could have a misleading connotation. Therefore, the word ‘capabilities’ might have different implications when used to refer ‘dynamism’. For instance, in the “resource-based view” theory, “capabilities” can be procedures and sequences resulted by the “VRIN” nature of resources. Nonetheless, today’s capabilities refer a sort of static nature similar to today’s abilities which are expected to be different and hence to have a competitive advantage over rivals (Brahma and Chakraborty 2011). Conversely, in “dynamic-capabilities view”, “capabilities” stresses ‘the irreplaceable role of the leadership in aptly adjusting, assimilating, and restructuring resources, skills, and other competencies both internal and external to the organizational (Brahma and Chakraborty 2011). On the other hand, Teece (2012 p 9) suggested that, “the word dynamic is directly related to the ability to refresh organizational resources and competencies to create congruence between the firm and external dynamism. Dynamism is also assumed to be future oriented since it focuses on processes that could be changed based on VRIN resources, but not to engage them in different ways”.

Logically speaking, “dynamic capabilities” could be grouped into three forms, the first is sensing capability; the second is seizing capability; and the last one is reconfiguring capability (Teece 2012). Sensing capability is related to ability to detect good market chances. Thus, to this end, organizations shall endlessly monitor the situation around them and search for opportunities that are coming both in and out of their organization. When good chances are detected, exploited

and their impact is understood, it is the sign that the firm has the 'seizing' capability. The last capability i.e. the reconfiguring capability, could exist if the firm successfully and continuously reconfigure the sensed and seized opportunities. All in all, if the firm is in the position to restructure its resource base based on the dynamism in the environment, it is easy to reconfigure the recourses. Despite the fact that Empirical testing about the impact of "dynamic capabilities" on "firm performance" is usually laden by problems related to the "description, operationalization and measurement" of tests, there is growing indication that a firm's "dynamic capabilities" meaningfully affect firm performance (Protogerou et.al. 2011). Moreover, in their study of post-acquisition integration processes, Singh and Zollo (1998) revealed that, firms who devoted more effort in organizing their amalgamation processes attain higher profitability than competitors.

#### **4.2.3. Dynamic Managerial Capabilities View /DMC/**

Despite their similarity, dynamic managerial capabilities view and dynamic capabilities view still have clear differences. The main difference is while the former is specifically focused on managerial capabilities the former deals about every organizational capability including managerial capability. Helfat et. al. (2012) defined dynamic managerial capabilities as the capability of leaders to make, spread, or amend the resource foundation of a firm. It is strongly believed that, the father of DMC concept is Adner and Helfat (2003). This is because, in one of his work entitled "Corporate Effects and Dynamic Managerial Capabilities", which is an experiential examination of thirty establishments from 1977-1997 in the petroleum industry of U.S.A. they gave the modem identity for the concept and firmly position DMCs as an equivalent

to ‘organizational dynamic capabilities’ rather than taking it as something different. Moreover, in the same study, they suggested unlike resources DMCs possess critical fundamental qualities that are “managerial human capital”, “managerial social capital”, and “managerial cognition”. As literatures showed in past, the availability of dynamic capabilities in an organization leads to the presence of dynamic managerial capabilities which is defined as a dynamic managerial capability of leaders to make, spread, or amend the resource foundation of a firm (Helfat 2012), and highly related with the behavior of a transformational leader’s style. Furthermore, beyond the direct relationship between the two variables (DC and DMC), as argued above by dynamic capabilities-based view of the firm theory advocates, DC usually affects other exogenous variables of the current study, organizational learning and customer orientation and eventually marketing performance of the firm. Therefore, the rationale to lay the foundation of the current study’s conceptual framework on the DCBV of the firm is the clear relationship between dynamic capabilities/DC/ and dynamic managerial capabilities /DMC/.

### **4.3. Theoretical Framework**

As argued by many experts ‘dynamic capability’ has a direct and positive impact on firm marketing performance through helping the organization to develop dynamic managerial capabilities’. Helfat *et al.* (2007) conceptualizes this sort of capabilities as the unique ability of leaders to persistently create, extend or modify its resource base. In the same way, Salvato and Rerup (2011) defined dynamic capabilities as collective entities which drive organizational heterogeneity and performance over time.

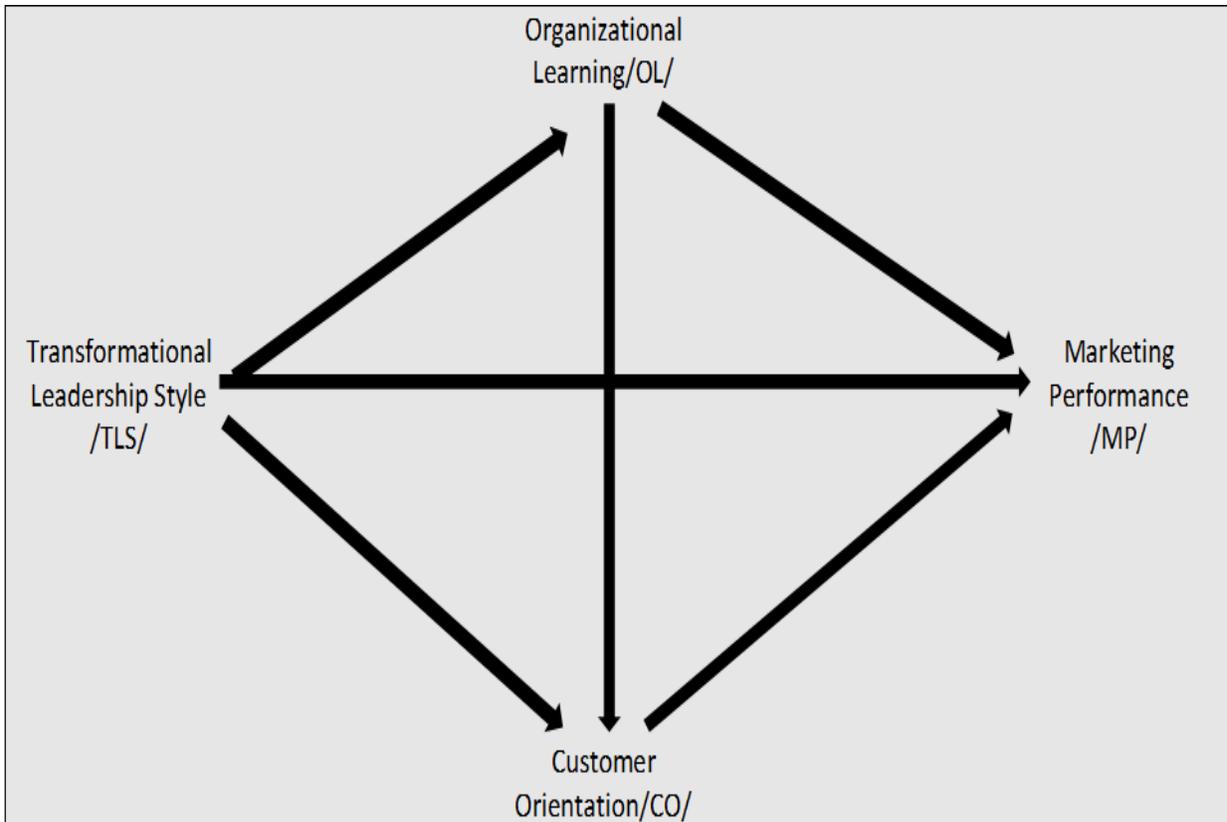


Figure 4.2. The Theoretical Framework of the Study

The above cited literatures and other previously discussed papers are used as supporting empirical evidences to build the foundation of the conceptual framework based on the dynamic managerial capability /DC/ theory rather than other competing theories. Henceforth, the concept and role of the four major constructs of the study are discussed. The discussion starts from marketing performance followed by Transformational Leadership then organization learning and finally customer orientation.

#### 4.3.1. Marketing Performance

The marketing performance construct is the ultimate dependent variable of this study, which means that as clearly depicted in the model, the study's ultimate objective is to investigate the

impact of all the other exogenous variables/Transformational Leadership, organizational learning and customer orientation/ on marketing performance of the firm; that is why it is called the ultimate endogenous variable of the study model.

Despite a clear difference between marketing performance and organizational performance, the former is widely recognized as the major contributor of the latter. Among marketing researchers, the 'Marketing performance' concept as a topic has been one of the most debated and as the same time controversial area of research (Sorina-Diana 2013). In like manner, according to the marketing science institute (MSI) from the top ten research areas "marketing accountability", "return on marketing investments" and "marketing performance management systems" are the three topics most commonly probed by researchers between the year 2008 and 2010 (Lamberti and Noci 2010). However, despite its popularity and literature richness, it was not easy to locate a clear and comprehensive definition for the term 'marketing performance'. As the same time, Iyer and Grewal (2016) argued that, possibly from all other concepts in the short history of marketing, the concept of marketing performance has proven to be stubbornly resistant to conceptualization, definition, or application. In spite of the confession concerning the difficulty of defining the concept marketing performance, there are few definitions in the literature. Most definitions however, have prefer to define marketing performance as two different words so that understanding the concept could be easier. Ambler et.al. (2004) defined performance as doing what is expected to do and achieving what is expected to archive; a result, for Ambler et.al. (2004), marketing performance can be defined as the outcomes of marketing operations expressed in the form of changes in customer satisfaction, market share and profit.

Marketing performance is the result of marketing capabilities the firm possess; which is the integrative process of exploiting and using the firm's resource to identify the needs and wants of customers, secure exceeded product goodwill, and to realize maximum brand value. According to Day (1994), after an organization secured these capabilities, and made them complex and inimitable, they could be used to facilitate and possess competitive advantages over competitors. Moreover, Morgan (2011), believes firms marketing performance deserves more attention than any other performance dimensions because of its significant association with firm's financial performances

As (Ambler et.al. 2008) stated MPM is one the frequently discussed topic area practitioners and academics. But, despite this attention the suggested measurement frameworks are very diversified and lack standards. Moreover, they are not measuring effectively what they are supposed to measure (Mariussen 2011). The following are some of superbly debated marketing performance measurement frameworks in the literature: "Marketing metrics, the definitive guide to measuring marketing performance", Farris (2010): "determinants of marketing effectiveness", Demma's (cited in Mariussen 2011): "multidimensional marketing performance metric", (Ambler 2007): "An Information Processing Model of marketing Performance Measurement", Clark (2006): "Technology-Driven Online Marketing Performance Measurement", Bowie et.al. (2014): and finally, "The Effect of Multi-Dimensional Performance Measurement System on market Orientation", Mohamed (2014). As Miller and Cioffi (2004), argued, the difficulty in MPM could also emanate from the relative softness of marketing related goals and objectives, and concurrent employment of multiple tactics. Despite the fact that there are these and other enormous proposed measurement techniques in the literature, still the

efforts continuous by scholars to find the best. From the many types of marketing measures, to the best of my knowledge the one which I found widely accepted and unifying is found in the study by Clark (1999). The reason for the acceptance of this theory is that, it can portray the situational and strategic fluctuations explaining the diverse level of attentions given by different experts to many types of measures. In his work Clark suggested four major categories of marketing performance measures. The first category is called a "Single financial output measures" which includes "Net income, sales and cash flows". The second category is known as "Nonfinancial measures", which could include measures like "market share, client satisfaction, customer commitment and brand equity". "Input measures" are another form of measures and can include the "Marketing assets, and marketing budget". The last categories are called the "Multiple measures" which are hybrid measures and pointed at measuring the macro dimensions of efficiency, potency and attractiveness.

After investigating some of the well-known marketing performance measurement systems (MPMS), the multiple measure/hybrid measure/ is appeared the best over other competing systems. Unlike the other constructs, this construct is measured by a tool originally designed by the researcher. This decision is made after the literature review work is failed to find one widely accepted and used measurement tool. As it is discussed in chapter five, the newly designed measurement tool has three dimensions and fifteen measurement items. The first dimension is sales and profit performance with six measurement items, the second dimension is product and brand performance with six measurement items, and the last dimension is customer satisfaction performance with three measurement items.

### 4.3.2. Transformational Leadership

The Transformational Leadership construct is the main independent variable of the model. It has four dimensions, idealize influence, inspirational motivations, intellectual stimulation, an individual consideration. In the study, a direct relationship between this construct and three other endogenous constructs (marketing performance, organizational learning and customer orientation) are hypothesized. This construct is measured by an adopted instrument called the Multifactor Leadership Questionnaire (MLQ) Form 6S by Bass and Avolio (1999). The Transformational Leadership style construct is composed of four dimensions or the 4i's; as Avolio *et al.* (1991) established they are principal behaviours constitute Transformational Leadership style: (1) Idealized influence. (2) Inspirational motivation. (3) Intellectual stimulation. (4) Individualized consideration. The Multifactor Leadership Questionnaire (MLQ) Form 6S - Bass and Avolio (1999); is used to measure this construct. Finally., the 'schools of thought' about the theories of leadership ranges from "Great Man" and "Trait" theories to "Transformational" leadership.

The term Transformational Leadership is relatively recent both as a theory and practice. The most powerful definition for the term Transformational Leadership is given by a leadership theorist James MacGregor Burns, who defined as a relationship of shared inspiration and advancement that translates employees into managers and leaders into moral-agents (Burns 2005). Yammarino (2000) describes the role of transformational leaders as the one who stimulates sharp consciousness and affection either in the team or the firm, hikes self-confidence, and changes employees progressively from worries for subsistence to apprehensions for triumph and advancement. All in all, Francis Yammarino believes that, such kind of leaders develop their

subordinates to the level where they could become ready to take leadership responsibilities and achieve more than the normal ends. Another famous scholar Bass et.al. (2003) described transformational leader as the one who tirelessly challenge and thrive in hovering followers, assistants, and customers to the next level of consciousness about consequence of issues. According to McCloskey (2015), “transformational leaders” start and endure a culture of corporation in and by which managers and employees practice growing levels of unity between the dream and principles they back. All in all, it can be concluded that, such kind of leaders are catalytic agents for positive changes in organizations so that everybody become like who they want to be and act in harmony with what they want to do. Transformational Leadership faces matters in unusual approach and if the leader is truly transformational, he/she are expected to “purify the ethics, trust, and requirements of followers into a vision, and then guide them to pursue that vision” Umme-Salma (2015 p 1). Beyond and above, transformational leader is not there only to give motivation only, but also to be committed to persuade and coach employees until they attain their vision (Umme-Salma 2015).

### **The “4i’s” of Transformational leadership**

According to Avolio *et al.* (1999), there are four key leadership behaviours which can uniquely explain the transformational leadership style: “Idealized influence”, “Inspirational motivation”, “Intellectual stimulation” and “Individualized consideration”. Idealized influence is concerned to how much the leader is interested to the needs of every employee and the leader’s willingness to mentor employees and readiness to solve their concerns and needs (Avolio et. Al. 1999). Moreover, the leader is expected to exhibit “high ethical behavior”, “instills pride”, “gains respect

and trust". Inspirational motivation is for how much the leader is ready to trial existing conventions, takes risks and requests employees' ideas (Avolio et. al. 1999). Leaders with this particular ability contests employers with new and better principles, transfer hopefulness about impending goals, and provide sense for the tasks at employees' hand. Intellectual stimulation is the ability of the leader to articulate a vision that is appealing and inspiring to followers (Avolio et. al. 1999). Those managers with good behavior of intellectual stimulation usually kindle and inspire inventiveness among their employees. Further, they are also well known doing cultivating and helping employee people to advance. Individual consideration is the ability of a leader to be a role model for high ethical behavior, instills pride, gains respect and trust (Avolio et. al. 1999). Such kind of leaders are emphatic and supportive, retains interactions open and fights problems before their employees. Besides, they are ready to celebrate the contributions of every employee that each member could make to the team and preach the need for respect.

As a matter of fact, Transformational Leadership is by now being practiced in all sectors of the developed nations, mainly as a change tool. For Bolden (2003), to be a "transformational leader" is to do things differently including, building meaningful people's desire, is purpose and value centered, attention for morals and ethics, thinks out of the box, obsession with farsightedness, looking beyond the horizon, helping employees to give their best and to discover new talent, designing and redesigning jobs to make them eloquent and at the same time challenging, and finally aligning organizational structures to the firms' value system. Moreover, Yuki (1999) suggested the following implications of Transformational Leadership for managers: 1. Establish a thought-provoking and promising vision with the participation of followers. 2. Don't forget to

relate the vision with a good strategy for its attainment. 3. After developing a vision stipulate and decode it to actions. 4. Show self-confidence, resolve and hopefulness towards your vision and its execution. 5. Understand the vision by small prearranged steps and successes for its full application.

### **4.3.3. Organizational Learning**

The organization learning construct is another major variable for the study. It can be treated as independent variable when we investigate its impact on marketing performance and can also be treated as dependent variable when we investigate its relationship with Transformational Leadership style. This construct is measured by the Dimensions of the Learning Organization questionnaire (DLOQ) by (Watkins and Marsick's 1997). There are seven dimensions, continuous learning, dialogue and inquiry, team learning and collaboration, embedded systems, empowerment, systems connections, and strategic leadership. In total, there are 21 measurement items, three items for each dimension.

As Schulz (2001) stated, concepts of "organizational learning" has grew fast in the 1950's partly because of a fierce debate between "behaviorists and economists". Anderson et.al. (1997) defined organizational learning as follows; learning in organizations happens when everybody behaves as an ambassador for learning through spotting and amending faults wherever they are and voluntarily implanting positive developments and changes inside employees' mind. Hence, it is still believed The Behavioral Theory of the Firm by Cyert and March has sharpened the knowledge for organizational learning. In the theory, the firm was exhibited as an intricated, and adaptive system, which is because its internal complication it manages to show substantial

sovereignty because it not exclusively decided by external limitations. Furthermore, it is illustrated that “organizational learning” was happened in a “learning cycle” in which firms responded to outside tremors by adjusting the possibility of recycling definite working procedures. In the theory, they suggested that “higher-level procedures” would adjust less quickly than more specific procedures. Another study by Inkpen and Crossan (1995) has tried to compare an organization’s ability to learn, unlearn, and relearn with the Revitalizing properties of the “fountain of youth”. Further, as the same Authors lament, understanding organizational learning has been almost as elusive.

Across the literatures, several scholars have defined the primary debates in the Organizational Learning discourse by developing its theoretical foundations and identifying key constructs Crossan and Nicolini (cited in Castaneda and Rios 2007). Most commonly debated questions are discussed below. While these questions provide the chance for exploration, in the other hand each question has spurred other questions, leading to new insights, debates, and areas of inquiry. The first debatable question is the meaning of learning itself. Across the literatures, this concept is presented in multiple viewpoints, and mostly found and established in the “psychology” field of study over a long developmental history. Unarguably, the process of learning at the individual level has a weighty influence on the notion and application of organizational learning. There are many approaches to individual learning, but the most widely recognized theories are the “Behavioral Theory”, “Cognitive Theory”, “Social Cognitive Theory”, and “Gestalt Theory”. To fit to the aim and scope of the present study, only the first two theories are discussed.

**The Behavioral Theory:** The behavioral theory for individual learning is like a general standard to comprehend ideologies by which human behavior is cultured and upheld. the whole domain of

Behaviorism could possibly have explained by the following four main sub-theories; “Pavlov’s classical conditioning, Skinner’s operant conditioning, Wolpe’s reciprocal inhibition, and Eysenck’s incubation theory” (Cors 2003 p 8). The first behavioral theory considered relevant to this study is the Classical Conditioning Theory (Pavlov 1927) (cited in Cors 2003), for this theory learning is all about a conditioned response which is formed by the action and reaction of stimulus and response i.e. when a previously exposed neutral stimulus is coupled with unconditional stimulus it can result a conditioned stimulus which directly triggers the conditioned response. Moreover, the concept of reflexive behavior is the main driver of the classical conditioning theory, however, the strength of the reflexive is depended on the frequency of the reinforcer that precedes the behavior, and this only accounts for a small part of total human learning” (Cors 2003 p 7). The other behavioral learning theory discussed in this study is the Operant Conditioning Theory; according to skinner (cited in Cors 2003 p 9) human behavior is shaped and maintained by its consequences for the behavior. In contrast to the above theory where the reinforcer is coupled with the stimulus, this theory relays on the situational works by which a response and behavior reacts to the environment to cause outcomes”. Accordingly, the penalties explain the results based on which responses looks comparable. The bottom line is the consequences of organizational behavior may change the organizational environment and affect employee behavior. The next behavioral theory presumed relevant to the current study is the Reciprocal Inhibition Theory (Wolpe 1958) (cited in Cors 2003); this theory takes credit for the process of the “learning and unlearning”. The theory associates a couple of foundational actions which are responsible for high self-consciousness at the time of extinction; they are “reactive inhibition”, which labels an “inhibitory state” disintegrating with time, and the second is

“negative conditioning”, that primes to a lasting decline in “response probability”. “Reciprocal inhibition includes prompting a contending reply to decline the power of an instant response so that old behaviors can be disregarded by allowing new behaviors to advance in the same circumstances” (Cors 2003 p 8). From the organizational perspective and context, as Schein (cited in Cors 2003) suggested, unlearning happens when organizations alter outdated know how’s, when they create novel impressions, and even when forms new approaches for verdict. is a theory that takes credit for the process of the “learning and unlearning”. Thus, here a couple of foundations are involved in the self-consciousness of a response at the time extinction: the first is “reactive inhibition”, which labels an “inhibitory state” disintegrating with time, and the second is “negative conditioning”, that primes to a lasting decline in “response probability”. “Reciprocal inhibition involves prompting a competing response in order to bring about a decrease in the strength of an immediate response. In other words, old habits are often eliminated by permitting new habits to develop in the same situation” (Cors 2003 p 8). From the organizational perspective and context, as Schein (cited in Cors 2003) suggested, unlearning happens when organizations alter outdated know how’s, when they create novel impressions, and even when forms new approaches for verdict. The last behavioral theory is the Incubation Theory (Eysenck 1976) (cited in Bogg and Roberts 2004); this theory perceives that, a behavior which trailed by unwanted penalties cannot be removed from people, which is not described by the “Operant Conditioning Theory”. Furthermore, in several cases, extermination may happen, and helpful development will come, so the “unreinforced conditioned stimulus” perhaps make anxiety to go high which can be taken as a conditioned response in every exhibition of the “conditioned stimulus”.

**Cognitive Theory:** According to Tolman (cited in Jensen 2006), the Cognitive Theory for individual

learning recognizes learning through a relationship between the “environmental cues and the expectancy”. Therefore, learning happens when a sort of cognitive cues allied with the choice point which might possibly directed towards a goal or a reward. The theory is unarguably positively helped the “old human relations movement”. Thus, workers could acquire to be more fruitful by establishing an association between accepting orders and hopes for financial rewards for their effort Luthans (cited in Tell et.al. 2007).

#### **4.3.4. Customer Orientation**

In this study, the role that is playing by the customer orientation construct is highly similar with the organizational learning construct. This is because, both of these constructs are treated as dependent and independent variable in the model. When looking in to its impact on marketing performance it is defiantly treated as dependent variable; however, when investigating its relationship with transformational leadership style it will be seen as independent variable. The construct is measured using the customer orientation dimensions by Deshpande, Farley, and Webster 1993; which is composed of nine measurement items.

Due to the fact that both market-orientation and customer-orientation have a focus pointed towards satisfying customers, marketing literatures often used the two concepts as an alternative expression (Brach et.al. 2015). Ciric et.al. (2014 p 25) state market orientation and customer orientation are alternative expression, and defined customer orientation as a set of views and attitudes that places the customer’s interest first, but also giving care for other stakeholders to develop a long-term profitable enterprise. In spite of this fact, still the two concepts have some dissimilarities i.e. as Narver and Slater (1995) stated, customer-orientation

is among the three behavioral-components of a market-orientation, and the other two components are competitors-orientation and inter-functional coordination. In another study, Dev et. al. (2009) tried to show the difference between customer-orientation and competitive-orientation. Moreover, based on an empirical evidence from the global hotel management industry, customer and competitive orientations have their own unique bearing on the performances of businesses (hotels). Customer orientation or customer centrality is an approach to deeply integrate a business's offerings with the tests and preferences of its customers (Fader 2012). By doing this, firms can secure high long-term profit, which is unarguably an end every-single company want to have. However, this might require to scrap some old way of doing business including, our relationship with customers, and it shall last until we develop a readiness to fundamentally reconsideration things like "organizational design", "performance metrics", "product development". Fader (2012) again tried to show why customer orientation or centrality is becoming important for today's business environment than ever. Fader argued that, in past, things like "technology", "deregulation", "globalization", have contrived to negatively affect not alone those weak firms but also hugely effective product-oriented companies, however, this day's those old challenges are seem gone forever, because technological barricades are shattered, Geographic fences absent, but the only thing remain is the strong contacts that businesses have/don't have with their customers. As a matter of fact, it is also undeniable that, in the past sizable corporations managed to thrive deprived of customer-orientation and still few others may be able to get without customer-centrality philosophy today. However, organizations in many industries won't succeed endlessly without applying customer centrality philosophy, thus they are recommended to begin this work sooner rather than later (Fader 2012). In the same

study the author further strengthens his arguments by claiming that, despite what the weary ancient adage suggests, the customer is possibly perhaps certainly not always-right because not all customers are created equal. He believes that, in the realm of customer-orientation, there are always “good-customers” and “bad-customers”, but, even “bad customers” shall not be disregarded, rather, a company and its shareholders could be possibly served well if they decided to spend much of their time working with the good and loyal group of customers because they are the one who can make or break our future.

Concerning the challenges related to the application of customer-oriented strategy, there are a number of empirical evidences. To start with, these days, for most organizations, securing earnings and more profits to strengthen their market position is the priority. However, while chasing after this shortsighted objective, they are missing one very important issue, i.e. customers. As Bhasin (2016) claimed, in the struggle to make a fortune and to remain viable, companies can choose between two competing alternatives, either to focus on launching totally novel goods or services for which no tangible demand exist (push strategy) or second is to make our offerings based on the existing needs and wants of buyers (pull strategy). Thus for Bhasin (2016), the second strategy (pull strategy) is called the customer oriented marketing strategy. However, because of the unprecedented pressures from everywhere, organizations are heavily investing and perusing the push strategy, this prevailing situation therefore, can be taken as one of the challenges to not fully apply a customer oriented marketing strategy. Besides, the most challenging challenge as described by Fader (2012) and Bhasin (2016) is the customer orientation strategy favors large sized organizations over the small sized businesses. From the many reasons, the big difference in financial and non-financial resources possess by big and small business can

be mentioned. Further to the resource difference, relatively bigger businesses can control the adverse effects of negative environmental changes. Finally, market orientation usually tends to totally redirect the organizations focus towards customers and neglect the product and service aspects. Despite the fact that it looks glamorous, the focus drift sometimes appeared to cost organizations a lot partly by making market-orientation strategies challenging for effective implementation.

#### **4.4. Hypothesis Development**

As clearly depicted in figure 4.6. Below, the current study offered thirteen hypotheses; the first six hypotheses (H1-H6) postulate the existence of a direct relationship among the four major constructs (Transformational Leadership, marketing performance, organizational learning, and customer orientation). The next two hypotheses (H7&H8) are posited to detect the indirect effect of Transformational Leadership on marketing performance through organizational learning and customer orientation. The other two hypotheses (H9&H10) are predicted the moderating role of leaders' experience in the impact of transformational leadership on marketing performance and customer orientation. The last group of hypotheses (H11, H12 and H13) are hypothesized to explore the diversified impact of transformational leaders' gender, management level, and organizational size on marketing performance. Despite a minor difference, the last group of hypotheses are treated as a moderation role hypothesis. However, the groups in each of the moderating variables i.e. leader's gender (female, and male), leader's management position (line, and non-line) and leader's organizational size (small and large) are meticulously probed.

Concerning the theoretical and empirical evidences, as discussed in background and limitation

part, mainly the closet possible literatures are reviewed and used. This is because of a grave shortage of literatures in the topic area. The section followed by the following figure discussed the empirical evidences used to support the posited hypotheses.

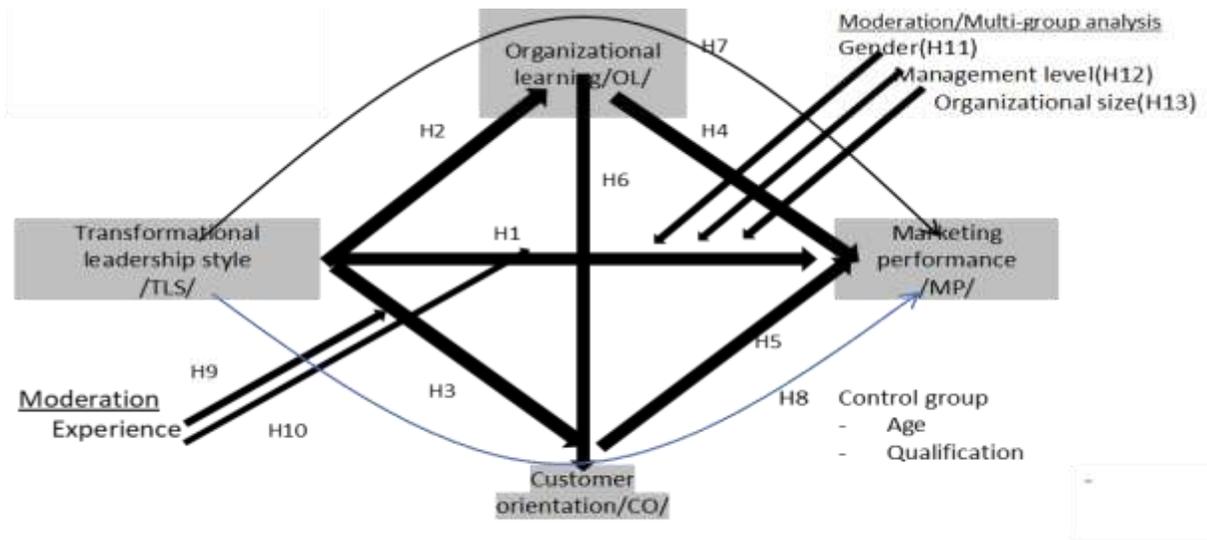


Figure 4.3. The Research Model

#### 4.4.1. Transformational Leadership and Marketing Performance

This relationship is hypothesized based on the belief that leadership has a power to affect organizational performance. At the same time the researcher doesn't believe in the indiscriminate impact of all leaders/leadership styles on performance. Transformational leadership due to its unique features such as participatory, democratic, attention to followers and transformative is favored over the other styles to positively impact performance. Thus, from all the styles the researcher believes Transformational Leadership is powerful to positively influence marketing performance than other styles. Some of the empirical studies are discussed to back the first proposed hypothesis of the study. From the many precisely similar studies, the first one is by Overstreet et.al. (2013), in the study it is found that transformational leadership has both a direct and indirect positive relationship with marketing performance. It is also

suggested that transformational leaders can easily inspire and stir positive organizational change just because they are transformational. Because they are focusing in transforming their followers and the organization, everybody can easily love and live with the way their leader is perusing. In another study Ling *et al.* (2008) concluded that, transformational leaders can easily cause an encouragement and advancement among employees than other leadership styles, this is because such leaders are always trying to transform others around them and encourage people to help one another. A study by Poddar (2012) shows that, Transformational Leadership as expected by the employees of the organization are positively and significantly correlated with the employee commitment. Moreover, Transformational Leadership style as observed by the employees of the organization are positively co-related and highly significant with the employee commitment. Besides, as Rao and Kareem Abdul (2015) concluded, unlike transactional leadership style, transformational Leadership caused a favorable environment on productivity of sales teams and other task groups. As García-Morales et.al. (2012) claimed; transformational Leadership and innovation exhibits a direct and indirect positive relationship by building capabilities directed towards organizational learning. This result strongly supported the importance of Transformational Leadership in building the culture of innovativeness. The above empirical evidences and other results are used to theorized the following hypothesis.

**H1: Transformational leadership is positively related to marketing performance**

#### 4.4.2. Transformational Leadership Style and Organizational Learning

Many evidences are confirming the presence of a positive relationship between Transformational Leadership and organizational learning. The point is that, in a Transformational Leadership style,

the leader is expected to motivate employees to learn and aspire the best. This embodied behavior will consequently make the organization and everybody in it to be learning oriented. To substantiate the above argument, the following empirical evidences are discussed.

A study by Bucic et.al. (2010) found that, when a team leader is following a transformational Leadership style, his/her impact on the operation of the organization appeared to be higher than when adopting other styles. Another study by Zagoršek et.al. (2009) disclosed a positive relationship between transformational Leadership and organizational learning. Above and beyond, as Crawford (2005) find out, Knowledge management behaviors were significantly estimated by Transformational Leadership behaviors. The result of a study by Imran et.al. (2016) clearly depicted that, transformational Leadership has significant positive impact on organizational learning and knowledge management process capability. García-Morales et.al. (2012) empirically demonstrates that, transformational Leadership and innovation exhibits a direct and indirect positive relationship by building capabilities directed towards organizational learning. The same study strongly supported the importance of Transformational Leadership in building the culture of innovativeness and to reinvent its mechanics to dodge tumbling into inaction. Wan *et.al.* (2012) suggested that, Transformational Leadership is crucial to controlling organizational Learning and improving organizational innovation in changing and competitive business environments. A study by Zagorsek et.al. (2009) also discovered all aspects of a learning organization are under the direct influence of transformational Leadership style. Kurland et.al. (2010) found that, the vision a transformational leader is found to be vital predictor of organizational learning behavior. As Bucic et.al. (2010) found, when a team leader is following a transformational Leadership style, his/her impact on the operation of the organization appeared

to be higher than when adopting other styles. Holten and Brenner (2015) claimed that, transformational and transactional leadership styles were positively related high engagement of managers. Therefore, based on the above arguments and empirical results the following hypothesis is conceived.

**H2: Transformational leadership is positively related to organizational learning**

#### 4.4.3. Transformational Leadership Style and Customer Orientation

Ciric et.al. (2014) defined customer orientation as a set of views and attitudes that places the customer's interest first, at the same time caring for all other stakeholders such as owners, managers, and employees in order to develop a long-term profitable enterprise. This hypothesis is suggested based on the believe that transformational leaders are good at customer handling because they are customer centric. They know what a customer is for the company and know what customers want from them. This hypothesis is also supported by the following empirical evidenced. Liaw et.al. (2009) indicated that, Transformational Leadership directly and indirectly increased and enhanced employee customer orientation through employee-perceived supervisor support. From the review of a study by Harris and Ogbonna (2000) it is learned that management behavior is frequently cited as a key barrier to developing a market-oriented culture. In the same study it is found that, the importance of management behavior is vital in improving the level of customer orientation. A study by Popli and Rizvi (2015) displayed that, in a multifaceted organizational system the link between transformational Leadership, and customer orientation is higher and more significant than in a less complicated businesses. A paper by Pousa and Mathieu (2014) further reinforced this conclusion by revealing the

substitutable role of the transformational leaders coaching role in advancing followers' customer orientation behavior and performance. Based on the above arguments and other empirical evidences the following hypothesis is theorized.

**H3: Transformational leadership is positively related to customer orientation**

#### 4.4.4. Organizational Learning and Marketing Performance & Customer Orientation

The following two predictions are emanated from a long established believes across the organizational learning scholars. Logically speaking this relationship is simple to understand because if an organization is a learning oriented it can easily detect and respond to the changes happening inside and outside to it. At the same time, customer orientation and marketing related improvements are the typical antecedents of these changes. Therefore, a learning organization is highly likely to be positively related with customer orientation and marketing performance. Some of the empirical evidence supporting these relationships are discussed as follows.

Mahmoud et.al. (2016) reveals a significant and positive relationship between learning orientation and market orientation with learning orientation explaining 64% of the variance in market orientation. Slater and Narver (2005) argued that, Learning organizations are led by a shared vision that emphasizes the energies of organizational members on creating superior value for customers. A meta-analysis by Goh et.al. (2012) reveals the positive impact of learning capability on many of anticipated performance outcomes such as sales, market share, and profit. The study by García-Morales et.al. (2012) empirically confirmed that, transformational

Leadership and innovativeness exhibits a direct and indirect positive relationship by building capabilities directed towards organizational learning. The result from the same study strongly reinforced the importance of Transformational Leadership in building the culture of innovativeness and to reinvent its mechanics to dodge tumbling into inaction. Finally, Calantone *et al.* (2002) concluded that, from very limited critical variables that controlled firm performance, organizational learning and innovativeness are the two and both are strategic and have exceptional impact on marketing performance. The following hypothesis is predicted based on the above discussions and conclusions.

**H4: Organizational learning is positively related to marketing performance**

**H5: Organizational learning is positively related to customer orientation**

#### 4.4.5. Customer Orientation and Marketing Performance

To a greater extent than any of the constructs discussed in this study, marketing performance and customer orientation look very alike. Theoretically it is very easy to suspect a relationship between these two variables simply because if marketing is all about customers thus to be a customer-oriented company is to be good in marketing operations and vice versa. Yet, this simple logical relationship cannot be enough to posit a scientific research hypothesis, rather it should be supported by empirical evidences, some of which are discussed as follows.

A study by Salojärvi *et al.* (2015) finds a positive association between customer orientation and marketing performance. Another study by Gladson (2006) reveals that, customer centricity is

positively and significantly associated with marketing performance. As Cross *et al.* (2007) claimed, the focus of salesperson and their company towards customers has a positive effect on marketing performance. The same research confirms the mediating role of customer focus of salespersons in the positive impact of company customer orientation on salesperson performance. As Jaramillo *et.al.* (2006) revealed, growth in sales performance were strongly caused by customer orientation and experience of the salespersons i.e. those salespersons who managed to improve their sales volume in a given period of time were appeared to be more caring, empathic, and responsible than low performing salespersons. Similarly, a study By Tsiotsou and Vlachopoulou (2011) found the direct and indirect positive impact of market orientation on marketing performance. Based on the above empirical evidences and other results the following hypothesis is developed

**H6: Customer orientation is positively related to marketing performance.**

#### 4.4.6. Transformational Leadership and Marketing Performance Through Organizational Learning

This indirect relationship is proposed to examine the ability of organization's learning orientation in mediating the positive impacts of Transformational Leadership on marketing performance. To this end, the researcher strongly believes that a learning organization is the one led by or has been led by a transformational leader. Honestly speaking, if this prediction fails, it will be one of the surprises of this study i.e. no researcher can believe if told to accept the positive influence of transformational leadership cannot be facilitated by organizational learning. Beyond and above, the following empirical evidences are referred to substantiate the above logical relationship.

As discovered by Popli and Rizvi (2011), the mediating effect of 'organizational learning' in-between 'Transformational Leadership' and 'organizational innovation' is positive and statistically significant. This effect could indirectly relate to the marketing performance of firms through effective new product development process and improved sales. Moreover, the same study claimed that, the direct effect of 'Transformational Leadership' on firm innovativeness is stronger than the indirect effect of transformation leadership through organizational learning. Another study by Jung *et al.* (2003) found that, organizational performance is positively and significantly influenced by transformational Leadership through organizational learning. Similarly, Jung *et al.* (2003) stated firm innovativeness is positively affected by organizational learning. Once again, Popli and Rizvi (2011) confirmed the power of organizational learning to trigger the positive link between Transformational Leadership and organizational innovation. All in all, it can be concluded that effective learning culture could more easily leads to effective innovativeness culture and ultimately to effective marketing operations. The above evidences and results are used to formulate the following hypothesis.

**H7: Organizational learning mediates the positive effects of transformational leadership on marketing performance.**

#### 4.4.7. Transformational Leadership and Marketing Performance Via Customer Orientation

The other indirect relationship hypothesized in the study is among Transformational Leadership and marketing performance through customer orientation. Like the previous indirect relationship, this is also not difficult to predict, this is partly because a transformational leader is most likely to contribute good for the company's marketing performance if he/she are customer

oriented. In other words, an organization which is customer centric and being led by a transformational leader is naturally expected to perform in the market better than firms which are not good at it. On top of that, this indirect relationship is predicted based on the following empirical evidences.

Lambin (cited in Neves et.al. 2004) demonstrated that, customer disoriented organizations could lose their competitive advantages and the ability to capture changes in the economic, social and political scenarios. Besides, a meta-analysis by Kirca *et. al.* (2005) found that, most of the studies related to customer orientation revealed a strong and positive association between firm performance and customer/market orientation. Correspondingly, Mintz et.al. (2009) claimed that, customer-orientation advances the feeling of fulfillments of workers and clients, which eventually expects to intensify efficiency and service-quality of businesses. The above findings and many other evidences are used to theorized the following hypothesis.

**H8: Customer orientation mediates the positive effects of transformational leadership on marketing performance.**

#### 4.4.8. The Moderating Effects of Leader's Experience on The Positive Impacts of Transformational Leadership on Marketing Performance and Customer Orientation

As spoken-about earlier, this study postulated two hypotheses related to moderation effects of leaders' experience. At a glance, it seems very logical to believe the positive impacts of rich leadership experience on the positive impacts of Transformational Leadership on customer orientation and marketing performance. However, it is a bit surprising that a review of the literature has failed to uncover precisely matching theories and articles on the moderating effects

of experience to the impact of Transformational Leadership style on marketing and customer orientation. Nevertheless, as discussed hereafter, comparative literatures are well founded.

To begin with, Bettin and Kennedy (cited in Bosch 2014) found that, from the many things which are vital for a successful leadership, experience is extraordinarily important because it affords leaders many exceptional opportunities and changes them in a number of ways including in attitude, behavior, commitment and eventually performance. A study by Evans et.al. (1989) concluded that, experience found to have a direct, significant, and positive effect on performance and role clarity; perhaps the most relevant finding is that experience has an indirect impact on marketing performance through leaders improved efforts; thus, leaders with higher experience tend to exert more effort and hence perform better than those low in experience. A study by Pat (2009) found a positive association between experience and marketing performance, i.e. more experienced leaders are found to be more productive and profitable than less experienced leaders. The same study found that, the dimension of leaders' experience accounted is very important factor in analyzing the impact of experience on marketing performance, thus, unlike other experiences managerial experience predicted greater sales and profits. Finally, as Austin (2016) established, a transformation in the desire people place on certain characteristics for an ideal leader is may be the first thing that may occur with leadership experience and it is particularly significant to leaders with dissimilar experiences when they make leadership hiring and promotion decisions. Based on the above findings and discussions the following hypotheses are posited.

**H9:** Experience strengthens the positive effect of transformational leadership marketing performance.

**H10:** Experience strengthens the positive effect of transformational leadership on customer orientation.

#### 4.4.9. Transformational Leadership Style and marketing performance for Male and Female leaders

Like some of the previous hypotheses, it is a bit surprising to fail to unearth exactly matched theories and articles on different impact strengths of the positive effect of Transformational Leadership style on organizational learning for males and females. However, as discussed hereafter, comparable literatures are well established. Most of these comparable studies are strongly favoring female transformational leaders over males to positively impact organizations performance in general and marketing performance in particular. For instance, Austin (2016) established that, transformation is the desire most people place on certain characteristics of an ideal leader and it is commonly possessed by female leaders than male leaders. It is also probably the first thing that may occur with leadership experience and it is particularly significant to leaders with dissimilar experiences when they make leadership hiring and promotion decisions. However, as Austin (2016) claimed, this change, in fact happen solitary for females. Another research work by Steven (cited in Appelbaum et.al. 2003) concluded that, female leaders style is unique and not similar with their male counterparts, however male leaders can easily learn and adopt female's way of leading and can also effectively use it. To put it differently, while effective leadership is a gift to women it is a learning matter to men. In their meta-analytical study,

Paustian-Underdahl (2014) suggested that, the perception of people regarding male vs. female domination of an organization significantly influence their association of effective and gender. The overall result illustrated that organizations which were male dominated have considered by many as more effective than female. Another meta-analysis by Eagly *et.al.* (cited in Paustian-Underdahl 2014) shows a consistent result of gender differences in leadership effectiveness. Moreover, Berdahl (1996) analysed six models in relation to leadership and gender and concluded -male-managers exhibits mediator' behavior than managers, however, female-managers exhibit more of a public behavior than male-managers. Furthermore, male-managers have shown huge interest towards leadership than do female-managers and female-mangers lean towards better social-emotional character than male, and mixed-sex groups. All-female-groups have shown a strong desire than all-male-groups towards equal involvement and not interested to establish steady status ladders. The summary is discussed in the Table below.

Table 4.1. Leadership and Gender Theories (Taken from Berdahl 1996).

<b>Model</b>	<b>Sex differences in behaviour?</b>	<b>Reason</b>	<b>Manifestation</b>
No Sex Differences	No	No underlying trait differences between the sexes	None
Stereotypical Sex Differences	Yes	Underlying trait differences developed in childhood and/or due to biology	Men are agentic; women are communal
Gender Schema Theory	Gender differences in behavior (often mapped to sex)	Underlying trait differences based on adherence to cultural stereotypes of masculinity and/or femininity	Masculine people are agentic; feminine people are communal; androgynous people are both
status, Roles	Yes	No or minimal underlying trait differences: status differences between men and women at large shape assumptions about competence when sex is salient	Men are dominant; women are subordinate; inequalities increase over time
Social Roles	Yes	No or minimal underlying trait differences: cultural stereotypes contemporary shape expectations of behavior based on sex when sex is salient	Men are agentic; women are communal: differences disappear over time
Gender-as-Culture Theory	yes	Some underlying trait differences due to systematically differing experiences of the sexes based on status in society	Men are agentic; women are communal and agentic, depending on context

Therefore, based on the above arguments and conclusions, the following hypothesis is developed.

**H11:** The positive effect of transformational leadership style on organizational learning is stronger for females than males.

#### 4.4.10. Transformational Leadership Style and Marketing Performance for Line and Non-Line Managers

This hypothesis is unarguably important to clarify one of the most debating issues in the leadership literature which about the relationship between effectiveness of a transformational leaders and their management position. As some studies, (discussed below) reveals, being a transformational leader is not enough to impact follower, but the management level of the leader is also very vital ingredient. Through moderation/multigroup analysis, this intellectual guess will be tested, in which the researcher witnesses huge gap in the literature. The following are some of the empirical evidences used to substantiate this relationship.

Freyre (2013) found a significant positive effect of immediate transformational leaders on the employees' shared positive perceptions of higher performance work systems; in the same way, the data fail to support the assumption that top transformational leaders can virtuously help workers shared positive perceptions on Higher Performance Work System. Macky and Boxall (2007) enlightened our perception of the HRM process in that it is a manacle of relations between HR goals, leader's intents, worker responses and, firm performance; thus, it is simple to understand that, supervisors' ends could possibly differ from what, top leaders are doing. Therefore, unarguably lower level managers are expected to link top level leader's objectives and goals with employees through practical works. Based on the above explanations and conclusions the following hypothesis is theorized.

**H12: The positive effect of transformational leadership on marketing performance is stronger for line managers than other level. managers.**

#### 4.4.11. Transformational Leadership Style and Marketing Performance for Big and Small Breweries

Does size really matter? When it comes to organizations the answer is yes, it weighs a great deal. Transformational leadership as a construct is not anticipated to bear on all organizations equally regardless of their size. This is partly because of differences in the complexity of the system in exercising power. Also, the quantity of available resources which are decisive for the leader to utilize can be another cause. The following empirical evidences are used to back up this logical analysis. As Pedraja-Rejas *et al.* (2006) revealed, the positive influence of transformational leadership styles is stronger for small companies than large companies. Another finding by Matzler *et al.* (2013) provide support for greater impact of Transformational Leadership style for smaller companies than bigger ones. Bolden (2004) find out that, small and medium businesses can be especially benefited from transformational leadership style because of their increasingly competitive market environment. Finally, as Bolden (2004) stated, to achieve greater marketing performance, transformational leaders shall set free themselves from everyday routines to get time for strategic matters and ultimately, they can be more strategic than their counterparts in large organizations. Hence, based on the above arguments and evidences, the following hypothesis is formulated. Based on the above conclusions and arguments the following hypothesis is posited.

**H13: The positive effect of transformational leadership on marketing performance is stronger for smaller breweries than bigger breweries.**

#### 4.5. Summary

The emphasis of this chapter is to clarify the theoretical framework of the study. The three firm

performance theories i.e. the resource-based view of the firm, the dynamic capability view of the firm and the dynamic managerial capabilities view of the firm are explained. After this, the choice of the dynamic managerial capabilities view as a foundation of the study framework is justified. Besides, hypotheses of the study are formulated and strongly supported by empirical evidences. The next chapter discusses the research methodology. Topics such as, paradigm choices (ontology, epistemology, and axiology), method choice, instrument design and analysis techniques are discussed.

# CHAPTER FIVE

## METHODOLOGY

### 5.1. Introduction

After determining the specific research questions, reviewing the right literatures, developing the framework, and understanding the context of the case industry, it is time to design an appropriate research methodology so that the study can attain the intended goals. All the design choices made here are hugely supported by evidences from literatures and have a chained relationship. Thus, from Otology to the data analysis phases, choices are made in a harmonized manner. In this chapter, seven important topics are discussed. First, the rationale behind employing the positivistic paradigm is elaborated, followed by an exhaustive discussion on research method selection including population of interest, sample frame, sample design, data collection method and instrument design. Moreover, the analysis technique used is described and justified, and finally ethical concerns are presented.

### 5.2. Paradigm Choice

A research paradigm can be a set of plausibly interrelated assumptions, thoughts, or intentions used to direct studies; in other language, it is the philosophical intent for undertaking a study (Mackenzie and Knipe 2006). Making the proper choice for a research paradigm is believed to be one of the most critical decision to determine the intention, drive and expectation for any research. The importance attached to a paradigm choice cannot be overstated because without it, it is technically impossible to make succeeding critical choices including, research methodology, research design and literature review. Across the literatures, many types of

paradigms have been discussed and because of the different perspectives scholars used, confusions among scholars have been part of the phenomenon (Mackenzie and Knipe 2006). Concerning paradigm, after understanding the critical nature of the task, the present study has carefully chosen the right paradigm based on the type of ontological and epistemological selections. Based on the Durant law (2005) suggestion, the researcher started this work by understanding the realities related to won philosophical trinity i.e. the philosophical beliefs concerning basic questions in research philosophy including, 'what exists?', 'how do I know?' and 'what is valuable?'. The detail of this is presented below.

### 5.2.1. Ontology, Epistemology and Axiology Choice

Despite the fact that there are many definitions of ontology, this thesis makes use of Aristotle's definition of ontology, i.e. the science of "being qua being," or "the study of attributes that belong to things because of their very nature" (cited in Guarino et.al. 2009). Concerning the school of thought, the foundationalism theory is favored. This is because, the researcher strongly believes things/realities are always there independent of our knowledge and there can't be evidence to the contrary. Beyond this philosophical posture, the researcher also believes the realities in organizations, including the findings of this study, can be objectively tracked, measured and evidenced thorough a scientific procedure. Epistemology then is the theory of knowledge. The researcher's epistemological position reflects the perspective of what we can know about the universe and how we can recognize it. In this paper, the researcher's favorite school of thought is the empiricists theory for knowledge because, unlike the realist and idealist theories, this theory relies on empirical evidences to understand and measure knowledge. Since

the facts/data are going to be objectively collected from sample breweries, favoring the empiricist theory sounds good. The third pillar of the researcher's philosophical trinity is, axiology, which is concerned for ethics and values. To this end, the study is making use of both the Aristotelian and the applied school of thoughts. The reason emanates from the contribution of this study in that, it is destined to both add value to the body of knowledge and to help practitioners solving their leadership and performance related problems. These three assumptions obviously can determine the paradigm choices of this paper. Hence, this thesis is guided by the positivistic Paradigm Assumptions. This is because the study is trying to objectively understand the complex relationships among the imperative variables/realities in any business environment; Transformational Leadership style, organizational learning, client orientation and marketing operation. The relationship among the variables shall be investigated through the use of quantitative method as these can be measured objectively and the results can also be generalizable and replicable. The searcher's paradigm choice is strongly backed by literatures. For example, Creswell (2013) writes that, Positivism is an empiricist philosophy originated with Aristotle, Francis Bacon, John Locke, August Comte, and Emmanuel Kant and reflects a deterministic philosophy in which causes probably determine the effects or outcomes.

### 5.2.2. Methodology and Approach Choice

Walter (cited in Mackenzie and Knipe 2006) defined methodology as the angle from which the study is considered and is always impacted by the paradigm on which the research framework is formed. Therefore, as a matter of fact, the position the researcher engages in this matter might not be reversible and will extend all the way to the completion of this work. Essentially, there are

two main methodological positions that are contending for the researcher's attention; qualitative and quantitative. Nevertheless, since this study attempts to produce objective explanations about relationships among variables, it is desirable to apply quantitative methods. At the end results are going to be in numbers, which are then analyzed for a proper result. This choice is made because of the great advantages of the approach, i.e. the data is usually easy to replicate, which is also a very important factor for study's scientificness. Consequently, the typical quantitative research method, i.e. Surveys/statistics are applied here. This choice is also backed by many scholars including Burns and Wiersma (cited in Mackenzie and Knipe 2006), they advised researchers who favored the positivist paradigm to use the quantitative approaches (methods) to data collection and analysis. Finally, a deductive or a theory testing approach has been employed.

### **5.3. Instrument Design**

It is well known that wrong measurement strategies could easily kill even the most comfortably-planned studies, thus the importance of proper instrument design is always a prerequisite for a successful research project. Following, the works executed to the study measurement strategies are discussed. To this end, the present study employs the following four steps/activities, 'construct operationalization', 'sample items generation', 'pre-testing using a panel of experts (POE)', and 'pilot testing'. As portrayed in chapter four the current study model is made up of four major constructs and they are operationalized as follows.

### 5.3.1. Defining the Constructs

As discussed above, both recent and old articles and books are reviewed to properly operationalize the most relevant constructs and sub-constructs of the current study. To this end, there are four constructs (marketing performance, transformational leadership, organizational learning and customer orientation) and three, four, and seven sub-constructs under the first three constructs. Despite there is no need to design new measures for the three constructs (except the marketing performance construct), the researcher strongly believes that operationalizing all of them in such a way is appropriate to better comprehend the relationship among the constructs of the study model.

The first construct is the marketing performance and it is defined as the outcomes of marketing operations expressed in the form of changes in customer satisfaction, market share and profit (Ambler et.al. 2004). Sales and profit performance is the first sub-construct which is defined as the organizations profit and total sales performance in relation to their competitors (Farris et.al. 2010). The other sub-construct under the marketing performance construct is the Product and brand performance which is defined as the organizations performance in brand awareness, speed of NPD, and product distribution in relation to their competitors (Mariussen 2011). The third construct is the Customer satisfaction performance and it is defined as the organizations performance concerning number of complaints, satisfaction and loyalty in relation to their competitors (Mariussen 2011).

The second construct is the transformational leadership construct and it is defined as a process by which leaders elevate the aspirations and motivations of others, particularly employees to higher levels by alluring to higher ideals and values (Burns 2012). And means by which a leader

transforms his/her followers (Bass 1996). Idealized influence is the first sub-construct un the transformational leadership construct and it is defined as the extent how much the leader is interested to the needs of every employee and the leader's willingness to mentor employees and readiness to solve their concerns and needs (Avolio et. Al. 1999). Inspirational motivation is the other sub-construct and it deals how much the leader is ready to trial existing conventions, takes risks and requests employees' ideas (Avolio et. Al. 1999). Intellectual stimulation is the third sub-construct and it is about the ability of the leader to develop a common-vision that is interesting and motivating to employees (Avolio et. Al. 1999). The last sub-construct is Individual consideration which is the ability of a leader to be an example for good moral character, implants self-importance, gains proper respect and trust (Avolio et. Al. 1999).

Organizational learning is the third construct of the model and has the highest sub-constructs, it is defined as a process by which followers/employees enable themselves to be and behave as a "learning" agent by noticing and amending faults in the organizational (Argyris and Schön 1978). There are seven sub-constructs under this construct and they are operationalized as follows; Continuous learning, is when learning is designed to be part of the work so that advancement chances are given for unending edification and in a way, people can learn on the job (Yang et.al. 2004). Dialogue and inquiry Are means by which individuals possess helpful thinking abilities to express their opinions and the capability of listing and enquiring into the views of co-works; hence, ultimately, the values could be changed towards supporting questioning, criticism, and trialing (Argyris and Schön 1978). Team learning and collaboration happens when organizations designed their works to make use of teams to have the opportunity for diverse manners of thinking; teams are awaited to acquire knowledge and discharge their responsibilities

collectively; finally, teamworking will be appreciated by the system and rewarded (Yang et.al. 2004). Embedded systems happen when organizations make use of both advanced and less advanced technological systems to share what everybody is learning with other people and the system will become an integral part of the work. (Yang et.al. 2004). Empowerment happens when a joint vision is developed, owned, and implemented with the involvement of workers; and when job related authorities are given up to decision making rights so that employees could know they accountabilities (Argyris and Schön 1978). Systems connections happens when people are assisted to look in to their work's effect throughout the organization; and when workers can monitor the general environment around them and use the collected information to adjust their way of life in the organization; eventual the company could be tied to the stakeholder (Argyris and Schön 1978). Strategic leadership will come if leadership make use of learning for a better business results, and when managers are role-models, winners, and learning oriented (Yang et.al. 2004).

The last construct, which has no sub-constructs is the customer orientation construct and it is defined as "a set of views and attitudes that places the will and interest of clients first, and at the same time respecting and satisfying the interests of others such as owners, managers, and workers in order to establish a long-term money-making organization" Deshpande et al (cited in Ciric et.al. 2014 p 28).

### **5.3.2. Producing Sample Measurement Items**

After enriching the constructs and dimensions with appropriate literatures, the next step in instrument design is to produce as many raw measurement items as possible so the constructs

could be operationalized. The current study uses an adopted instrument for the three out four constructs. The Transformational Leadership constructs is measured by the Multifactor Leadership Questionnaire (MLQ) Form 6S by Avolio and Bass (1999); the organizational learning constructs is measured using the Dimensions of the Learning Organization questionnaire (DLOQ) by Watkins and Marsick (2003); and the customer orientation constructs is measured using the (Deshpande, Farley, and Webster 1993) measurement tool. Therefore, for these three constructs, generating a new measurement items from scratch is not recommendable because the adopted instruments are proven to be valid and reliable. Still, every necessary validation works have to be done to further ensure construct validity and reliability

#### ✓ **Generating Sample Measurement Items for the Marketing Performance Construct**

As Hair et.al. (2010) suggested, from every perspective, developing a new measurement tool is possible. However, this shall be considered only when the study topic is somewhat new and not sufficiently backed by existing literatures. It is a bit surprising that the researcher couldn't manage to find field proven instruments from available literatures for measuring marketing performance construct. Thus, looking at the next option has appeared to be obligatory, i.e. producing a novel one from scratch (see literatures in chapter three). Marketing performance construct has passed through the most rigor processes of instrument design; from sample item generation to pre-testing, then to POE survey, followed by pilot study and finally Instrument Fine-Tuning. The task however was one of the toughest partly because the marketing concept has proven as inflexibly resilient to conceptualization and application.

Contemporary and widely accepted literatures on marketing performance (Ambler 2008, Mariussen 2011, and Lamberti 2010): marketing matrixes (Farris et.al. 2010, and Ambler 2005), and marketing performance measurement systems (Ambler 2005, 2003, Chris and Gerhard 2016), are reviewed. From the reviewed literatures, a suggestion by Ambler (2004) is found to be powerful in helping to generate the first measures to marketing performance construct. Therefore, in the study they conclude that, after reviewing more than 150 articles related to this matter, they understood that, sales, market share, and profit contribution along with brand preference/ purchase intent are the top three performance measures which accounted for 22.3%, 17.1%, and 11.0% respectively. The study also claimed that 67.3% of the measures financial, and the remaining 32.7% are non-financial. Hence, the current study considered the top three marketing performance measures used by organizations as found by Ambler (2004), which are mainly financial and multidimensional.

Next to that it was managed to generate the first three dimensions and twenty-five measurement items under those dimensions. Hence, the first three dimensions were, (1) the sales and profit performance dimension, (2) the brand and product performance dimension, and (3) the customer satisfaction performance dimension. Ten, eight and eight items were initially generated for (sales and profit performance, product and brand performance and customer satisfaction performance) dimensions respectively.

Ambler (2008) suggested that, marketing performance is essentially multi-dimensional. A researcher needs as many measures as possible to answer the research questions related to the construct under question. Reducing multiple measures to a single index might deny the multidimensional nature of the construct. The greater the potential for these measures to

develop in different directions, the greater is the danger of this simplification.

### 5.3.3. Pre-Testing

After the researcher successfully generated sample measurement items, the work for pretesting is started. Since, pretesting is usually known as the insider views of the survey, only the research was responsible to do it. To this end, the following four steps, as suggested by Campanelli (2008) are applied to further strengthen the content validity of the construct and to refine the generated items.

#### ✓ *Question Critique*

The pretesting process started with a questions critique activity by which the researcher has managed to examine the phrasing and wording questions so that negativity stated, very long, and double-barreled questions have been easily detected and removed. Moreover, the researcher carefully and slowly examines the flow of the questions and by doing this it was possible to ensure the smooth and orderly flow of the questions by giving the desired meaning to the respondents.

#### ✓ *Systemic Review of The Questionnaire*

The question critique is followed by the systemic review of the questionnaire. As described above the first step is the sole responsibility of the survey designer(researcher) without the need to compare and contrast with other available materials, however, in the second step, the researcher makes use of some materials to systematically review and compare the newly developed questionnaire to available standard checklists so that it was possible to easily identify defects in

the questions.

✓ *Informal Testing*

The generated measures have passed through the process of informal testing. Multiple methods of the informal testing have used including role playing where the researcher interviewed a person who pretended as a respondent, loudly reading questions to identify if there is any difference between the written and spoken language, checking if there is any problem related to comprehending the questions through a mock interview of colleagues. This process is particularly helpful to make the questioning and answering session of the data collection process smooth and effective

✓ *Panel of Experts/POE/*

The next and final work executed in pre-testing step was a rigors discourse with the Panel of experts/POE/ on the relevant matters of the questionnaire: Babbie (2010) defined experts as professionals who have wide-ranging knowledge or acquaintance in a certain subject, area, matters, instrument development and validation, and the impact of culture on instrument development strategies. Concerning the size of experts, there is not consensus among experts however, as Campanelli (2008) suggested the researcher along with three to four panel members(experts) are commonly taken as proper size to review the questionnaire. Therefore, the current study used three different groups of experts/POE/ to pretest the initial items. The three groups are academicians, practitioners, and people from the industry. The size of the panel was different from group to group. the academician group has ten experts, the practitioners group has five experts and the industry specialist group has four experts.

The following group of people are involved in the POE.

- Ten academicians working in different higher educational institutions across the nation, and from different field studies including marketing, business management, accounting, economics, information science, statistics, engineering, and biology.
- Five practitioners working in different organizations in Addis Ababa. The organizations are national bank of Ethiopia (two experts), Ethiopian management institutes (two experts), and building construction company (one expert).
- Four industry specialists from the four studied breweries, one from each (St. George, Meta Abo, Raya, and Habesha Breweries).

After a rigor pre-testing activity, initially generated items have got some upgrading. From the sales and profit performance dimension three items are deleted based on the constructive suggestions from experts. From the same dimension, another two items are removed because of redundancy problem, in the other hand, one item is added based on the suggestions forwarded by brewery specialists. Likewise, for the product and brand performance demission, some alteration is made. Thus, based on comments from academicians and practitioners four items are deleted and another two are added. Finally, for the customer satisfaction dimension six items are removed and one is added based on the recommendations of practitioners. The deletion addition of measures along with the reasons and the source of comments (type of experts) is discussed in the Table below.

Table 5.4. Operations in Item Development for Marketing Performance Construct

Dimensions	Items added	Items Removed	Based on suggestions by	Items proceeded to the next stage
Sales and profit performance dimension	1	5	Academicians and industry specialists	6
Product and brand performance dimension	2	4	Academicians and practitioners	6
Customer satisfaction performance dimension	1	6	Academicians, practitioners and specialists	3

#### 5.3.4. Pilot Testing

Unlike pretesting which is thought as an insider’s view to the survey, pilot testing is outsiders view to the survey. Pilot testing is also a good means to obtain valuable comments and suggestions from the population of interest and allows the researcher to secure extensive understanding into the thoughtful methods of learning, recalling, judging, and reporting the study (Babbie 2010). Therefore, the actual and real survey environment shall be used to examine the developed questionnaire for any potential problems associated to the data collection works before commencing the full survey (Campanelli 2008). Pilot testing usually strengthens the content validity of the questionnaire and analyzing the various aspects of questionnaire as a whole. It is also believed that pilot testing can strengthen the content validity of the measure. Concerning sample size for a pilot study, to the best of the researcher’s knowledge there is no a single number accepted everywhere rather literatures have suggested differently, for example Monette *et. Al.* (2002) suggested 20 as the right sample size; Sheatsley (cited in Lee 2006) recommended 10–25 and Sudman (1983) suggested 20–50. Having these disagreements among

scholars in mind, the current study decided to take 50 samples for pilot study.

To reach respondents, a self-administered method is used, thus, questionnaires are dropped for each and every respondent on hand and asked them to write their challenges and difficulties in understanding and answering questions. Most valuable and constructive feedbacks and comments are obtained and a number of potentially damaging issues are scrutinized including suitability of the data collection tool, practicability of the total survey, the nature of the study protocol, the effectiveness of the sampling method and sample frame. Above and beyond, some statistical analysis including, factor analysis (exploratory), and Cronbach alpha are done. Based on the comments and results modifications are made, including improving some originally posited hypotheses, refining the understandability of items, increasing clarity, and many other. After incorporating some feedback and comments and declining few others the measurement instrument for the marketing performance construct has been decided to look like the following.

- **Marketing performance measures**

INSTRUCTIONS: The following questionnaire provides a description of your breweries marketing related performance measures. Fifteen descriptive statements are listed below. Rate your organization's performance for each and every statement.

Key: Five-point scale, 1 = "much worse" 2= "worse" 3= "neither" 4= better and 5 = "much better"

Table 5.5. The Final Measurement Items for Marketing Performance Construct (designed by the researcher)

SN	Item Code	Items	1	2	3	4	5
		<b>Sales and profit performance</b>					
1	<b>SPP1</b>	Our Profit achieved over the last accounting year is					
2	<b>SPP2</b>	Our Sales value or volume achieved over the last accounting year is					
3	<b>SPP3</b>	Our gross margin over the last accounting year is					
4	<b>SPP4</b>	Our market share over the last accounting year is					
5	<b>SPP5</b>	Our Relative price over the last accounting year is					
6	<b>SPP6</b>	Our Distribution system over the last accounting year is					
		<b>Product and brand performance</b>					
7	<b>PBP1</b>	Our Total number of customers over the last accounting year are					
8	<b>PBP2</b>	Our promotional spending over the last accounting year is					
9	<b>PBP3</b>	Number of new products over the last accounting year are					
10	<b>PBP4</b>	Our products Perceived quality over the last accounting year is					
11	<b>PBP5</b>	Our company and brand awareness over the last accounting year is					
12	<b>PBP6</b>	Our products Relative perceived quality over the last accounting year is					
		<b>Customer satisfaction performance</b>					
13	<b>CSP1</b>	Number of consumer complaints over the last accounting year are					
14	<b>CSP2</b>	Our consumer satisfaction over the last accounting year is					
15	<b>CSP3</b>	Our customers Loyalty over the last accounting year is					

## 5.4. Population and Sample Design

### 5.4.1. Population of Interest

A population can be a group of individuals, objects, or items from which samples are taken for

measurement (Mugo 2017). In other words, it is the entire group of people of interest from whom the researcher desires to obtain information. As a requirement, a clear and precise definition of the target population is necessary so that we can ensure the population of interest is adequately covered, and consistency and comparability is maintained.

The target population for this study is consists of all level managers in all breweries operating in Ethiopia at the time of data collection. All managers were to be included regardless of their leadership experience. The target population excludes non-managers for the same reason considered in inclusion. However, everyone with collective decision-making experience (for example working in a committee) has included. The decision to exclusively target managers and decision makers has a good support in the literatures (Wang et.al. 2011: Menguc et.al. 2007: García-Morales et.al. 2012: and Howell et.al. 1993).

#### 5.4.2. Sample Design

A sample is a finite part of a statistical population whose properties are studied to gain information about the whole (Mugo 2017). Once the chance for census is dropped, selecting some of the elements of the population will be considered. The present study tried hard to ensure the absence of “sample bias”, both “selection and response bias”. Since the former bias is caused by the activities of the researcher, all the necessary measures are taken to not cause such a bias. The first measure was to obtain the sample frame which is as recent as possible, and as complete as possible so that each unit in the population have an equal likelihood of being selected for the sample. The other bias which is relatively difficult to avoid is the response bias. Likewise, this study takes measures to minimize the probability of the happening of response bias

by boosting the awareness level of respondents about the objectives and aim of the study, giving recognitions for their participation, and by ensuring their physical presence at the time of data collection.

### 5.4.3. Sample Frame

As Babbie (2014) defined, a sample frame can be the group of elements or units from which the sample is going to be drawn. to make the sample frame more representative, it shall include all or nearly all elements of the population. Accordingly, the sampling frame for the current study is defined as the list of managers and collective decision makers across the breweries in Ethiopia. Despite the fact that all the breweries are included in the sampling frame, only the managers in four breweries will be accounted for. As elaborated above, serious precaution measures are taken to minimize the happening of selection and response bias (see section 5.4.2. above).

### 5.4.4. Sampling Method

To ensure the integrity and generalizability of the study, the present study carefully select sample of individuals to participant in the research project. The following table presents the steps and specific tasks executed in the sampling design stage.

Table 5.6. Steps Followed in Sampling Technique

Steps	Task	Discussion
Step-1	Clustering	The task of clustering was relatively simpler; this is because those breweries operating in the country at the time of data collection are by default considered as clusters. Therefore, the type cluster we have for the study are organizations.
Step-2	Randomly selecting clusters/ breweries/	Four out of the eight breweries are randomly selected. Therefore, St. George Brewery, Meta Abo. Brewery, Raya Brewery, And Habesha Brewery Are Selected.
Step-3	Obtaining sampling frame	From the selected four breweries sampling frame is obtained, which is the list of all of managers and collective decision makers. Efforts have been made to obtain the recent and complete list of managers and decision makers.
Step-4	Randomly selecting respondents	A simple random sampling technique is used and the following process is applied: first, number assigned to each element in the sampling frame then random numbers are used to select elements into the sample until the desired number of cases are obtained.

#### 5.4.5. Sample Size

Determining sample size for SEM analysis is not a straightforward decision. Hair et.al. (2010) debates the question of “adequate sample size for structural equation modeling (SEM) technique”. According to hair, it is possibly challenging to give one universally accepted answer because sample size requirements are usually affected by several factors. Having this challenge on hand, the current study tried to understand various rule of thumbs suggested by sizable scholars. However, to the best of the researcher’s knowledge, the rule of thumb suggested by Jackson (2003) is found to be the best, it is because the rule is relatively easier to apply and more comprehensive. The suggested method is known as “the  $N: q$  rule”. According to Jackson, this rule is relevant when the maximum likelihood (ML) estimation method is used, which is the most commonly used estimation method in SEM. Thus, he recommended that academics shall

consider their minimum-sample-size based on “the ratio of cases ( $N$ ) to the number of model parameters ( $q$ )”. to this end, according to Jackson (2003), the best “sample size-to-parameters ratio” is 20:1. To better understand the matter, the present study looked into the following suggestions before determining the appropriate sample size.

Table 5.7. Sample Size Suggestions for SEM Technique

<b>Authors</b>	<b>Suggestions</b>
(Jackson 2003)	$N: q$ rule. the “ratio of cases ( $N$ ) to the number of model parameters”
(Hoyle 1999)	$N = 100-150$
(Tabachnick and Fidell 2014)	$N = 100-150$
(Kline 2013)	$N = 200$
9Muthén and Muthén 2002)	$N = 150$
(Kline 2015)	100 cases/observations

Hair *et. al.* (2010) provided the following recommendations for “minimum sample size” determination and he added that factors like the complication of the model and other relevant features shall be taken in to account:

- For models comprising of  $\leq 5$  constructs, and each with above 3 items, the “minimum sample size” could be 100:
- For models comprising of  $\leq 7$  constructs, and with modest commonalties, the “minimum sample size” could be 150:
- For models comprising of  $\leq 7$  constructs, and with minor commonalties, the “minimum sample size” could be 300:
- For models comprising of large number of constructs, and with lower commonalties, the “minimum sample size” could be 500:

Based on the discussions across the literatures, this study decided to include 250 managers and collective decision makers in the sample. Breweries population and the corresponding sample size is depicted in Table 5.9. below. This figure is obtained from brewery HR departments at the time of data collection.

Table 5.8. Nature of The Population

SN.	Organization	Site population	Sample size	Age category of group
1	St George brewery managers	140	94	18-60
2	Meta brewery managers	110	72	18-60
3	Raya brewery managers	75	48	18-60
4	Habesha brewery managers	50	36	18-60
Total		<b>375</b>	<b>250</b>	

The detail procedure employed to draw samples from the population of interest is explained in table 5.10. below.

Table 5.9. Sample Determination Procedure

Site	Sampling method	Sample size	Justification for the sample size
<b>St. George brewery</b>	Simple random sampling	94	0.667% of managers and decision makers in <b>St. George brewery</b> . The percentage is determined after dividing the total sample size =250 for the total population (all managers and decision makers in the four breweries) =375. To calculate samples from <b>St. George brewery</b> , the site population (managers and decision makers in <b>St. George brewery</b> ) is multiplied by the percentage. <b><math>250/375=0.6667</math></b> <b><math>140 \times 0.6667=94</math></b>
<b>Meta Abo. brewery</b>	Simple random sampling	72	0.667% of managers and decision makers in <b>Meta Abo. brewery</b> . The percentage is determined after dividing the total sample size

			<p>=250 for the total population (all managers and decision makers in the four breweries) =375. To calculate samples from <b>Meta Abo. brewery</b>, the site population (managers and decision makers in <b>Meta Abo. brewery</b>) is multiplied by the percentage.</p> <p><b><math>250/375=0.6667</math></b>  <b><math>110 \times 0.6667=72</math></b></p>
<b>Raya brewery</b>	Simple random sampling	48	<p>0.667% of managers and decision makers in Raya brewery. The percentage is determined after dividing the total sample size =250 for the total population (all managers and decision makers in the four breweries) =375. To calculate samples from Raya brewery, the site population (managers and decision makers in Raya brewery) is multiplied by the percentage.</p> <p><b><math>250/375=0.6667</math></b>  <b><math>75 \times 0.6667=48</math></b></p>
<b>Habesha brewery</b>	Simple random sampling	36	<p>0.667% of managers and decision makers in Habesha brewery. The percentage is determined after dividing the total sample size =250 for the total population (all managers and decision makers in the four breweries) =375. To calculate samples from Habesha brewery, the site population (managers and decision makers in Habesha brewery) is multiplied by the percentage.</p> <p><b><math>250/375=0.6667</math></b>  <b><math>50 \times 0.6667=36</math></b></p>

#### 5.4.6. Respondents Selection Criteria

After selecting the right industry, the next toughest task is to determine the right respondent. As talked about before, the target population for this study is consists of all level managers, either present or past, in all breweries operating in Ethiopia at the time of data collection. Therefore, respondents, for the current study are managers and collective decision makers across the four breweries. All managers were to be included regardless of their leadership experience. The target

population excludes non-managers for the same reason considered in for inclusion. However, everyone with collective decision-making experience (for example working in a committee) has included. The decision to exclusively target managers and decision makers has a good support in literatures including Wang et.al. (2011): Menguc et.al. (2007): García-Morales et.al. (2012): and Howell et.al. (1993).

#### 5.4.7. Data Collection Methods

As discussed above, eligible study participants consisted of managers who holds a position of authority and responsibility in the four breweries in all management levels, now or in the past, and those who partaken in collective/committee decision making tasks now or in the past. After clearly identifying the respondents' identity and their whereabouts, the researcher immediately starts contacting them. From the four breweries, three (St. George, Meta Abo. and Habesha) are headquartered in or close to Addis Ababa, thus, a pure interviewer administered technique become undoubtedly preferable. However, because of difficulties all over the place, the researcher alone couldn't manage all the works, as result 1 to 2 voluntaries are selected and assigned as a contact person for each brewery. Raya brewery, however, is located in the north of Ethiopia far from Addis Ababa, hence questionnaires are mailed through a postal service (DHL company) and with the help of the contact person their respondents have filled the questionnaire. Despite the fact that postal service is used still this case shall be treated as an interviewer administered data collection technique. Besides some of Raya brewery managers and decision makers are also contacted from their liaison office located in Addis Ababa. By large the following eleven steps are used throughout the data collection process.

Table 5.10. Data Collection Procedure

Steps	Tasks
Step 1:	Breweries top managers are approached
Step 2:	Four clusters (breweries) are randomly selected
Step 3:	Permission letter is issued from CEO's and HR managers to apply and secure research ethics certificate from the university i.e. university of South Africa
Step 4:	Support letter from my employer i.e. Addis Ababa university is handed-over to breweries top managers
Step 5:	Contacts are established in the four breweries in collaboration with top managers
Step 6:	Briefing is made for contact persons to clear ambiguities about the upcoming process
Step 7:	Sampling frame is obtained from HR office of the breweries
Step 8:	Through simple random sampling method participants are selected
Step 9:	Part of the questionnaires are provided to contact persons
Step 10:	Questionnaires are distributed by the contact person and the researcher
Step 11:	Filled questionnaires are returned

## 5.5. Research Ethics

Like any other study with human participants, this study involves some degree of risk (even if ignorable) for participants. These risks might present with an ethical dilemma regarding the degree to which participants should be placed at risk in the name of scientific progress.

Despite the fact that there is no clear legislation regarding research ethics in Ethiopia, this study has successfully fulfilled the ethical requirements of the university of South Africa as required in form 1: 2015 "research ethics application for conducting research involving humans" and obtained the proper certification.

Concerning the respondent's consent, a letter called 'informed consent' is provided and voluntarily signed by every respondent before they start answering questions. Therefore, participants have been learnt about the study and provided them with the opportunity to make

autonomous and informed decisions regarding whether to participate or not. Further, the three basic elements of informed consent, i.e. *competent, knowing, and voluntary* are ensured.

## **5.6. Data Analysis**

Selecting the data analysis approaches is one critical task in the dissertation. The decision usually requires to properly understand the data type of the study (nominal, ordinal, interval, and ratio), and consequently the type of statistical tests needed (parametric vs non-parametric). The following two sections discussed the choices made to this study.

### **5.6.1. Data Type**

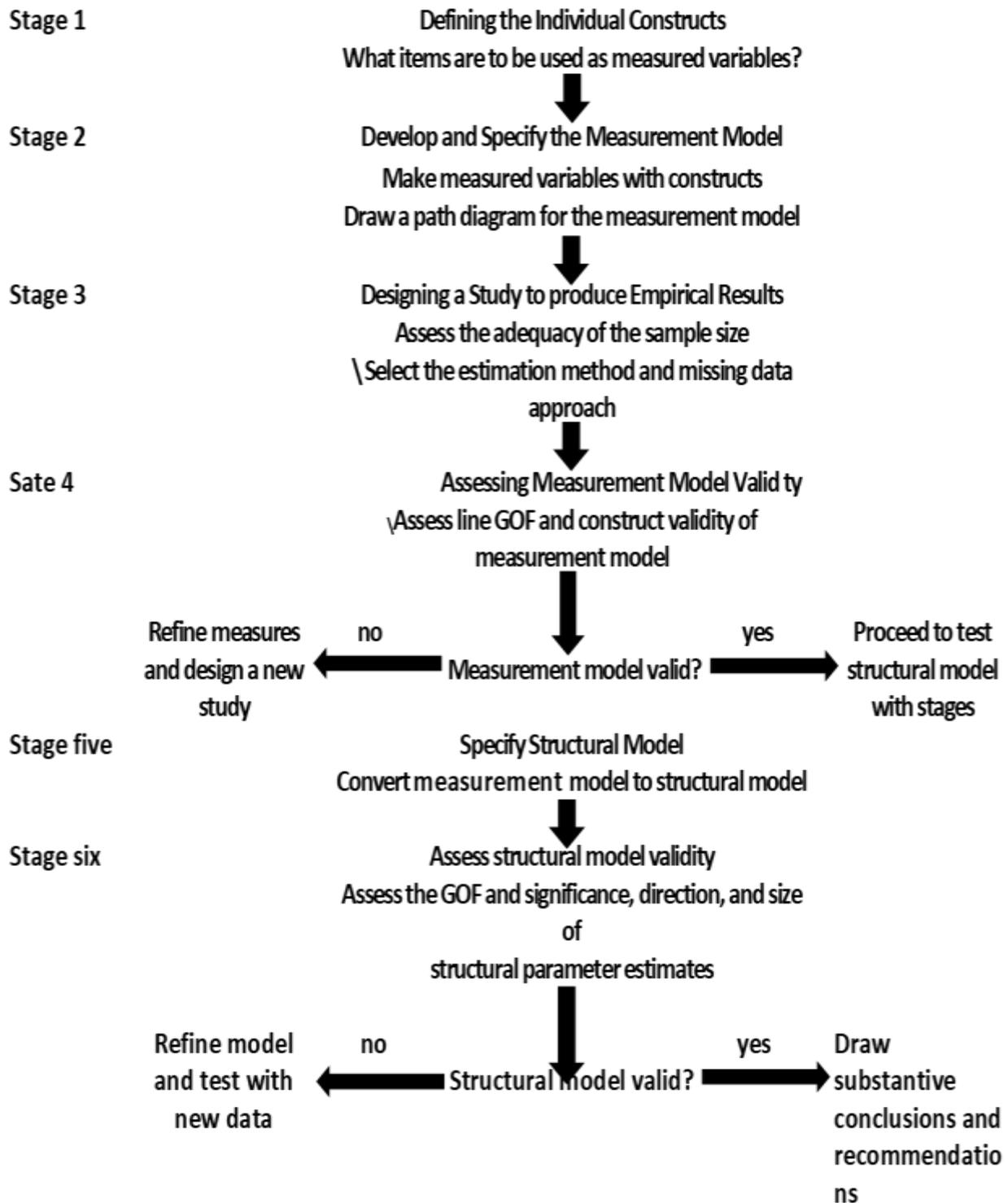
Whenever the researcher thinks about analysis, the first thing which comes to his mind is the statistical tests going to be used. The statistical tests are the choices made by the researcher based on different detrimental factors. Of all the factors, perhaps the most important is the questions of data type (parametric or nonparametric). This question is particularly important because regarding Likert scale (the scale used in this study) most articles are counterintuitive and confusing. However, the conclusion made by Brown (2011) is found to be strong and convincing, this scholar argued that, Likert scales should be treated as interval scales because of several good reasons including, first the values of this scales are averages of more than one scale, second there are more than one items thus they are more reliable than single items, third Cronbach alpha are usually employed to check the reliability of Likert scales, and the fourth reason is both descriptive and inferential statistics can be applied in this scale. After comprehending the debates

concerning Likert scale's data category, this study prefers to treat the data as parametric and interval so that all the powerful statistical analyses could be done.

### 5.6.2. Data Analysis Technique

Perhaps there is no a reliable statistical tool as structural equation modeling/SEM/ to theory testing due to its unique quality to account for measurement error and manage multiple endogenous constructs. This study makes use of the SEM/structural equation modeling/ technique for data analysis. The reason emerges from the strengths of SEM in that it can examine a series of dependency relationships simultaneously, whereas all other multivariate analysis techniques (multiple regression, factor analysis, discriminate analysis, multivariate analysis of variance) can only examine a single relationship at a time. The nature of this study makes the use of SEM almost mandatory for the reason mentioned. Furthermore, Hair et.al. (2010) stated many advantages of SEM over other multivariate analysis tools including, inclusivity, confirmatory, flexibility, not using raw data, entertains many types of variables, large sample size, and testing models at the same time. The following six stage flow chart, as suggested by (Hair et.al. 2010), is strictly followed to effectively apply the SEM analysis technique.

Figure 5.1. Data Analysis Stages Using SEM (Joseph F. Hair et al, 2010, p 629)



Before the analysis work is started, the data will be examined for missing values, outliers and coefficient alpha score sufficiency. Furthermore, underlining assumptions of a multivariate analysis in general and the SEM approached in particular are ensured. Thus, the issues of multicollinearity, homoscedasticity, multivariate normality, and positive definiteness, are dealt with utterly. Plus, all the validity issues, i.e. content, convergent, and discriminate are ensured. The validity of the measurement model and the structural model will also be checked and confirmed. The SPSS+AMOS version 21 is used for preparing and analyzing the data.

## **5.7. Summary**

This chapter has discussed topics related to research methodology including paradigm choices, instrument design, sampling method, research ethics and analysis techniques. Before choosing the right paradigm, the philosophical trinity i.e. ontological, epistemological, and axiological belief of the researcher is clearly explained. The detail procedure employed in designing marketing performance measures are extensively discussed. However, since the measures for the other three constructs are adopted, their designing procedure is not discussed. Similarly, the step by step procedure in sample design, research ethics are also painstakingly discoursed. Finally, the reason to favor the structural equation modeling over the other multivariate analysis techniques is explained. The next chapter discusses matters related to data preparation and examination. Therefore, all the necessary measures taken in data cleaning works are explained. Moreover, the tests executed to ensure the assumptions of multivariate data analysis are discussed.

# **CHAPTER SIX**

## **DATA PREPARATION AND EXAMINATION**

### **6.1. Introduction**

So far many of the foundational works are successfully completed, including crafting research questions, developing hypotheses, deciding on the right design, obtaining the sample frame, selecting the appropriate sampling design, choosing the right analysis technique and instrument development. This chapter discusses about six essential topics. It starts with issues related to data cleaning, under which some of the most important data preparation tasks, including entry and screening, missing value analysis, and outlier examination are discussed. The second topic discusses tests of multivariate analysis assumptions which includes, the assumption of multicollinearity, assumption of multivariate normality, assumption of homoscedasticity and assumption of positive definiteness. Moreover, topics like testing item reliability, estimating non-response bias, tests for Common Method Bias and Respondents profile are meticulously staged.

### **6.2. Data Cleaning**

Through cleaning the collected data, researchers could possibly resolve most problems related to data quality. Van-den-Broeck et.al. (2005) presents data cleaning as a three-stage process, involving repeated cycles of screening, diagnosing, and treatment of suspected data abnormalities. Thus, the present study has make use of this approach. To this end, four basic types of oddities have got emphasis at the time of data screening which are “lack or surplus of data; “outliers”, “strange patterns in distributions”; and “unexpected analysis results and other

types of inferences and abstractions”. In the diagnosing phase, efforts are exerted to clarify the true nature of the worrisome data points, patterns, and statistics. In the third and final stage i.e. the treatment stage, all the options are considered including correcting, deleting, or leaving unchanged. All in all, to ensure data clarity, this study takes extensive measures to name and treat data abnormalities. Minor errors and simple irregularities i.e. errors that can be treated on spot or without statistical methods, are corrected immediately after recognition. However, errors related to missing values and outliers are treated through a rigorous and appropriate statistical method as discussed below.

#### 6.2.1. Data Entry and Screening

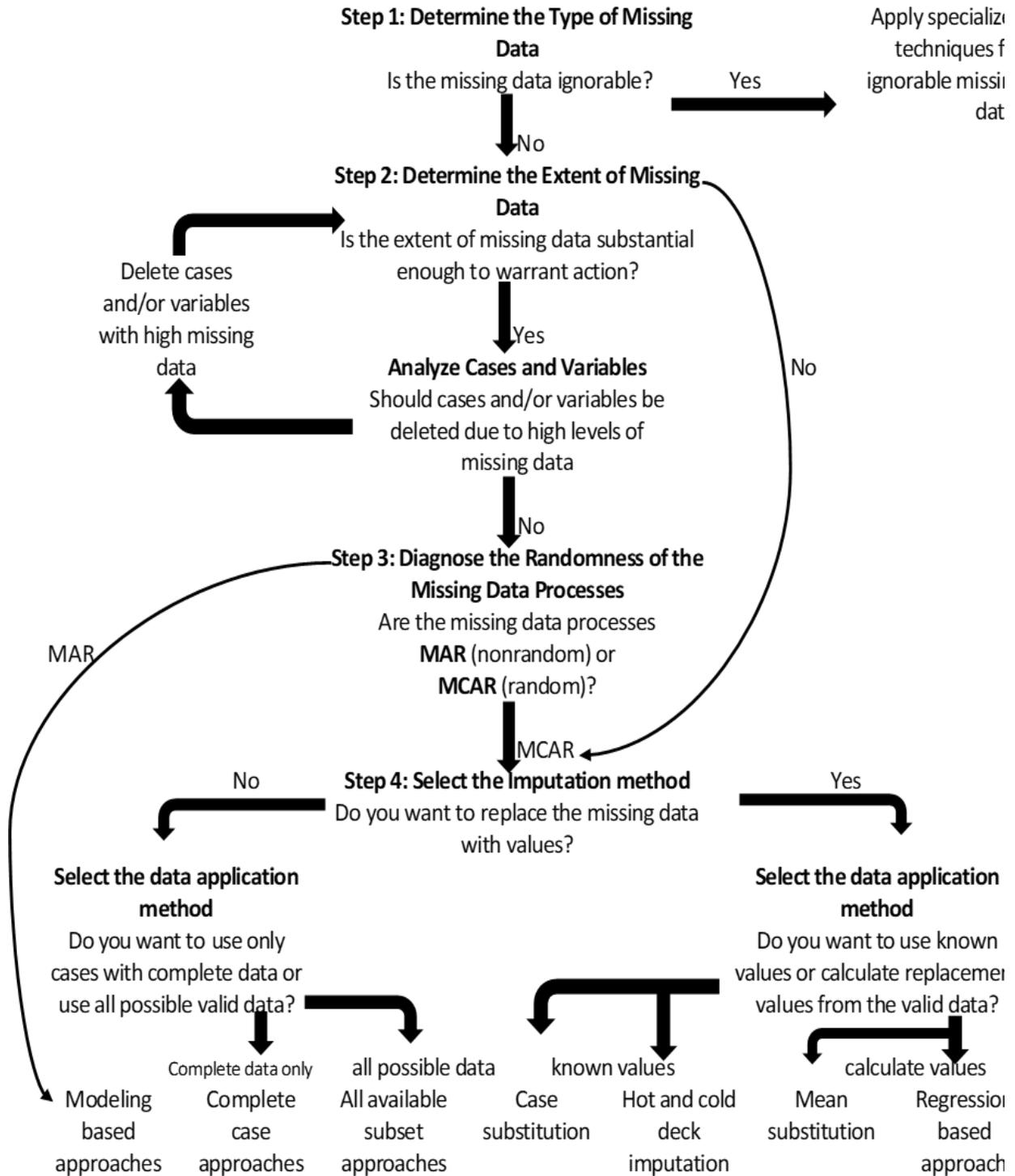
Instantly after data collection, the data is screened for accuracy to address problems of data omissions, mistakes, or imprecisions. Contacting breweries and study participants for one more time was required to address these anomalies. After that, well organized database and a detailed code-book has been developed and the work for data entry initiated. The entry work employs a double-entry procedure, i.e. data are entered two times and then compared to determine whether there are any discrepancies between two datasets. Suspect data are also identified through predefined standards for correct results, shapes of the distribution, and strength of associations. Later on, this operation is ended, descriptive and frequency analyses have run for each and every variable. Subsequently, some discrepancies are resolved and corrected and the remaining are treated as missing data and outliers.

### 6.2.2. Missing Data

According to Ho (2006), at the time of data analysis coming across with some missing data is a normal phenomenon. However, analyzing a missing data set could be catastrophic, especially when the pattern of the missing data is non-random. Despite the relentless effort to avoid this problem, the current study has also experienced missing data problem and most of the natural reasons to missing data problem are witnessed including, lack of understanding by respondents, lack of interest to answer particular questions by respondents, fear of answering some 'sensitive' questions, time shortage, and other systematic reasons. The current study follows the following "Four-step process" by Hair et.al. (2010) for detecting and ruling solutions for missing data problems. This process is widely used by researchers to effectively neutralize the adverse effects of missing data values. Moreover, it is comprehensive, easy to understand, follows state of the art approach, and scientific.

The first step in this rigorous process is to decide whether the "missing data" is ignorable or not. As Hair et.al. (2010) stated, the question of ignorable and non-ignorable can be easily solved once the researcher recognized the nature of the missing data. Thus, if the missing data are occurred because of the research design and in his/her knowledge is can be taken as an ignorable type. However, if the true impact of the missing data is unknown and happened for the unknown reason it is under the non-ignorable category. As a matter of fact, sometimes missing data can also occur because of some unknown causes, in such cases the missing data is treated as non-ignorable. Hence, from the above explanation by (Hair et.al. 2010), the type of missing data found in this study is appeared to be non-ignorable.

Figure 6.1. A Four-Step Process for Identifying Missing Data and Applying Remedies (Adopted from Hair et.al. 2010)



After the study resolved the issues of ignorable or non-ignorable missing data categorization, the attention goes to the determination of the extent of the missing values so that it can be decided whether to warrant an action or to look beyond this. To this end, as Hair et.al. (2010) suggested, the researcher determined whether the volume of missing data is very little to not disturb the entire process in spite of its randomness. Consequently, the result shows that, the volume of the missing data for the present study is not low enough to not take corrective measures, hence, the work to select the right type of remedies is started. Before determining the right remedies, it is usually important to understand the randomness of the missing value. Despite the fact that, the necessity of remedies is undoubted the question of how much low is too much is not clear all over the literatures, for example Hair et.al. 2010, suggested missing data below 10% for a particular respondent can mostly be overlooked, but not when the missing data happens in a precise “nonrandom fashion”. On the other hand, Fidell and Tabachnick (2003) advised that, when ( $\leq 5\%$ ) data points are missing, the problem is not serious thus almost all available techniques can be employed but the missing data should exhibit a random pattern from a large data set. Grounded on the above and other suggestions, the current study considers the lowest missing data suggested by literatures i.e.  $< 5\%$  to considers a missing value ignorable or no-ignorable. To check the lowness or highness of the missing data, the SPSS missing data analysis is executed and from the result it is learned the missing data for four items are appeared to be high or  $> 5\%$  (refer appendix 4). After knowing the substantiality of the missing data, the study determines the extent of randomness existed in the data set, which then governs the application of the right remedies (Hair et.al. 2010). There are two types of randomness, “Missing at Random (MAR)”, and “Missing Completely at Random (MCAR)”. Accordingly, as the variance t-Test Table (see appendix 4) shows, there is no systematic relationship between missing values in

variable IM2, IS2, SPP5 and CSP2 and any of the other variables,  $p > 0.05$ . The test result confirms that, the type of the missing data to this study is Completely at Random (MCAR) which in turn dictates a need to remedies (refer appendix 4).

The result gives us the assurance to use one of the missing value imputation methods. Despite the fact that literatures recommended sizable imputation methods, no agreement is seen on the quest of the best one. Hair et.al. (2010) suggested imputation methods including, the Hot or Cold Deck Imputation, the Case Substitution, the Mean Substitution and the Regression Imputation methods. Besides, Ho (2006) and Fidell and Tabachnick (2003) suggested the Expectation-maximization (EM) algorithm. For the current work, the Expectation-maximization (EM) algorithm is applied. According to Fidell and Tabachnick (2003), the EM method has the advantages of avoiding impossible matrices (e.g., non-positive definite matrices), avoiding model overfitting (making the solution look overly good), and producing realistic estimates of variance. According to Ho (2006 p 20), "The EM procedure involves a two-step operation. In the E (expectation) step, the missing data are calculated by predicting values in a series of regressions where each missing value is degenerated based on the correct values. Whereas, in the M (maximization) operation, the entire imputed values are given for the "maximum likelihood estimation". These two steps are repeated until a stable solution is reached across the M steps." This study is imputed and treated missing values using the expectation maximization method because the tremendous advantage the method holds over the other techniques. After the treatment, simple frequency analysis is run and it is confirmed the data has no missing value.

### 6.2.3. Handling Outliers

When observations exhibit unique characteristics visibly different from the rest of the observations the researcher shall treat them as an outlier (Hair et.al. 2010 p 63). According to Hair et.al. (2010), multivariate analyses contain two or more variables, therefore to make use of the univariate and bivariate remedies could be good for nothing. Therefore, if the study (like the current study) analyses more than two variables, the multidimensional position of each observation relative to some common point shall be objectively measured. In this study, this matter is effectively addressed through the use of the “Mahalanobis D2” measure (Hair et.al.2010). As Hair, *et al.* (2010 p 65) suggested, “the D2 value divided by the number of variables involved ( $D^2/DF$ ) is approximately distributed as a t-value; and based on the nature of the statistical tests, it is advised that traditional levels of significance (e.g., .005 or .001) be used as the threshold value for designation as an outlier. Thus, cases with a  $D^2/DF$  value beyond 2.5 in small samples and 3 or 4 in large samples can be designated as possible outliers”.

Table 6.2. Outliers' and Their D2/DF Values

No.	Case number	D2	D2/DF
1	25	724.1385	3.247257668
2	124	702.6703	3.150987803
3	171	695.1725	3.117365291
4	195	676.64	3.034260224
5	153	670.8906	3.008478117
6	79	648.1455	2.906481928
7	43	640.9259	2.874106996
8	197	624.4565	2.800253363

As can be seen in Table 6.2. above, case number 25, 124, 171, 195 and 153 are omitted from further analysis because of their unacceptable  $d2/DF$  values which is  $>3$ .

## 6.3. Ensuring Multivariate Assumptions

This task is assumed to be the last in the process of data examination and preparation. Like the other two analysis techniques, the multivariate analysis technique has some underlining assumptions and it is usually required to test and confirm these assumptions before proceeding to the next step. This analysis usually executed based on its statistical principles, which comprises observation and analysis of more than one statistical outcome variable at a time (Hair et.al. 2010). Therefore, it is essential to know the possible impact of each assumption for all multivariate procedures.

### 6.3.1. Normality Assumption

The first assumption in the multivariate analysis techniques is a normality assumption, which is especially critical when the data is a parametric type because its validity is significantly depend on its normality. Normality can be tested either through some statistical procedures or a graphical method. There are many statistical procedures to test normality including “Kolmogorov-Smirnov (K-S) test”, “Lilliefors corrected K-S test”, “Shapiro-Wilk test”, “Anderson-Darling test”, “Cramer-von Mises test”, “D’Agostino skewness test”, “Anscombe-Glynn kurtosis test”, “D’Agostino-Pearson omnibus test”, and the “Jarque-Bera test”. Among these, K-S is frequently used method, according to Ghasemi and Zahediasl (2012).

According to Hair et.al. (2010 p 70), multivariate normality means, every single variable satisfy normality form the univariate perspective, and thus their blends (multivariate) can be normal. Thus, if a variable satisfies multivariate normality, it is also most likely satisfying univariate

normality. Yet, the opposite is not necessarily true which means two or more univariate normal variables are not necessarily mean multivariate normal". Therefore, the bottom line is, a condition where all measures show "univariate normality" can help to have a "multivariate normality". This indirect technique is used because multivariate normality is complex and difficult to test.

Skewness and kurtosis values are commonly used to test univariate normality. This simple test is relying on a rule of thumb. According to the rule the absence of skewness and kurtosis can directly signal the departure of the distribution from normality because in normally distributed observations the two values must be zero or close to zero. They are computed to a z-score as follows:

The (z) value for the skewness value can be found using the following formula:

$$z_{\text{skewness}} = \frac{\text{skewness}}{\sqrt{\frac{6}{N}}}$$

Where: N stands for sample size.

Similarly, the Z value for the kurtosis value can be found through the following formula:

$$z_{\text{kurtosis}} = \frac{\text{kurtosis}}{\sqrt{\frac{24}{N}}}$$

As a convention, if one of the calculated z values exceeds the predetermined "critical value", then the distribution is non-normal. Ghasemi and Zahediasl (2012) proposed the following critical values along with other limiting factors: when the critical value is > 1.96 or < -1.96 it is significant at P < 0.05, > 2.58 or < -2.58 is significant at P < 0.01, and > 3.29 or < -3.29 is significant at P < 0.001. moreover, sample size has its impact on the sufficiency of the critical value for normality,

thus, in large samples (200 or more) the critical value can be at  $\pm 2.58$ , whereas for small samples small samples,  $\geq 1.96$  is sufficient. As Hair. et.al. (2010), concluded, the most commonly used critical values are  $\pm 2.58$  (.01 significance level) and  $\pm 1.96$ , which corresponds to a .05 error level. For the current study, the significant level is determined to be 95% or  $\pm 1.96$  critical value. The Table (see appendix 5) shows that, nearly all items are normally distributed, i.e. their courtesies and skews Z values are between  $\pm 1.96$  (refer appendix 5).

Yet, few points are still beyond the acceptable range i.e. between  $\pm 1.96$  at  $p=0.05$  (refer appendix 5). But since the sample size is large ( $>200$ ), as Asghar G. et.al, 2012 suggested, in large samples (200 or more) with small the criterion is better to be changed to  $\pm 2.58$ . Hence, based on this and other suggestions, items out of the  $\pm 1.96$  range are still showing normality because they are still between  $\pm 2.58$ . Another very important thing that can be taken from this test is, parametric statistics is possible to use for this data.

### 6.3.2. Multicollinearity Assumption

This assumption is abnormal correlation among the independent variables or when they combined in a regression model according to Williams et.al. (2013). Several techniques are suggested and used to detect the existence multicollinearity. However, the best way to diagnose multicollinearity is through spotting the variance inflation factor (VIF). The variance inflation factor values tell the extent of increase in the variance of an estimated regression coefficient when independent variables are correlated. Hence, when the VIF value is close to 1 there are no correlated predictor variables, but when the VIF are greater than 1 it shows some independent variables are correlated. To this end, as can be seen from the table below the VIF for all items

except CO3 and CO5 are under 5 which is a sign that there are some correlations among predictors but not grave enough to rule a corrective action.

Table 6.4. Multicollinearity Test Results

Indicators (TL)	VIF	Indicators (OL)	VIF	Indicators (CO)	VIF	Indicators (MP)	VIF
II1	3.717	CL1	1.231	CO1	2.240	SPP1	2.706
II2	3.092	CL2	1.650	CO2	1.176	SPP2	3.076
II3	2.654	CL3	2.771	CO3	8.105	SPP3	2.822
IM1	1.024	DI1	3.857	CO4	1.381	SPP4	1.535
IM2	3.377	DI2	4.054	CO5	9.273	SPP5	2.555
IM3	2.233	DI3	2.468	CO6	4.994	SPP6	2.659
IS1	3.411	TLC1	4.465	CO7	1.994	PBP1	3.142
IS2	3.994	TLC2	1.226	CO8	4.695	PBP2	1.933
IS3	1.867	TLC3	4.496	CO9	2.234	PBP3	4.192
		ES1	3.441			PBP4	2.703
		ES2	3.679			PBP5	2.951
		ES3	2.110			PBP6	2.662
		EM1	1.610			CSP1	3.683
		EM2	1.838			CSP2	2.642
		EM3	1.929			CSP3	2.929
		SC1	2.485				
		SC2	3.129				
		SC3	2.173				
		SL1	1.630				
		SL2	3.051				
		SL3	2.460				

The high VIF value associated with CO3 and CO5 indicates they are supplying redundant information, and removing one of the correlated factors usually doesn't drastically reduce the R-squared. Based on this suggestion, from the two items with abnormally high VIF values, CO5 is removed from further consideration. The choice between the two items is made after comparing the VIF value of the items which is clearly high in item VIF.

### 6.3.3. Homoscedasticity Assumption

Another important assumption of multivariate analysis is that, there should be no heteroscedasticity of residuals or in other words, the variance of residuals should not increase with the fitted values of the response variable; in other words, it happens when “dependent variable(s) show equal levels of variance across all the predictor variable” Hair et.al. (2010 p 73). To observe the existence of heteroscedasticity, there are two types of methods, graphical and statistical. In the graphical method, one can well see the presence of the problem, by guaranteeing a totally random, equal distribution of levels throughout the range of X axis and a flat red line. The current study evaluates some of statistically methods for detecting and correcting the heteroscedastic issues including “Breusch-Pagan / Cook-Weisberg Test”, “White’s General Test” and “NCV test”. However, Hair et.al. (2010) suggested, when the study involves multiple metric variables the comparison involves the equality of variance/covariance matrices, in such cases the Box's M test is preferable over other methods. The current study therefore used the Box’s M test for the reason noted by (Hair et.al. 2010).

Table 6. 5 Box's Test of Equality of Covariance Matrices

Box's M	825.836
F	1.162
df1	135
df2	533.259
Sig.	.072

As can be seen above, the box test has a p-value greater than a significance level of 0.05, therefore we neither fail to reject the null hypothesis nor accept the alternative hypothesis which is the variance of the residuals is unequal and from this we can infer heteroscedasticity is not a

problem for the current study.

## 6.4. Estimating Non-Response Bias

Because of its adverse impact on population parameters, estimating non-response bias is highly recommended. In addition to the standard statistical test, the current study has employed multiple proactive measures to curb the non-response bias improve the response rates including encouragements, monotonous communications, and attractive questionnaire design. Armstrong and Overton (1977) suggested three approaches to estimate non-response bias: comparing with known values of the population, subjective estimates, and extrapolation. According to Lahaut et.al. (cited in Dawson et.al. 2014), comparing the early and late respondents for non-response bias is the most widely used approach. In this method the late respondents are used as a proxy for a non-respondent. This study is convinced by the suggestion and the assumptions made by the so called ‘the continuum of resistance model’, because method is by far the most widely used. Further to the test, data from 30 earl respondents and another 30 late respondents are used. Concerning the items, six items from all constructs are included.

Table 6.6. Independent Sample T-Test

		Independent Samples Test							
		t-test for Equality of Means						Confidence	
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper	
II1	Equal variances assumed	.855	48	.397	.283	.330	-.382	.947	
CL1	Equal variances assumed	-.116	48	.908	-.040	.345	-.735	.655	
ES2	Equal variances assumed	.862	48	.393	.259	.300	-.345	.863	
CO3	Equal variances assumed	-.634	48	.529	-.207	.326	-.862	.449	
SPP5	Equal variances assumed	-.533	48	.596	-.191	.357	-.909	.528	
CSP1	Equal variances assumed	-.965	48	.339	-.319	.331	-.984	.346	

As can be seen above, all the p-values proves there is no difference between the first responders and the late responders, this is known because none of the p-values are showing statistically significant values. In other word, the null hypothesis is ought to be rejected. From this we can infer non-response bias is not a problem of this study.

## **6.5. Tests for Common Method Bias**

As Mat-Roni (2014) stated, the problem of common method bias (CMB) is common and need to be well managed. If a significant variation in the respondents' response has happened just because of problem in the data collection instrument, it could be a sign for presence of the common method bias. The current study has carefully detected and handle this problem to avoid any contaminations caused by a faulty instrument. According to Mat-Roni (2014), one of the simplest ways to test the problem of common method bias is through the "Harman's single factor score" method, by which the entire measures/items are loaded into one common factor and if the total variance for a single factor is less than 50% the risk associated with common method bias is said to be insignificant. The following table presents the result of the hammer's single factor score test.

Table 6.7. Test for Common Method Bias

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.291	16.300	16.300	9.291	16.300	16.300
2	7.233	12.689	28.989	7.233	12.689	28.989
3	6.635	11.640	40.629	6.635	11.640	40.629
4	5.953	10.443	51.072	5.953	10.443	51.072
5	2.590	4.544	55.616	2.590	4.544	55.616
6	1.791	3.142	58.758	1.791	3.142	58.758
7	1.709	2.998	61.756	1.709	2.998	61.756
8	1.612	2.828	64.584	1.612	2.828	64.584
9	1.454	2.550	67.134	1.454	2.550	67.134
10	1.218	2.137	69.271	1.218	2.137	69.271
11	1.115	1.956	71.227	1.115	1.956	71.227
12	1.055	1.852	73.078	1.055	1.852	73.078

Based on the Harman's single factor score test, this study is free from the problem of common method bias, this is because, as can be seen in the Table 7.6. above, the total variance of the common factor on which all the measuring latent variables are loaded is at 16.3%, which is less than 50% which is the score required to indicate the problem.

## 6.6. Profile of Respondents

The current study investigated four breweries; St. George, Meta abo. Raya, and Habesha. Questions related to why, how and when are discussed in the methodology part. Yet, to interpret the processes better, the following Table presented.

Table 6.7. Profile of Respondents

Breweries		St. George	Meta abo.	Raya	Habesha
Frequency		78	61	42	30
Position	Top	5	7	3	5
	Middle	27	21	13	7
	Lower	34	26	18	9
	Committee members	12	7	8	9
Experience	<5	18	16	10	2
	5-10	23	22	13	15
	10-15	21	7	10	6
	15-20	12	10	4	6
	>20	4	6	5	1
Gender	Male	49	40	27	17
	Female	40	21	15	13
Qualification	High school or below	16	15	13	9
	College diploma	25	19	13	12
	BA degree	25	13	5	7
	MA or above	12	14	11	2
Age	>25	14	18	12	7
	25-35	32	12	18	8
	35-45	21	22	8	11
	45-55	11	9	4	4

## 6.7. Testing item reliability

The last thing to do concerning this chapter is, to check the internal consistency or reliability of the items to be used. To this end, across the literatures, Cronbach's alpha is the most commonly used measure of internal consistency, especially for this and similar studies in which multiple Likert questions are employed. The following Table shows alpha scores for all measurement items included in the survey.

Table 6.8. Testing Item Reliability

Item	Dimensions	Number of items	Alpha score
Marketing performance	Sales and profit performance	6	0.863
	Product and brand performance	6	0.877
	Customer satisfaction performance	3	0.832
Transformational leadership style	Idealized influence	3	0.882
	Inspirational motivation	3	0.890
	Intellectual stimulation	3	0.919
	Individual consideration	3	0.892
Organizational learning	Continuous learning	3	0.854
	Dialogue and inquiry	3	0.815
	Team learning and collaboration	3	0.886
	Embedded systems	3	0.879
	Empowerment	3	0.921
	Systems connections	3	0.870
	Strategic leadership	3	0.925
Customer orientation	One item (CO5) is removed because of high VIF value, (to satisfy the assumption of multicollinearity)	8	0.952
Total reliability		57	0.955

## 6.8. Summary of The Cleaning and Preparation Procedure

As can be seen in table 6.9. below, the total originally distributed questionnaires were 250, 94, 72, 48, and 36 for St. George, Meta Abo, Raya And Habesha brewery respectively. For the 205 distributed questionnaires 224 are returned which shows nearly a 90% response rate. From the returned 224 questionnaires eight were found unusable thus they are removed from further processing. Another 5 questionnaires are removed from the data set because they are outliers. Therefore, 211 observations are used for the main study.

Table 6.9. Summary the cleaning and preparation procedure

Sn.	Step	Action	Number of cases	Breweries			
				St. George	Meta abo.	Raya	Habesha
1	Distributed questionnaires		250	94	72	48	36
2	Returned questionnaires		224	84	63	44	33
3	Unusable questionnaire	8 questionnaires removed	216	80	61	43	32
4	Missing data analysis		216	80	61	43	32
5	Examination for outliers	5 questionnaires removed	211	78	61	42	30
6	Test for multivariate normality		211	78	61	42	30
7	Test for multicollinearity	One item(CO5) is delete because of high VIF	211	78	61	42	30
7	Test for non-respondent bias		211	78	61	42	30
8	Test for common method-bias		211	78	61	42	30

## 6.9. Summary

The current chapter discusses all the necessary measures to clean and prepare the data in accordance with the multivariate analysis technique. Thus, data entry, data screening, missing value analysis and outlier detection and the associated remedy are procedurally presented. In addition to this, the underlying assumptions of the multivariate analysis technique such as multivariate normality assumption, multicollinearity assumption, and homoscedasticity assumption are tested and confirmed. Finally, matters related to non-response bias, common method bias, profile of respondents and item reliability are elaborated. The next chapter is

dealing with model and measure validations. Most of the issues in relation to validation such as face validity, content validity and construct validity are covered. Moreover, the exploratory factor analysis, and the confirmatory factor analysis are applied to ensure scale dimensionality and construct validity.

# CHAPTER SEVEN

## VALIDATING MEASURES AND MODEL

### 7.1. Introduction

In this chapter, the psychometric properties of constructs are validated. It is one of the most critical step to ascertain scientifically acceptable new knowledge. Thus, the chapter started by clearing matters related to face and content validity of the instruments used. After this, measures are purified using a Cronbach alpha score. Scale dimensionality is then ensured through making use of exploratory factor analysis. Finally, the entire model, and construct-based models are validated though confirmatory factor analysis. Despite there are an appalling lot of confusion in the methodological literature, the current study has tried to employ the most agreeable method. With all that in mind, henceforth this study discusses the procedures applied to validities, including face, content, dimensionality, convergent and discriminate.

### 7.2. Face Validity

The study begins the long way to the validation work by evaluating the face validity of instruments. As Greg (2017) stated, in face validity the researcher shall check whether the questions seem like a good transformation of the construct. This study distributes questionnaires to carefully selected experts working in Addis Ababa university school of commerce, and requested them to read through the questions, and to decide whether it seems good and appropriate measures of the constructs. Despite the judgmental nature of their comments has some challenges to incorporate, it cannot be denied that good lesson is taken.

### 7.3. Content Validity

Concerning content validity, the current study employs the following four steps (see sections 5.3). Hence, first, the constructs are defined and operationalized based on the most recent theoretical and empirical evidences found. Transformational leadership style along with the four dimensions, the marketing performance construct along with the three dimensions, the organizational learning constructs along with the seven dimensions, and finally the customer orientation construct are defined and operationalized. After operationalization, the initial measurement items are generated. However, this step is done only for marketing performance construct. This is because, the other three constructs are already having field proven measurement items (see section 5.3.2). the third step is to pre-test the generated items. In this step, all the measurement items for the four constructs are pre-tested. Despite the fact that this is especially advised for newly designed item, to further ensure the validity of the adopted items, the researcher decided to pre-test the adopted items also. In the pre-testing stage, the question critique, Systemic review of the questionnaire, informal testing and the panel of experts' steps are employed. As, summarized in table 5.5. below, items related to the marketing performance construct are added and removed based on the constructive suggestions of panel of experts in the pre-testing step.

Table 5.5. operations in item development for marketing performance construct

<b>Dimensions</b>	<b>Items added</b>	<b>Items Removed</b>	<b>Based on suggestions by</b>	<b>items proceeded to the next stage</b>
Sales and profit performance dimension	1	5	Academicians and industry specialists	6

Product and brand performance dimension	2	4	Academicians and practitioners	6
Customer satisfaction performance dimension	1	6	Academicians, practitioners and specialists	3

Finally, in the fourth step, pilot testing is executed (see section 5.3.4). In this step, after comprehending different suggestions of sample sizes for pilot study, 50 sample sizes are used for data collection purpose.

#### **7.4. Measure Purification**

It is extremely recommended to purify the measurement items before starting factor analysis. This is partly because, some items might be very poor in terms of their internal consistency/reliability, hence, they could meaningfully spoil the result of the succeeding validity checks i.e. exploratory and confirmatory factor analysis. The following Table presents items with low alpha score and changes in the total alpha score after the purification step. As can be seen from Table 7.4. below, item SPP6 and PBP2 from the marketing performance construct are removed from further considerations because of their very low alpha score i.e. 0.358, and 0.422 respectively. Beyond this, as shown below their removal is positively impacting the reliability of the marketing performance construct. Hence, these two items (SPP6 and PBP2) are determined to be removed and will not be involved for any kind future analyses and trials in the field.

Table 7.4. Measure Purification Result

Construct	Dimension	Original Cronbach alpha for MP construct	Item with low Cronbach alpha		Alpha score after deleted for MP construct	Reason for deleting
			Item	Alpha score		
Marketing performance	Sales and profit performance	0.832	SPP6	0.358	0.863	Results in Better alpha score
	Product and brand performance	0.751	PBP2	0.422	0.877	Results in Better alpha score

### 7.5. Assessment of scale dimensionality

Despite the fact that there are many dimensionality test methods, EFA is used widely than any other method, according to Svetina and Levy (2014). Dimensionality is assessed for marketing performance construct only, and the other three constructs didn't pass through this operation because, dimensionality related issues are not the concern for (TL, OL, and CO) constructs for the reason that they are borrowed, i.e. already tested for dimensionality. Therefore, this study is employing EFA to check dimensionality of marketing performance dimensions. EFA is also used to develop and validate original instrument for the marketing performance construct. The decision to develop is made because the researcher strongly convinced that there is very limited priori knowledge in the area of marketing performance to refer and adopt existing measurement instruments. The mathematical formula of exploratory factor analysis is explained as follows.

$$X_j = a_{j1}F_1 + a_{j2}F_2 + \dots + a_{jm}F_m + e_j$$

Where,  $a_{j1}$ ,  $a_{j2}$ ...,  $a_{jm}$  are factor loadings and represents  $a_{j1}$  as the factor loading of  $j$  th variable on the 1st factor (Yong and Pearce 2013).

As Petchsawang and Duchon (2009) suggested, the decision to use or not to use EFA and CFA depends on the nature of constructs i.e. if the literature is rich about the constructs and its dimensions and scale is established then the research can bypass EFA to directly use CFA however if the scale is yet to be established from scratch then both EFA and CFA need to be employed.

This work utilizes the principal component extraction method and Varimax with Kaiser Normalization rotation method. The variables are categorized under three dimensions, (sales and profit performance dimension, from item SPP1-SPP5, product and brand performance dimension, from item PBP1-PBP6, and customer satisfaction performance dimension, from item CSP1-CS3). Moreover, the assumption of normality, linearity, and multilinearity are all ensured. based on the eigenvalues greater than norm three components are rotated.

Table 7.5. EFA Result for Marketing Performance Construct

<b>Rotated Component Matrix</b>			
	Component		
	1	2	3
SPP1	.204	.746	.297
SPP2	.138	.802	.278
SPP3	.339	.693	.183
SPP4	-.128	.206	.468
SPP5	.235	.683	.234
PBP1	.637	.492	.073
PBP3	.792	.269	.179
PBP4	.648	.422	.084
PBP5	.787	.237	.120
PBP6	.772	.006	.269
CSP1	.304	.151	.821
CSP2	.262	.271	.653
CSP3	.305	.202	.736

Concerning the minimum threshold to use for factor loading cutoff, it is found that different scholars have suggested differently. The following Table presents some of the suggestions.

Table 7.6. Factor Loading Cutoff Suggestions

source	Suggestions
(Hair et al 2010)	0.30 for sample size =350 0.35 for sample size =250 0.40 for sample size =200 0.45 for sample size =150 0.50 for sample size =350
(Field 2009)	reliable if a factor has four or more loadings of at least 0.6 regardless of sample size.
Stevens (cited in Field 2009)	0.4, irrespective of sample size,
Comrey and Lee (cited in Pearson 2008)	suggesting using more stringent cut-offs going from 0.32 (poor), 0.45 (fair), 0.55 (good), 0.63 (very good) or 0.71 (excellent).
(MacCallum <i>et al.</i> 2001)	all items in a factor model should have communalities of over 0.60 or an average communality of 0.7 to justify performing a factor analysis with small sample sizes.
(Fidell and Tabachnick 2003)	.32 as a good rule of thumb for the minimum loading of an item, which equates to approximately 10% overlapping variance with the other items in that factor

After bringing the suggestions together, 0.5 is by far appeared to be the best factor loading cutoff point to use. Therefore, as can be seen in the Rotated Component Matrix Table above, the factor

loading for all items except item SPP4 is above 0.6, which is far beyond the required cutoff point of 0.5. The decision to eliminate SPP4 from further analysis is therefore very easy since it's a factor loading is .206 which is far below the required minimum value. Moreover, the item(SPP4) shows abnormal cross-loading higher than the loading in the intended component.

- **Bartlett's Test of Sphericity**

The other form of test watched is the Bartlett's Test of Sphericity (BTS). This test is very useful to confirm that our data has patterned relationships. As can be seen in the Table below, indeed, the test shows there are patterned relationships amongst the variables since the result is significant at  $p < .001$ . Finally, it is also important to investigate if the data is suitable for EFA operation by looking at the Kaiser-Meyer-Olkin Measure (KMO) of Sampling Adequacy, which has a cutoff point above .50, thus the result is showing the adequacy of the sample size which is equal to 0.850, far beyond the required point 0.5.

Table 7.7. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.850	<b>EFA supported because KMO is &gt;.5</b>
Bartlett's Test of Sphericity	Approx. Chi-Square	5815.479	
	Df	253	
	Sig.	.000	<b>EFA is supported because BTS is significant</b>

## 7.6. Assessment of Construct Validity

Construct validity refers to whether/how well a measurement tool, or dimensions within a measure, predict the constructs the measure was designed to predict (Greg 2017). It is not that easy to measure constructs validity, one of the reasons is that there is a lot of subjectivity and most constructs have no actual unit of measurement. Consequently, it is easy to notice multiple types of methods used to test construct validities in the literatures, however, by far the most widely and comfortably used technique is the confirmatory factor analysis. Hence, this study employs confirmatory factor analysis to test construct validity of measures. Furthermore, while testing construct validity, its two components (convergent and discriminant validities) shall be evaluated independently.

### 7.6.1. Convergent Validity

For Mat-Roni (2014), convergent validity means the theoretically predicted items measuring a factor only load well into that factor; not outside its parent factor. Conversely, the items which are predicted by theories to be not measuring a construct must have a low loading outside their parent factor. According to Awang (2012), this is reached when all measures in a “measurement model” are “statistically significant” and could also be confirmed by calculating the “Average Variance Extracted” (AVE) and “Composite Reliability” (CR) for every construct/sub-construct. Thus, the value of AVE and CR should be 0.5 and 0.6 or higher if this validity to exist. The average variance extracted can be calculated as follows:

$$AVE = \frac{\sum_{i=1}^k \lambda_i^2}{\sum_{i=1}^k \lambda_i^2 + \sum_{i=1}^k \text{Var}(e_i)}$$

Where  $k$  is the number of items,  $\lambda_i$  the factor loading of item  $i$  and  $var(e_i)$  the variance of the error of item  $i$  (Hair et al 2010). likewise, the composite reliability of constructs can be found using the following formula:

$$CR = \frac{\left( \sum_{i=1}^n \lambda_i \right)^2}{\left( \sum_{i=1}^n \lambda_i \right)^2 + \left( \sum_{i=1}^n \delta_i \right)}$$

where  $\lambda$  represents the factor loadings for each item  $i$ ,  $n$  is the number of items for that construct, and  $\delta$  is the error term for each item  $i$  (Hair et al 2010).

### 7.6.2. Discriminate Validity

This validity evaluates whether measurements which are assumed to be unrelated are actually unrelated. Mat-Roni (2014) suggested that, discriminate validity shall be established if Maximum Shared Variance (MSV) is less than the Average Variance Extracted (AVE) and Average Shared Variance (ASV) is less than the Average Variance Extracted (AVE). According to Awang (2012), in testing discriminant validity we can also look at the “items redundancy in the model through a discrepancy measure known as modification indices (MI)”. The high value of MI indicates the respective items are redundant. Based on the value of the MI’s the researcher either can delete one of the redundant item or to constrain the redundant pair as “free parameter estimate”. Discriminant validity could also be confirmed by ensuring the correlation between exogenous constructs are less than 0.85. Discriminant validity can be found through the following formula

$$\frac{r_{xy}}{\sqrt{r_{xx} \cdot r_{yy}}}$$

where  $r_{xy}$  is correlation between  $x$  and  $y$ ,  $r_{xx}$  is the reliability of  $x$ , and  $r_{yy}$  is the reliability of  $y$ .

### 7.6.3. Fit Indices and Their Acceptable Thresholds

Despite there are many fitness indexes in SEM, agreements as to which fitness indexes to use is not yet in sight. Hair et.al. (2010) recommended that, researchers are not expected to use every available GOF values for the reason that most of them tell the same sort of information. Hence, only three to four GOF indices can provide sufficient evidences for model fit. All in all, the chi square value and the associated degrees of freedom plus one incremental index and one absolute index, can adequately tell us the needed evidence about the fitness of the model on hand (Hair et.al 2010). Similarly, Holmes-Smith (cited in Mande et.al. 2013) suggested to consider one fitness index from the three categories i.e. “absolute fit”, “Incremental Fit”, and “Parsimonious Fit”. Finally as Awang (2012) stated, the type of fit index values from each type is highly depend on which literature is actually discussed.

The following table presents the type of model fit categories, definition and their level of acceptance.

Table 7.8. Fit Indices and Their Acceptable Levels

Fit indexes		threshold levels	Sources
Chi-Square ( $\chi^2$ )	P value for the model	P-value > 0.05	(Hair et.al. 2010) (Stieger 1990)
<b>“Absolute fit indices”:</b>	Goodness-of fit index (GFI)	>.95	(Byrne 2001) (Hair et.al. 2010)
	Root mean square error of approximation (RMSEA)	=<.05	(Hair et.al. 2010) (Stieger 1990) (Hu and Bentler 1998)
	Root mean square residual (RMR) and standardized root mean residual (SRMR)	<.09	(Hair et.al. 2010) (Byrne 2001) (Stieger 1990)
	Normed chi square	<3 good; sometimes 5 is tolerable	(Hair et.al. 2010) (Byrne 2001)
<b>“Incremental fit indices”:</b>	Normed fit index (NFI)	> 0.90	(Byrne 2001) (Hair et.al. 2010)
	Tucker leyyis index (TLI)	> 0.90	(Hair et.al. 2010) (Byrne 2001)
	Comparative Fit Index (CFI).	> 0.90	(Hu and Bentler 1998) (Byrne 2001) (Hair et.al. 2010)
	Relative non-centrality index (RNI)	>.90	(Hair et.al. 2010) (Byrne 2001)
<b>“Parsimony fit indices”:</b>	Adjusted goodness of fit index (AGFI)	>.80	(Tanaka and Huba 1985) (Hair et.al 2010) (Byrne 2001)

Moreover, Hu and Bentler (1998) suggested a Two-index presentation strategy as given in Table 7.9. below.

Table 7.9. Hu and Bentler’s Suggestion for a Two-Index Presentation Strategy

<b>Fit Index Combination</b>	<b>Combinational Rules</b>
NNFI (TLI) and SRMR	NNFI of 0.96 or higher and an SRMR of .09 or lower
RMSEA and SRMR	RMSEA of 0.06 or lower and a SRMR of 0.09 or lower
CFI and SRMR	CFI of .96 or higher and a SRMR of 0.09 or lower

concerning the mix and type of GOF indices the researcher is convinced by the rule of thumb suggested by Hair et.al. (2010 p 692). Thus, as Joseph Hair suggested, “a mix of GOF indexes shall be employed to evaluate the fitness of a model and better to include, a chi square value and the accompanying degree of freedom; at least one absolute fit index (i.e., GFI, RMSEA, or SRMR); again at least one incremental fit index (i.e., CFI or TLI): one and one badness-of-fit index (RMSEA, SRMR, etc.)”

#### 7.6.4. The Measurement Model of MP Construct

The first construct going to be validated is the marketing performance construct /MP/. This proposed model is composed of one second order construct namely marketing performance and three first order constructs namely sales and profit performance, product and brand performance and customer satisfaction performance. The profit and sales performance construct have four measurement items. One item is removed at the measure purification stage because of the low coefficient alpha score and another item is removed after failing to satisfy the

dimensionality criteria at the EFA stage. Likewise, the product and brand performance construct is made of five measurement items after one item is deleted because of the low coefficient alpha score. The last dimension, the customer satisfaction performance constructs is composed of three items. Unlike the other two constructs for this one so far, no item is removed either because of low alpha score or low factor loading at the EFA stage.

#### 7.6.4.1. GOF and SMC Check

Figure 7.1. below shows the initial CFA results for the second order measurement model of marketing performance construct.

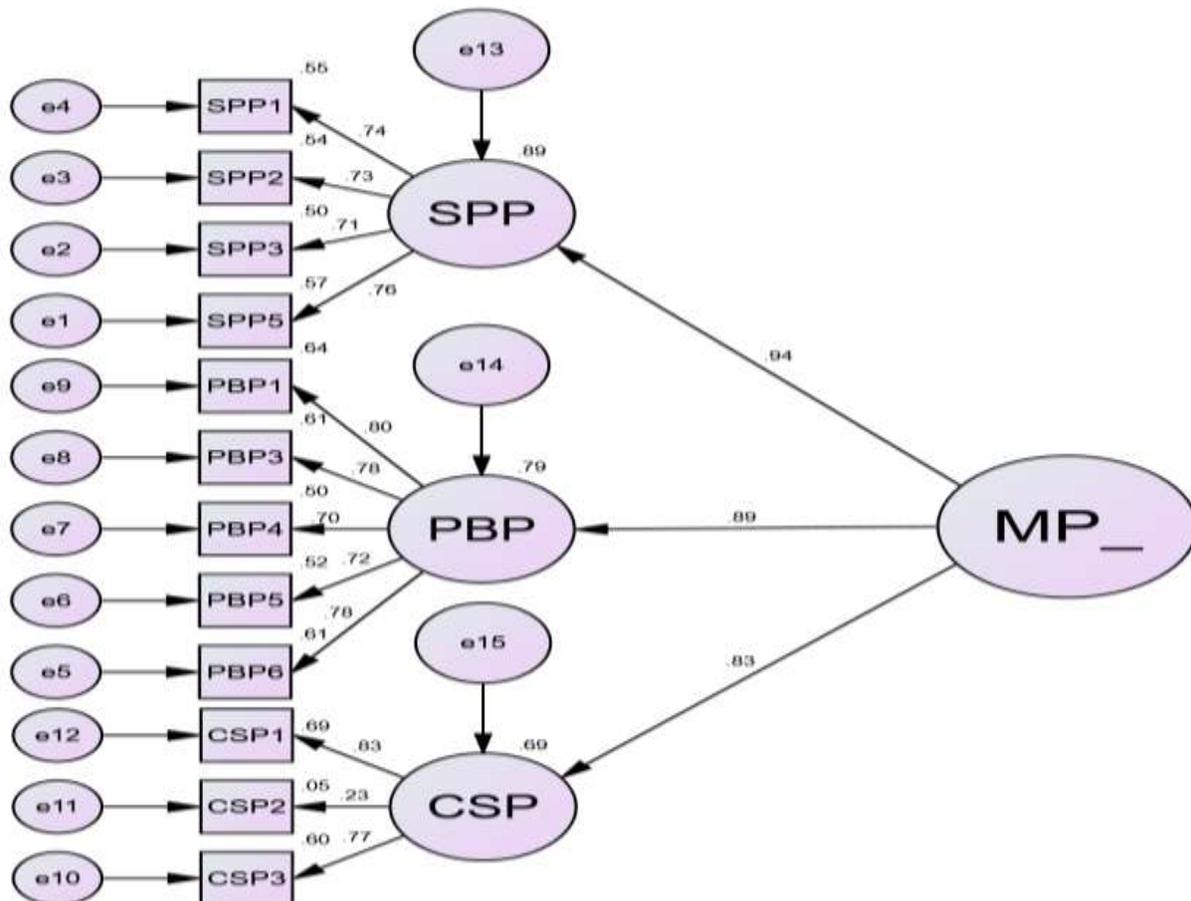


Figure 7.1. Proposed Second Order Measurement Model of Marketing Performance Construct

Table 7.10. GOF Statistics for Proposed Second Order Model of Marketing Performance

Fit indexes		Result	Acceptable value	Adequacy
Chi square	$\chi^2$ (p-value)	<b>118.6(0.01)</b>	P value >0.05	<b>Poor</b>
	DF	<b>62</b>		
	$\chi^2$ /DF	<b>1.913</b>	Between 1-3	<b>Good</b>
Absolute fit indices	RMSEA	<b>0.086</b>	< 0.05	<b>Poor</b>
	GFI	<b>0.836</b>	>0.95	<b>Poor</b>
	SRMR	<b>0.145</b>	<0.09	<b>Poor</b>
Incremental fit indices	CFI	<b>0.852</b>	>0.95	<b>Poor</b>
	NFI	<b>0.806</b>	>0.90	<b>Poor</b>
Parsimony fit indices	AGFI	<b>0.781</b>	>0.80	<b>Poor</b>

As can be seen in Table 7.10, the initial model for marketing performance construct didn't fit the data well. To start with, the Chi-square value is significant (poor fit), as indicated by its p-value. However, since the chi-square values are abnormally affected by sample sizes, the chance to get bad fit is high thus looking other indexes is recommended. Hence the next figure to look shall be the normed chi square which found by dividing chi-square value of degrees of freedom, as shown in Table 7.10. the result obtained if 1.913 as against the recommended value of between 1 to 3. However, the rest of the index results are showing poor fit; for example, the Root mean square error of approximation (RMSEA) obtained is 0.86 as against the recommended value of below 0.5, Goodness of Fit Index (GFI) obtained is .836 as against the recommended value of below 0.95 as well. The results obtained for all other used indices are 0.145 for SRMR, 0.852 for CFI, 0.806 for NFI, and 0.781 for AGFI which are against the recommended values of <0.09, >0.95, >0.90, and >0.80 respectively. The confirmatory factor analysis demonstrated an unacceptable overall model fit and hence, the theorized model fails to correspond comfortably with the observed data. Therefore, the proposed model can't be accepted as the final and admissible one. Hence, model re-specification is required. Before re specifying the model, as a remedy, the first line of measure

is to remove indicator CSP2 because it has unacceptable SMC's value (<. 5). The other line of Measure or the modification indices will be considered once the first proved failed. The new measurement model along with the fitness indices are shown in Table 7.11. below.

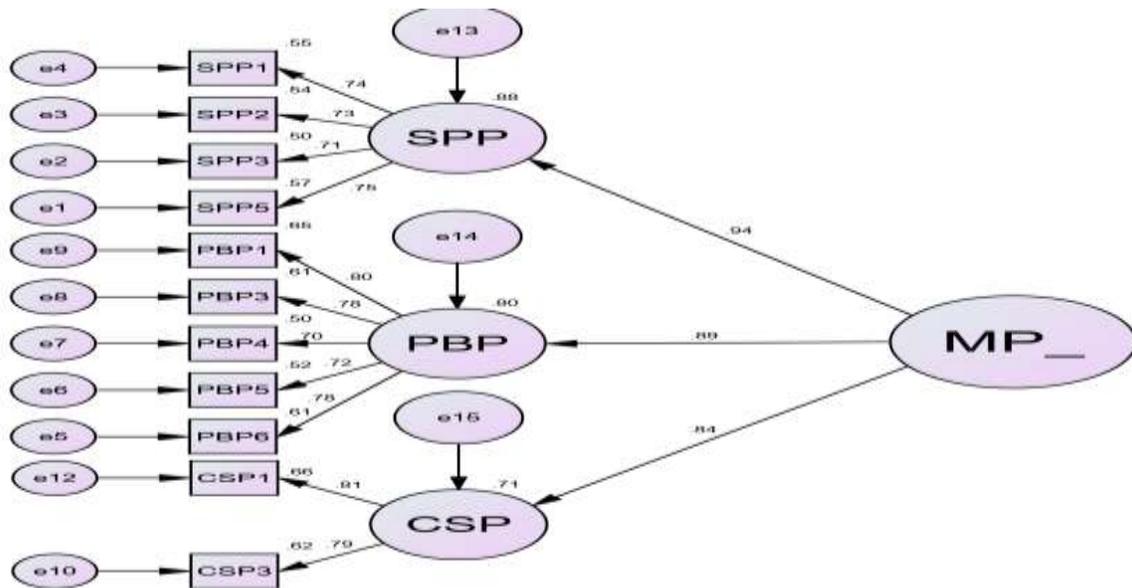


Figure 7.2. Final Second Order Measurement Model of Marketing Performance Construct

Table 7.11. GOF Statistics for Final Second Order Model of Marketing Performance

Fit indexes		Result	Acceptable value	Adequacy
Chi square	$\chi^2$ (p-value)	<b>72.863(0.06)</b>	P value >0.05	<b>Good</b>
	DF	<b>41</b>		
	$\chi^2/DF$	<b>1.777</b>	Between 1-3	<b>Good</b>
Absolute fit indices	RMSEA	<b>0.041</b>	< 0.05	<b>Good</b>
	GFI	<b>0.964</b>	>0.95	<b>Good</b>
	SRMR	<b>0.039</b>	<0.09	<b>Good</b>
Incremental fit indices	CFI	<b>0.973</b>	>0.95	<b>Good</b>
	NFI	<b>0.940</b>	>0.90	<b>Good</b>
Parsimony fit indices	AGFI	<b>0.910</b>	>0.80	<b>Good</b>

After a model re-ran is made without item CSP2, results have shown encouraging improvements. As can be seen in Table 7.11. above, the chi-square value is relatively small compared to the value of the independence model (1222.850) supports the proposed theoretical model being tested

and the p-value is not significant which is also in favor of the theory. Further, RMSEA is 0.041 and is well below the recommended limit of 0.05, and Standardized Root Mean Square Residual (SRMR) is also well below the recommended limit of 0.09 at 0.039. The remaining fitness indices are also showing model adequacy. Hence, the normed chi square = 1.777, GFI=0.964, CFI=0.973, NFI=0.940, and AGFI=0.910 which is either between or below the recommended values of 1-3, >0.95, >0.95, >0.90, >0.80 respectively. The confirmatory factor analysis for the re-specified model showed an acceptable overall model fit and hence, the theorized model fit well with the observed data.

#### *7.6.4.2. Convergent and Discriminant Validity*

Once the CFA showed an acceptable overall model fit, the next thing to do is to calculate some values which designate the validity and reliability of the construct so that the structural model could be deservedly developed. In the study, reliability is tested using composite reliability measures, whereas validity is tested by ensuring convergent and discriminant validity. There is no need to ensure the requirements of unidimensionality because it is already achieved through the item-deletion procedure and ensuring model adequate. However, to obtain the values of the convergent and discriminant validity formula such as the AVE, CR, MSV and ASV, it is a requirement to produce the factor correlation matrix table using correlations and standardized regression weights. As depicted below, all the SMC results and fitness indices are well beyond the acceptable level.

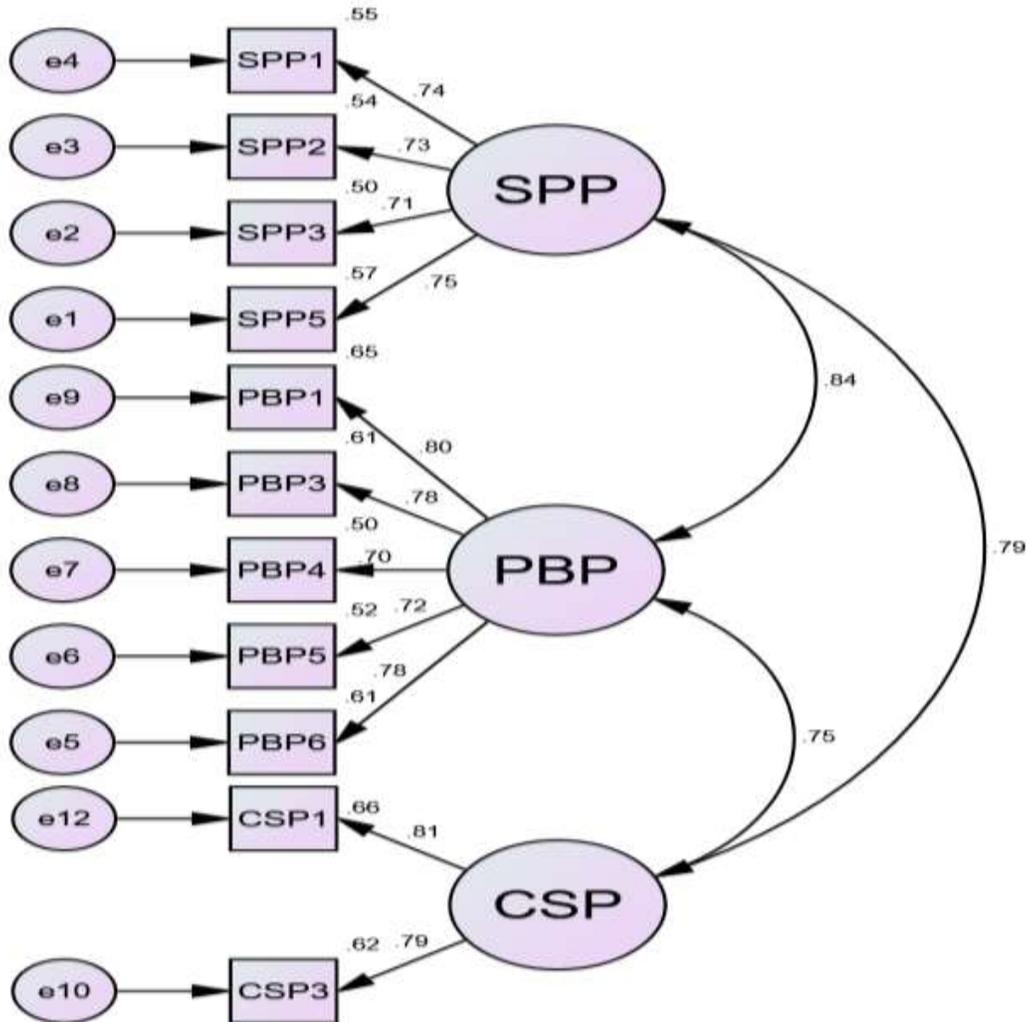


Figure 7.3. Full First-Order Measurement Model of the marketing performance construct

- **Convergent Validity of MP Construct**

As talked about earlier, in addition to ensuring statistically significant measurement model, convergent validity can also be evaluated through calculating the Average Variance Extracted (AVE) and Composite Reliability (CR) values for every construct. As a rule, the AVE and CR values shall be equal or greater than 0.5 and 0.6 respectively.

Table 7.12. Convergent Validity of Marketing Performance Construct

Construct	Items	Factor loading	CR o.6 or higher	AVE 0.5 or higher	Decision
Sales and profit performance	SPP5	0.754	0.823	0.638	Convergent validity established!
	SPP3	0.705			
	SPP2	0.734			
	SPP1	0.74			
Product and brand performance	PBP6	0.78	0.872	0.677	Convergent validity established!
	PBP5	0.723			
	PBP4	0.705			
	PBP3	0.781			
	PBP1	0.803			
Customer satisfaction performance	CSP3	0.787	0.780	0.739	Convergent validity established!
	CSP2	Removed			
	CSP1	0.812			

As can be seen from Table 7.12. above, all the values of composite reliability test (0.823, 0.872, 0.780) and Average Variance Extracted test (0.638, 0.677, 0.739) for the three constructs are beyond the recommended values, i.e. 0.6 for CR and 0.5 for AVE, thus, for this construct convergent validity is established.

- **Discriminant Validity of The MP Construct**

Discriminate validity shall be established when the value of Average Variance Extracted (AVE) is greater than the Maximum Shared Variance (MSV) or when the Average Variance Extracted (AVE) is greater than the Average Shared Variance (ASV). The other way to confirm discriminant validity is when a diagonal value in the factor correlation matrix is higher than the values in its row and column.

Table 7.13. Discriminant Validity of Marketing Performance Construct

Construct	PBP	SPP	CSP	Discriminant validity
PBP	<b>0.959</b>			Established
SPP	0.840	<b>0.883</b>		Established
CSP	0.754	0.793	<b>0.800</b>	Established

The result in Table 7.13. above confirms, discriminant validity for all the three constructs is achieved. This can be known by looking at the diagonal values in bold or the square root of AVE of the construct. They all are higher than the values in their row and column.

#### 7.6.5. The Measurement Model of TL Construct

As depicted below, the TL construct is made up of 4 latent variables and 12 indicators. In other words, it consists of one second order construct (Transformational Leadership) and four first order constructs; (idealized influence, inspirational motivation, intellectual stimulation, and individualized considerations). All the four first order constructs are equally measured through three indicator variables. The items have successfully survived different validity and reliability tests; hence no item is so far deleted because of failing any of those tests including, dimensionality, and alpha score. Thus, the originally adopted 4 latent constructs along with their 12 indicators are going to be tested for confirmatory factor analysis. The following figure (figure 7.4) illustrates the proposed CFA result for the Transformational Leadership construct.

##### 7.6.5.1. GOF and SMC Check

Figure 7.4. shows the initial CFA results for the second order measurement model of Transformational Leadership construct. As can be seen in Table 7.13, the proposed measurement model for Transformational Leadership construct did fail to fit the data well. To prove this, the first goodness of fit value i.e. the Chi-square statistic and the corresponding p-value is not significant. Since the null hypothesis is stated as 'there is no difference between the patterns observed in these data and the model specified', supporting the null hypothesis is what makes the model acceptable.

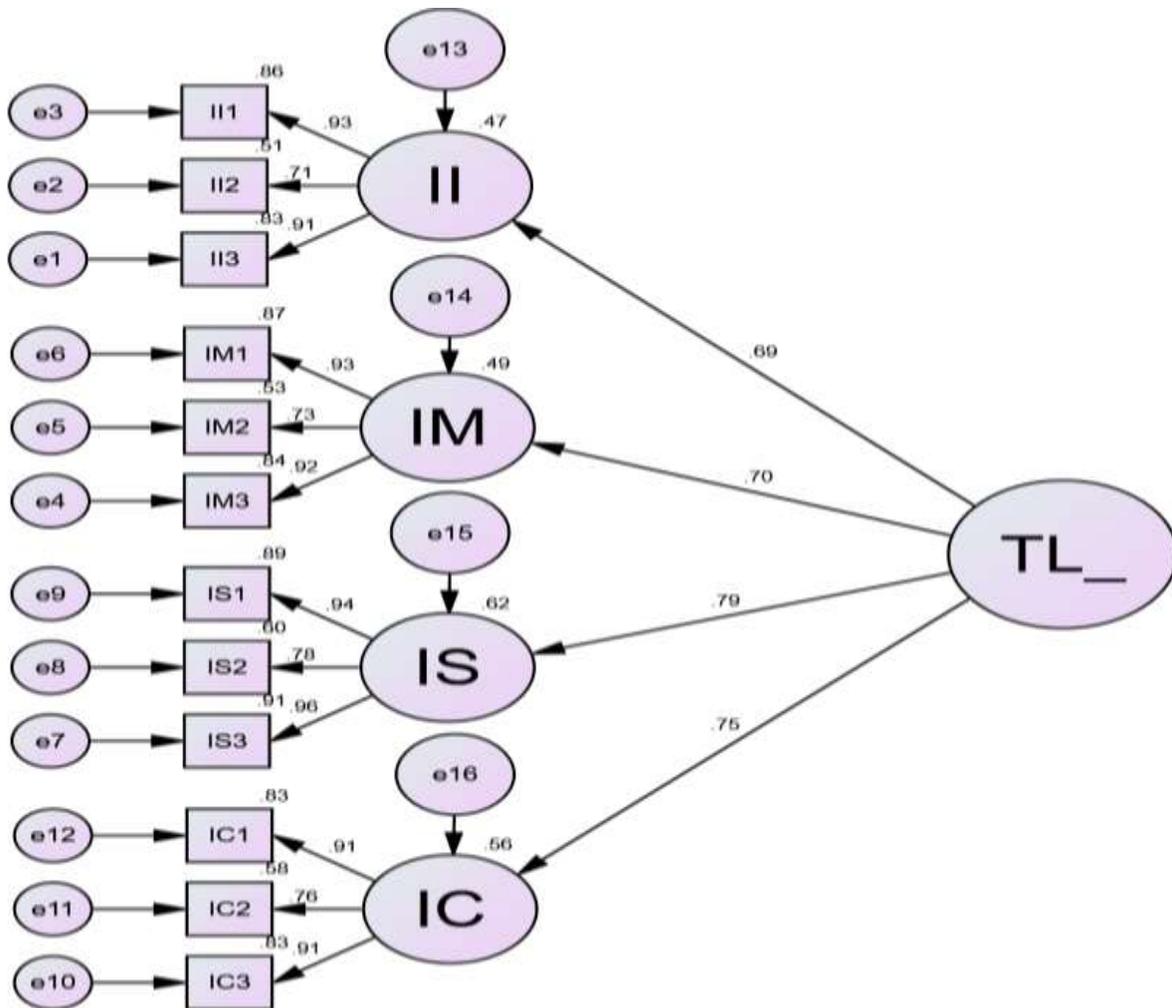


Figure 7.4. Proposed Second Order Measurement Model of Transformational Leadership Style Construct

Table 7.13. GOF Statics for Proposed Second Order Model of Transformational Leadership Style Construct

Fit indexes		Result	Acceptable value	Adequacy
Chi square	x <sup>2</sup> (p-value)	<b>123.670(0.006)</b>	P value >0.05	<b>Poor</b>
	DF	<b>50</b>		
	x <sup>2</sup> /DF	<b>2.473</b>	Between 1-3	<b>Good</b>
Absolute fit indices	RMSEA	<b>0.084</b>	< 0.05	<b>Poor</b>
	GFI	<b>0.917</b>	>0.95	<b>Poor</b>
	SRMR	<b>0.101</b>	<0.09	<b>Poor</b>
Incremental fit indices	CFI	<b>0.914</b>	>0.95	<b>Poor</b>
	NFI	<b>0.842</b>	>0.90	<b>Poor</b>
Parsimony fit indices	AGFI	<b>0.871</b>	>0.80	<b>Good</b>

However, as you can see from Table 7.13. below, it is unacceptable at 0.006; far below the recommended level of 0.05. Since chi-square is seldom taken as the best fitness indicator because of its dependence on sample size, we should look into the other fitness indices. The next index is the normed chi square, which is found after dividing the chi-square value by degrees of freedom, is acceptable at 2.473 as compared to the recommended value of between 1 to 3. The other index showing an acceptable result is the AGIF at 0.871 well above the recommended value of >0.8. All in all, except the normed chi square value all are showing poor fit. The obtained Root mean square error of approximation (RMSEA) is 0.084, below the recommended value of 0.05; the goodness of fit Index (GFI) obtained is 0.836 as against the recommended value of below 0.95. Other results obtained are 0.101 for SRMR, 0.914 for CFI, and 0.842 for NFI, which are far below the recommended values of <0.09, >0.95, and >0.90 respectively. The confirmatory factor analysis results are unacceptable because of this the theorized model shall fail to fit the observed data.

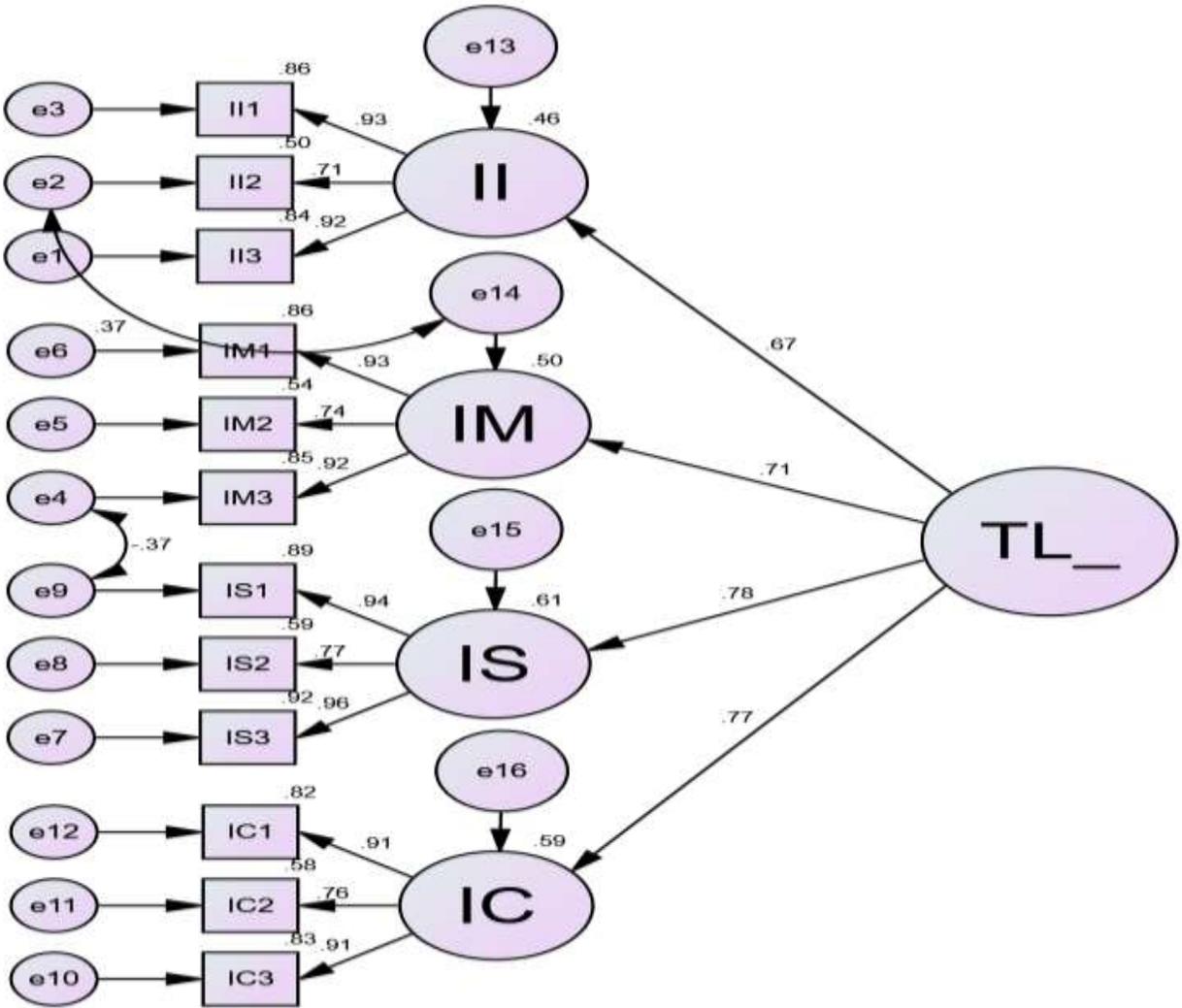


Figure 7.5. Final Second Order Measurement Model of Transformational Leadership style

Table 7.14. GOF Statistics for Final Second Order Model of Transformation Leadership Style

Fit indexes		Result	Acceptable value	Adequacy
Chi square	$\chi^2$ (p-value)	<b>93.889(0.066)</b>	P value >0.05	<b>Good</b>
	DF	<b>48</b>		
	$\chi^2/DF$	<b>1.956</b>	Between 1-3	<b>Good</b>
Absolute fit indices	RMSEA	<b>0.036</b>	< 0.05	<b>Good</b>
	GFI	<b>0.987</b>	>0.95	<b>Good</b>
	SRMR	<b>0.064</b>	<0.09	<b>Good</b>
Incremental fit indices	CFI	<b>0.978</b>	>0.95	<b>Good</b>
	NFI	<b>0.956</b>	>0.90	<b>Good</b>
Parsimony fit indices	AGFI	<b>0.893</b>	>0.80	<b>Good</b>

To make the model admissible and acceptable re-specification is required. Since all the SMC 's are good, the remedy can't be in that direction rather we need to see towards the modification indices/IM/. When Looking at the modification indices (MI), High value (above 15) indicates the presence of a redundant item in the model, so to solve the redundant item, as Zainudin Awang (2014) suggested, the researcher could choose one of the following methods; either to delete one of the item with lower factor loading or to set the pair of redundant item as free parameter estimate. The second suggestion (widely used method) is applied. The path between (e2 and e14) has 23.194 IM value, which is far above the recommended value of >15, this pair of redundant item shall be set as a free parameter estimate. Unfortunately, even after the remedy, the improvement was not enough to make the model admissible, thus the other pair of redundant items (e4 and e9) at 19.257 MI are set as free parameter estimate and the model appeared to be improved. The new measurement model along with the fitness indices are presented in Table 7.14. above.

The model is re-specified after pairs of redundant items (e2 and e14) at 23.194 IM and (e4 and e9) at 19.257 MI are set as a free parameter estimate. As can be seen in Table 7.14. above, the new chi-square value (93.889) is smaller than the independence model value (2116.273) which is another sign of a model fit. Similarly, the p-value is not significant which tells us to not reject the null hypothesis. Further, RMSEA is 0.036 and is well below the recommended limit of 0.05, Standardized Root Mean Square Residual (SRMR) is also well below the recommended limit of 0.09 at 0.064. The remaining fitness indices such as the normed chi-square, GFI, CFI, NFI, and AGFI are all showing model adequacy at 1.956, 0.987, 0.978, 0.956, and 0.910 respectively. The recommended values for the five indices are 1-3, >0.95, >0.95, >0.90, >0.80 respectively. The

confirmatory factor analysis results for the re-specified model are therefore exhibiting a proper fit between the model and the observed data.

#### *7.6.5.2. Convergent and Discriminant Validity*

After the CFA showed an acceptable model fit, constructs shall be checked for their validity and reliability through computing certain measures. This is a requirement prior to modeling the structural model. To this end, reliability is tested using composite reliability (CR) measures, whereas validity is verified by ensuring convergent and discriminant validity. The requirement of unidimensionality is already achieved through the item-deletion procedure and by ensuring the fitness indexes.

Before calculating convergent and discriminant validity, the necessary variables in their respective formulas such as the AVE, CR, MSV and ASV must be recognized. As a necessity, it is needed to get the factor correlation matrix table from correlations and standardized regression weights. This requirement consequently forces us to produce a measurement model with covariance results of constructs. As described in Table 7.14. above, the constructed full measurement model CFA result shows a model fit. The full first order measurement model of Transformational Leadership is shown in figure 7.6. below.

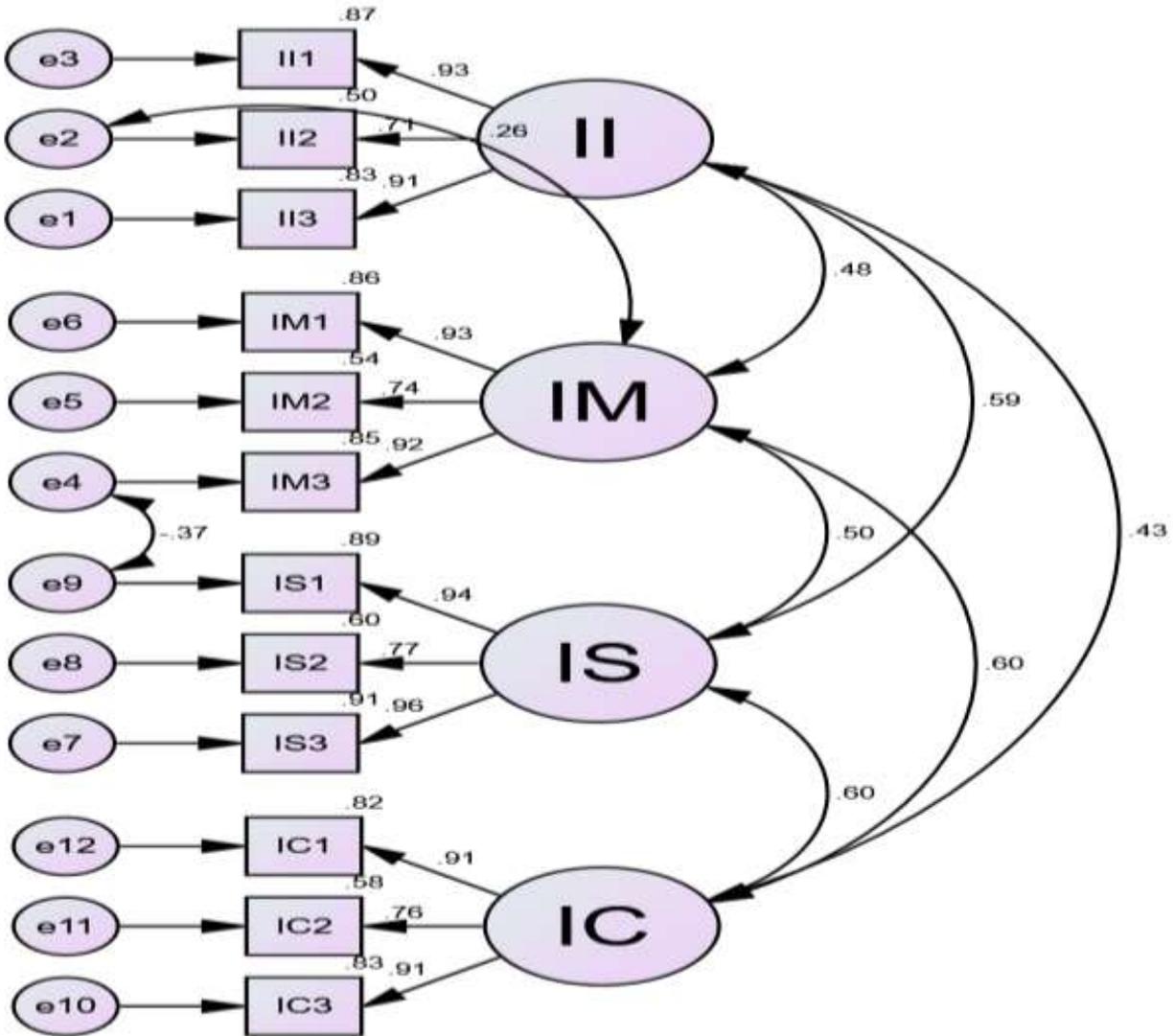


Figure 7.6. Full First-Order Measurement Model of The Transformational Leadership Construct

- **Convergent Validity of TL Construct**

There are two ways to see whether the model satisfies convergent validity or not. The first is when we have a statistically significant measurement model items and the second is through calculating the Average Variance Extracted (AVE) and Composite Reliability (CR) for every sub-construct. The value for AVE and CR must be 0.5 and 0.6 or higher respectively.

Table 7.15. Convergent Validity of Transformational Leadership Construct

Construct	Items	Factor loading	CR 0.6 or higher	AVE 0.5 or higher	Decision
Idealized influence	II1	0.917	0.890	0.733	Convergent validity established!
	II2	0.708			
	II3	0.925			
Inspirational motivation	IM1	0.922	0.899	0.751	Convergent validity established!
	IM2	0.737			
	IM3	0.927			
Intellectual stimulation	IS1	0.958	0.922	0.799	Convergent validity established!
	IS2	0.77			
	IS3	0.941			
Individual consideration	IC1	0.912	0.897	0.744	Convergent validity established!
	IC2	0.759			
	IC3	0.908			

As can be seen in Table 7.15. above, all the values of composite reliability test (0.890, 0.899, 0.922 and 0.897) and Average Variance Extracted test (0.733, 0.751, 0.799 and 0.744) for the four constructs are beyond the recommended values, which are 0.6 for CR and 0.5 for AVE, thus, this construct has survived convergent validity.

- **Discriminant Validity of The TL Construct**

Concerning discriminate validity, there are two ways to check. The first is when AVE is greater than MSV or ASV is less than AVE. The other way to confirm discriminant validity is when a diagonal value in the factor correlation matrix is higher than the values in its row and column.

Table 7.16. Discriminant Validity of Transformational Leadership Construct

Construct	II	IM	IS	IC	Discriminant validity
II	<b>0.857</b>				Established
IM	0.483	<b>0.867</b>			Established
IS	0.591	0.499	<b>0.894</b>		Established
IC	0.434	0.597	0.602	<b>0.863</b>	Established

By making use of the second method discriminant validity for all the four constructs is evaluated.

As the table above shows discriminant validity is ensured. This can be confirmed once the diagonal values in bold or the square root of AVE of the construct are higher than the values in their row and column.

#### 7.6.6. The Measurement Model of OL Construct

The organizational learning construct is hypothesized to have seven latent variables and 21 measurement items. The seven latent variables are, continuous learning, dialogue and inquiry, team learning and collaboration, imbedded systems, empowerment, systems connections, and strategic leadership. Each of the seven latent variables has three measurement items. Like the Transformational Leadership construct, thus far, no item/measure has failed any of the validity and reliability trials. The instrument is adopted not designed by the researcher thus not expected to fail the preliminary validity and reliability tests. Figure 7.7. illustrates the proposed CFA result of the organizational learning construct.

##### 7.6.6.1. *GOF and SMC Check*

From Table 7.17. one can easily understand that, except the normed chi square and chi square values, all other indices are below the recommended value. Since the chi-square levels are sensitive to sample size, taking the chi-square statistic as the best sign of model fit is not recommendable. Other powerful and precise indices are also showing poor fit. The value of the Root mean square error of approximation (RMSEA) is 0.093 which is far above the suggested value of 0.5, Goodness of Fit Index (GFI) is a poor fit at 0.813 as compared to the recommended value of 0.95. The results obtained for the rest of the indices are 0.081 for SRMR, 0.869 for CFI, 0.813

for NFI, and 0.762 for AGFI which are below the recommended values of  $<0.09$ ,  $>0.95$ ,  $>0.90$ , and  $>0.80$  respectively. Thus, the CFA result is clearly showing an unacceptable model fit and the theorized model is not fitting well with collected data.

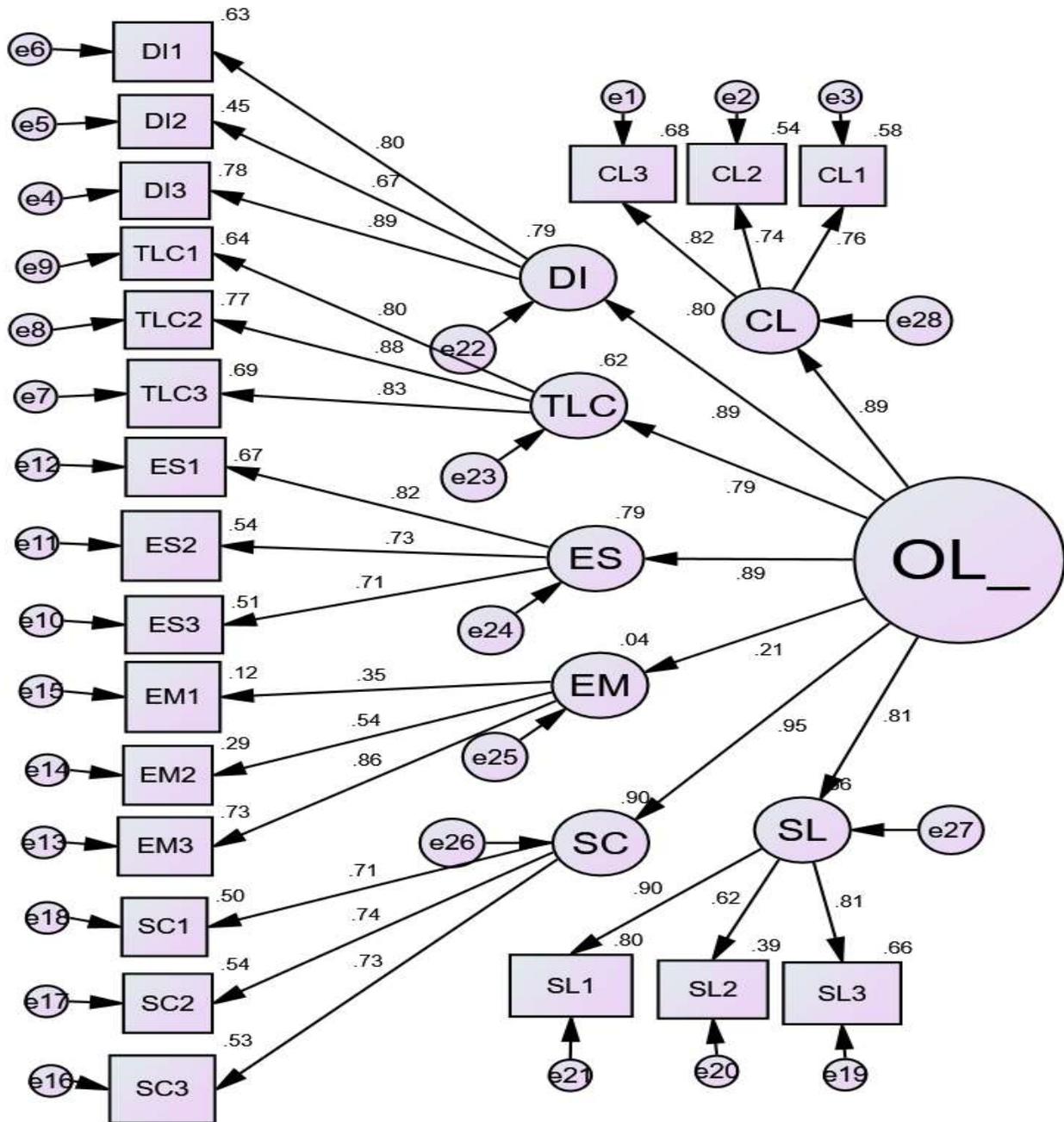


Figure 7.7. Proposed Second Order Measurement Model of Organizational Learning Construct

Table 7.17. GOF Statistics for Proposed Second Order Proposed Model of Organizational Learning

Fit indexes		Result	Acceptable value	Adequacy
Chi square	x <sup>2</sup> (p-value)	<b>513.751(0.02)</b>	P value >0.05	<b>Poor</b>
	DF	<b>182</b>		
	x <sup>2</sup> /DF	<b>2.823</b>	Between 1-3	<b>Good</b>
Absolute fit indices	RMSEA	<b>0.093</b>	< 0.05	<b>Poor</b>
	GFI	<b>0.813</b>	>0.95	<b>Poor</b>
	SRMR	<b>0.081</b>	<0.09	<b>Poor</b>
Incremental fit indices	CFI	<b>0.869</b>	>0.95	<b>Poor</b>
	NFI	<b>0.813</b>	>0.90	<b>Poor</b>
Parsimony fit indices	AGFI	<b>0.762</b>	>0.80	<b>Poor</b>

The proposed model is found inadmissible and cannot be acceptable thus, a model re-specification is desirable. The first remedy is to delete items or factors with unacceptable SMC values i.e. <0.5. As can be seen in figure 7.7, factor EM or 'empowerment' has shown a very low SMC value at (0.21). This is because It's two indicators (EM1 and EM2) are poor to predict the latent construct. The decision is made to delete the entire sub-construct i.e. 'empowerment' rather than only the two poor indicator variables because the remaining variable will be only one which is insufficient and unacceptable to measure a latent variable. Consequently, a model re-run is made. Despite the corrective measures, achieving the acceptable fitness indices is not possible. Therefore, freeing pair of redundant items as a free parameter shall come as a second line of measure. From the output table, three pair of items (e28 -e17 at 35.513, e23-e24 at 27.379, and e11-e23 at 21.621) are showing MI value greater than the recommended level (15). These pairs of redundant items are set as free parameters and a model re run is made. As the result shows, all the fitness indices are in the recommended zone. The modified measurement model is shown in figure 7.8. and Table 7.18. below.

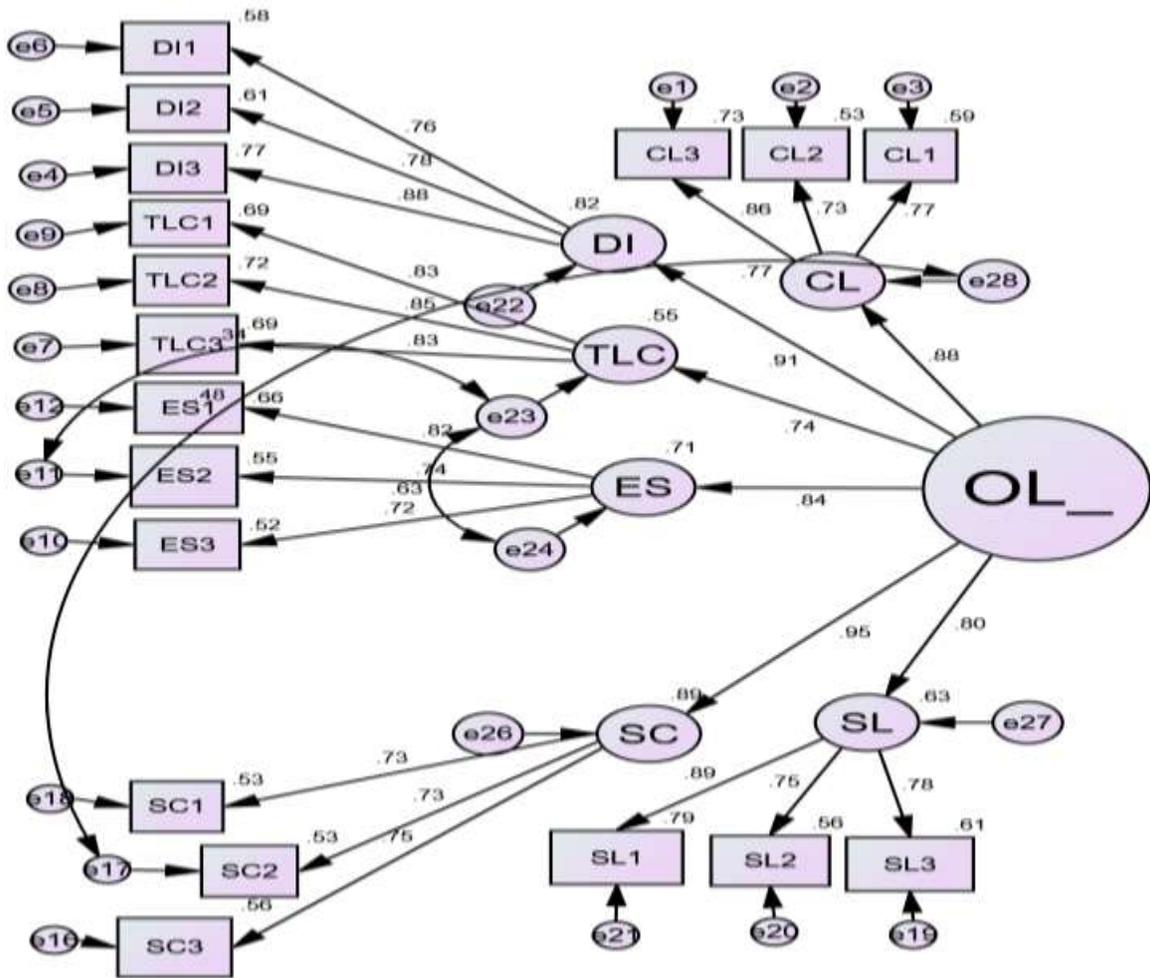


Figure 7.8. Final Second Order Measurement Model of The Organizational Learning Construct

Table 7.18. GOF Statistics for Final Second Order Model of Organizational Learning Construct

Fit indexes		Result	Acceptable value	Adequacy
Chi square	$\chi^2$ (p-value)	<b>348.492(0.07)</b>	P value >0.05	<b>Good</b>
	DF	<b>126</b>		
	$\chi^2$ /DF	<b>2.766</b>	Between 1-3	<b>Good</b>
Absolute fit indices	RMSEA	<b>0.012</b>	< 0.05	<b>Good</b>
	GFI	<b>0.978</b>	>0.95	<b>Good</b>
	SRMR	<b>0.044</b>	<0.09	<b>Good</b>
Incremental fit indices	CFI	<b>0.970</b>	>0.95	<b>Good</b>
	NFI	<b>0.945</b>	>0.90	<b>Good</b>
Parsimony Fit Indices	AGFI	<b>0.892</b>	>0.80	<b>Good</b>

After removing one factor, i.e. 'empowerment' and setting three pair of items (e28 -e17 at

35.513, e23-e24 at 27.379, and e11-e23 at 21.621) as free parameters, the model is re-specified and CFA is run. As can be seen from Table 7.18. above, the new chi-square value is relatively small compared to the value of the independence model (2620.508) and the p-value is not significant which is also in favor of the theory because by rejecting the null hypothesis i.e. “there is no difference between the patterns observed in these data and the model specified”; we are confirming the model fit. Further, the RMSEA of 0.012 is well below the recommended limit of 0.05, and the Standardized Root Mean Square Residual (SRMR) is also in the acceptable fit indices range of < 0.09 at 0.044. The remaining fitness indices are also meeting the criteria for an acceptable fit. Thus, the normed chi square is at 2.766, GFI is at 0.978, CFI is at 0.970, NFI is at 0.945, and AGFI is at 0.892. All are below or in the recommended values of 1-3, >0.95, >0.95, >0.90, >0.80 respectively. The confirmatory factor analysis for the re-specified model meets the criteria for acceptable model fit, thus, the data fit the posited model well and safe.

#### *7.6.6.2. Convergent and Discriminant Validity*

The following job is to compute reliability and validity measures to show the robustness and reliability of the model. This is especially significant when modeling the structural model. To this end, reliability is tested using the composite reliability measures, whereas validity is tried out by ensuring the convergent and discriminant validity. There is no need to ensure the requirements of unidimensionality because it is already achieved through the item-deletion procedure and by ensuring fit in the EFA test.

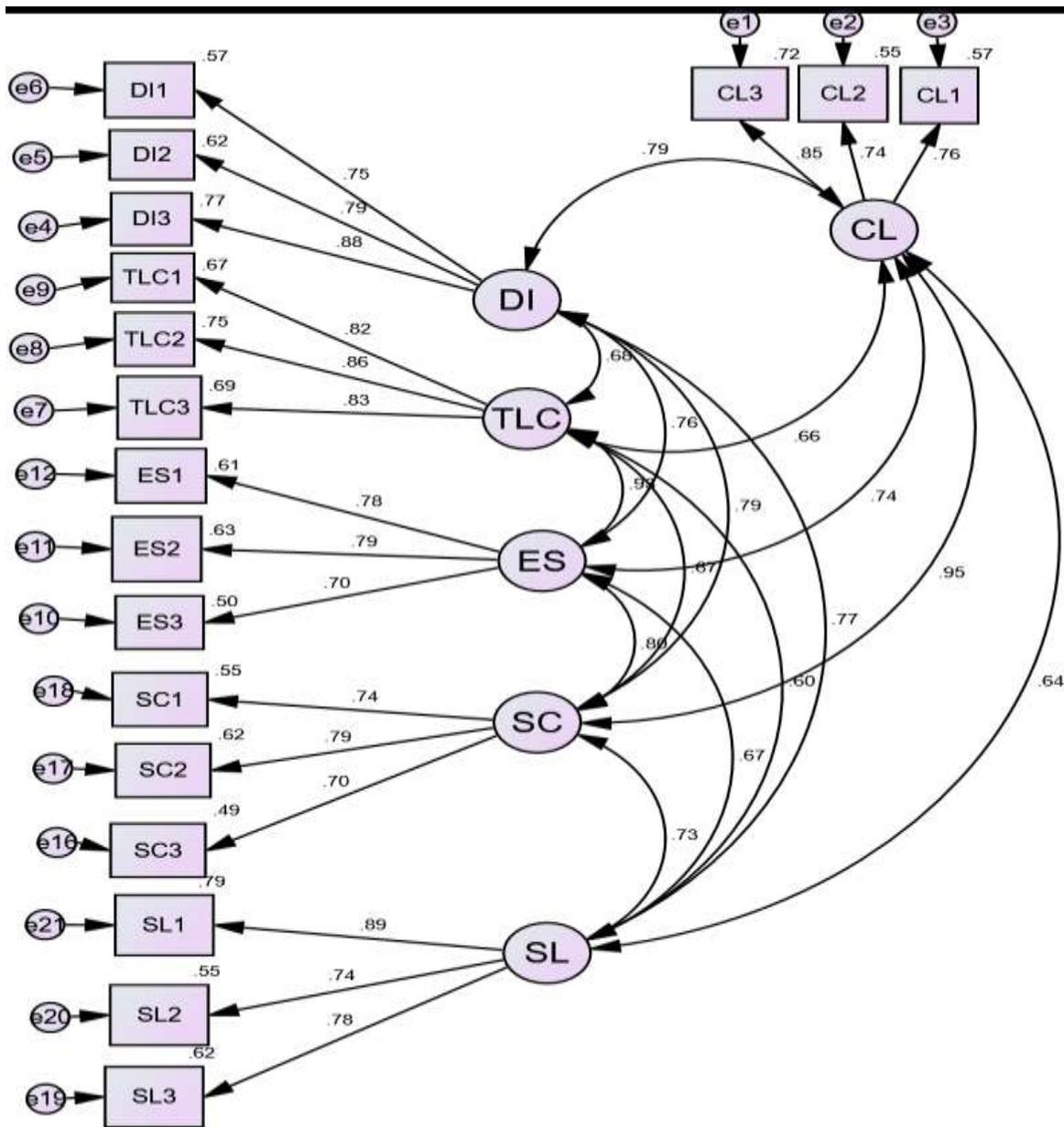


Figure 7.9. Full First-Order Measurement Model of The Transformational Leadership Construct

As discussed earlier, before computing convergent and discriminant validity, the necessary variables in their respective formulas including the AVE, CR, MSV and ASV should be known. This is done through producing the factor correlation matrix table using correlations and standardized regression weights. This requirement consequently forces us to develop a measurement model

with covariance results of constructs. As depicted in Table 7.18. the measurement model's CFA result shows the perfect fit between the data and the theory. The total first order measurement model of organizational learning construct is indicated in figure 7.9. below.

- **Convergent Validity of OL Construct**

One of the two methods used to check convergent validity requires all items in a measurement model to be statistically significant and the other one requires the value of AVE and CR are at least 0.5 and 0.6 respectively. As can be seen in Table 7.19. above, all the values of composite reliability test (0.826, 0.827, 0.874, 0.804, 0.765 and 0.826) and Average Variance Extracted test (0.613, 0.617, 0.99, 0.579, 0.520, and 0.618) for the six constructs are beyond the recommended values, i.e. 0.6 for CR and 0.5 for the AVE; consequently, convergent validity is achieved.

Table 7.19. Convergent Validity of Organizational Learning Construct

Construct	Items	Factor loading	CR 0.6 or higher	AVE 0.5 or higher	Decision
continuous learning,	CL1	0.854	0.826	0.613	Convergent validity established!
	CL2	0.734			
	CL3	0.756			
dialogue and Inquiry,	DI1	0.875	0.827	0.617	Convergent validity established!
	DI2	0.677			
	DI3	0.791			
team learning and collaboration,	TLC1	0.834	0.874	0.699	Convergent validity established!
	TLC2	0.848			
	TLC3	0.826			
Embedded systems,	ES1	0.728	0.804	0.579	Convergent validity established!
	ES2	0.736			
	ES3	0.815			
empowerment,	EM1	Deleted			
	EM2	Deleted			
	EM3	Deleted			
systems connections,	SC1	0.747	0.765	0.520	Convergent validity established!
	SC2	0.701			
	SC3	0.715			
strategic leadership	SL1	0.811	0.826	0.618	Convergent validity established!
	SL2	0.627			
	SL3	0.896			

- **Discriminant Validity of The OL Construct**

Of the three widely used methods to check discriminant validity, the first one is by ensuring all redundant items either to be deleted or constrained as a ‘free parameter’. The second method is by ensuring the AVE is greater than MSV or when the ASV is less than the AVE. The third way is by confirming all the diagonal value in the factor correlation matrix are higher than the values in its row and column. The following Table depicts discriminant validity test result using the third method discussed above.

Table 7.20. Discriminant Validity of Organizational Learning Construct

<b>Constructs</b>	<b>ES</b>	<b>CL</b>	<b>DI</b>	<b>SL</b>	<b>SC</b>	<b>TLC</b>
<b>ES</b>	<b>0.859</b>					
<b>CL</b>	0.746	<b>0.880</b>				
<b>DI</b>	0.757	0.834	<b>0.885</b>			
<b>SL</b>	0.732	0.655	0.780	<b>0.785</b>		
<b>SC</b>	0.813	0.826	0.733	0.740	<b>0.927</b>	
<b>TLC</b>	0.827	0.666	0.667	0.677	0.690	<b>0.846</b>

The result in Table 7.20. above supports discriminant validity is achieved. This can be known by ensuring all the diagonal values in bold or the square root of AVE of the constructs are higher than the values in their respective row and column.

### 7.6.7. The Measurement Model of CO Construct

The customer orientation construct is made up of eight indicators. From the original nine items one item (CO5) is removed because of failing the multicollinearity test. Figure 7.10. shows the CFA result for the first order measurement model of customer orientation construct.

As can be seen in Table 7.21, the initial model for customer orientation construct didn’t fit the

data well. The Chi-square statistic and the corresponding p-value is significant (sign of poor fit). The normed chi square is 3.696 which is far above the recommended value of between 1 to 3. Except the SRMR at 0.044, the rest of the indices are also proving poor fit. The Root mean square error of approximation (RMSEA) of 0.113 is a bad fit comparing to the recommended value of < 0.5, Goodness of Fit Index (GFI) is poor at 0.914. The 0.044 for SRMR, 0.945 for CFI, 0.840 for NFI, and 0.745 for AGFI are all inadequate comparing to the recommended values of <0.09, >0.95, >0.90, and >0.80 respectively. Therefore, the confirmatory factor analysis showed an unacceptable model fit.

The next task shall be looking for the appropriate corrective measures so that the model could fit the data. At this point, reviewing the SMC values of all indicators is recommended, thus, as depicted in figure 7.10. below, indicator CO7 has unacceptable SMC value at 0.09 which is far below the recommended loading of  $\geq 0.5$ . Thus, a model re run is made after removing CO7. However, the improvement is not good enough to make the model adequate.

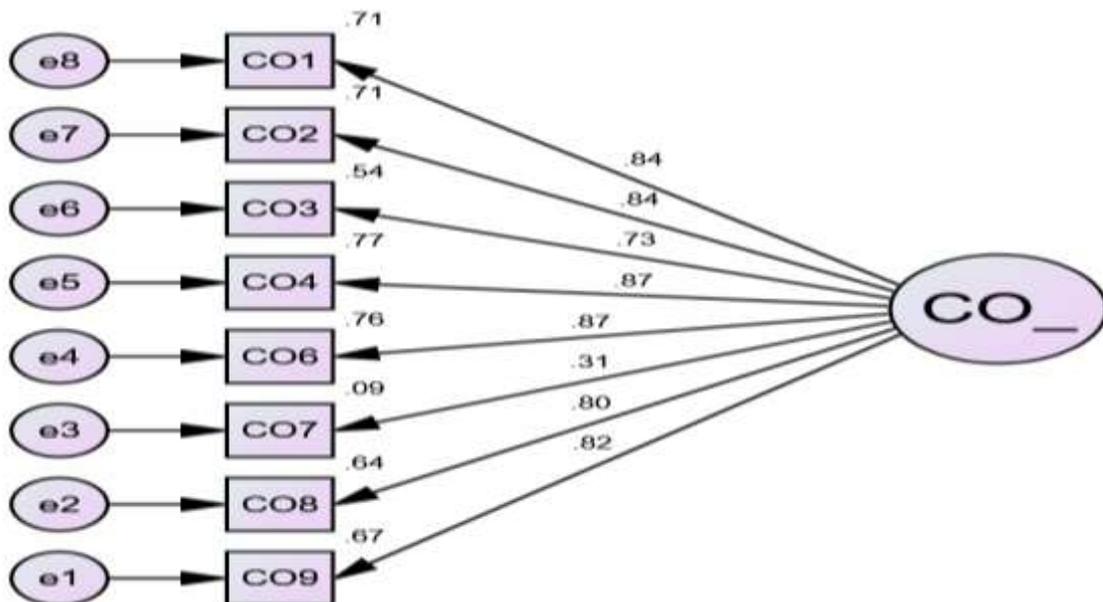


Figure 7.10. Proposed One Factor Measurement Model of Customer Orientation Construct

Table 7.21. GOF Statistics for Proposed One Factor Model of Customer Orientation Construct

Fit indexes		Result	Acceptable value	Adequacy
Chi square	$\chi^2$ (p-value)	<b>73.930(0.00)</b>	P value >0.05	<b>Poor</b>
	DF	<b>20</b>		
	$\chi^2$ /DF	<b>3.696</b>	Between 1-3	<b>Poor</b>
Absolute fit indices	RMSEA	<b>0.113</b>	< 0.05	<b>Poor</b>
	GFI	<b>0.914</b>	>0.95	<b>Poor</b>
	SRMR	<b>0.044</b>	<0.09	<b>Good</b>
Incremental fit indices	CFI	<b>0.945</b>	>0.95	<b>Poor</b>
	NFI	<b>0.840</b>	>0.90	<b>Poor</b>
Parsimony fit indices	AGFI	<b>0.745</b>	>0.80	<b>Poor</b>

After the first line of measure proved unsuccessful, the MI values are checked to see if there is any MI value >15. By doing so it is learned that two pair of items (e7-e5 and e8-e6) have MI values at 19.344, and 17.341 respectively which are far beyond the acceptable minimum MI value of 15. Thus, setting these redundant pairs of items as free parameters was the right decision. The result of the corrected first order measurement model for customer orientation construct is depicted in figure 7.11. and Table 7.22. below.

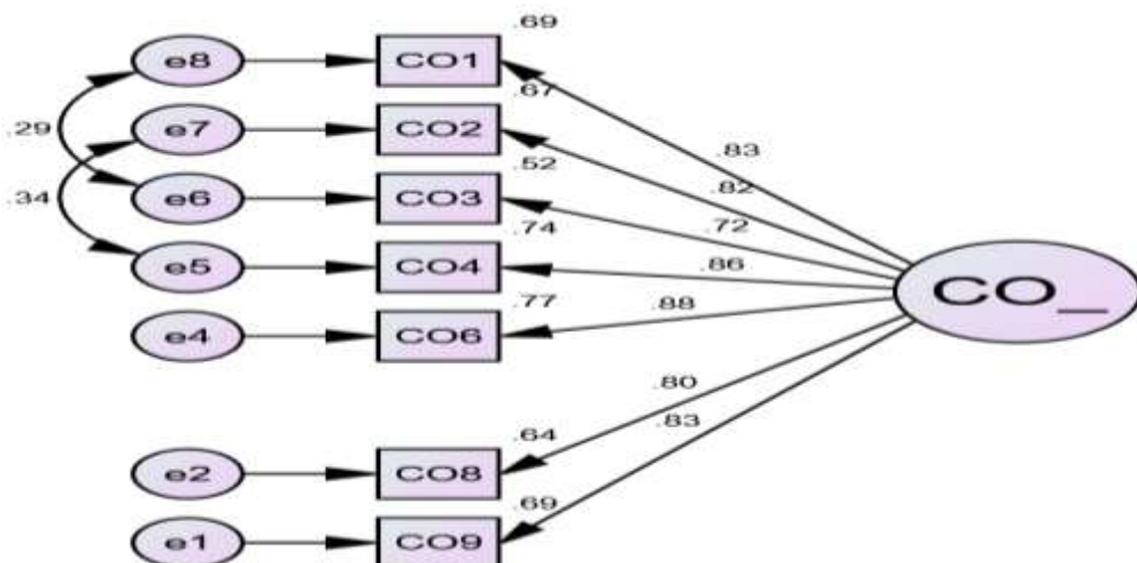


Figure 7.11. Final One Factor Measurement Model of Customer Orientation Construct

Table 7.22. GOF Statistics for Final One Factor Model of Customer Orientation Construct

Fit indexes		Result	Acceptable value	Adequacy
Chi square	$\chi^2$ (p-value)	<b>28.737(0.61)</b>	P value >0.05	<b>Good</b>
	DF	<b>12</b>		
	$\chi^2$ /DF	<b>2.395</b>	Between 1-3	<b>Good</b>
Absolute fit indices	RMSEA	<b>0.030</b>	< 0.05	<b>Good</b>
	GFI	<b>0.961</b>	>0.95	<b>Good</b>
	SRMR	<b>0.029</b>	<0.09	<b>Good</b>
Incremental fit indices	CFI	<b>0.986</b>	>0.95	<b>Good</b>
	NFI	<b>0.976</b>	>0.90	<b>Good</b>
Parsimony fit indices	AGFI	<b>0.910</b>	>0.80	<b>Good</b>

The re-specification of the model is done after one unsuccessful and other successful measures are executed. As can be seen from Table 7.22. above, all of the new fitness indices are authorizing good fit. The new chi-square value is relatively small compared to the value of the independence model (1195.701) and the p-value is not significant. The RMSEA of 0.030 is well below the recommended limit of 0.05, and the Standardized Root Mean Square Residual (SRMR) is also in the acceptable fit indices range at 0.029. The remaining fitness indices are also all meeting the criteria for an acceptable fit. So, the normed chi square is at 2.395, GFI is at 0.961, CFI is equal to 0.986, NFI is at 0.976, and AGFI is at 0.910; all of them are below/in the recommended values of 1-3, >0.95, >0.95, >0.90, >0.80 respectively. The confirmatory factor analysis for the final model therefore, meet the criteria for acceptable model fit.

#### 7.6.8. Modelling the Full Measurement Model

As exhibited below the pooled measurement model is consists of three second order constructs namely (marketing performance, transformational Leadership, and organizational learning ), and

one first order construct namely customer orientation. The marketing performance construct has three factors/dimensions and eleven measurement items, the transformational leadership construct has four factors/dimensions and twelve measurement items, the organizational learning construct is made up of six factors/dimensions and twenty-one measurement items. In the preceding validation works items with very low SMC's are deleted and some pair of redundant items are set as free parameters. These measures helped a lot to ensure the unidimensionality, validity and reliability of all the constructs involved in the model. Before validating the structural model and testing the hypotheses the validity of the pooled measurement model must be ensured.

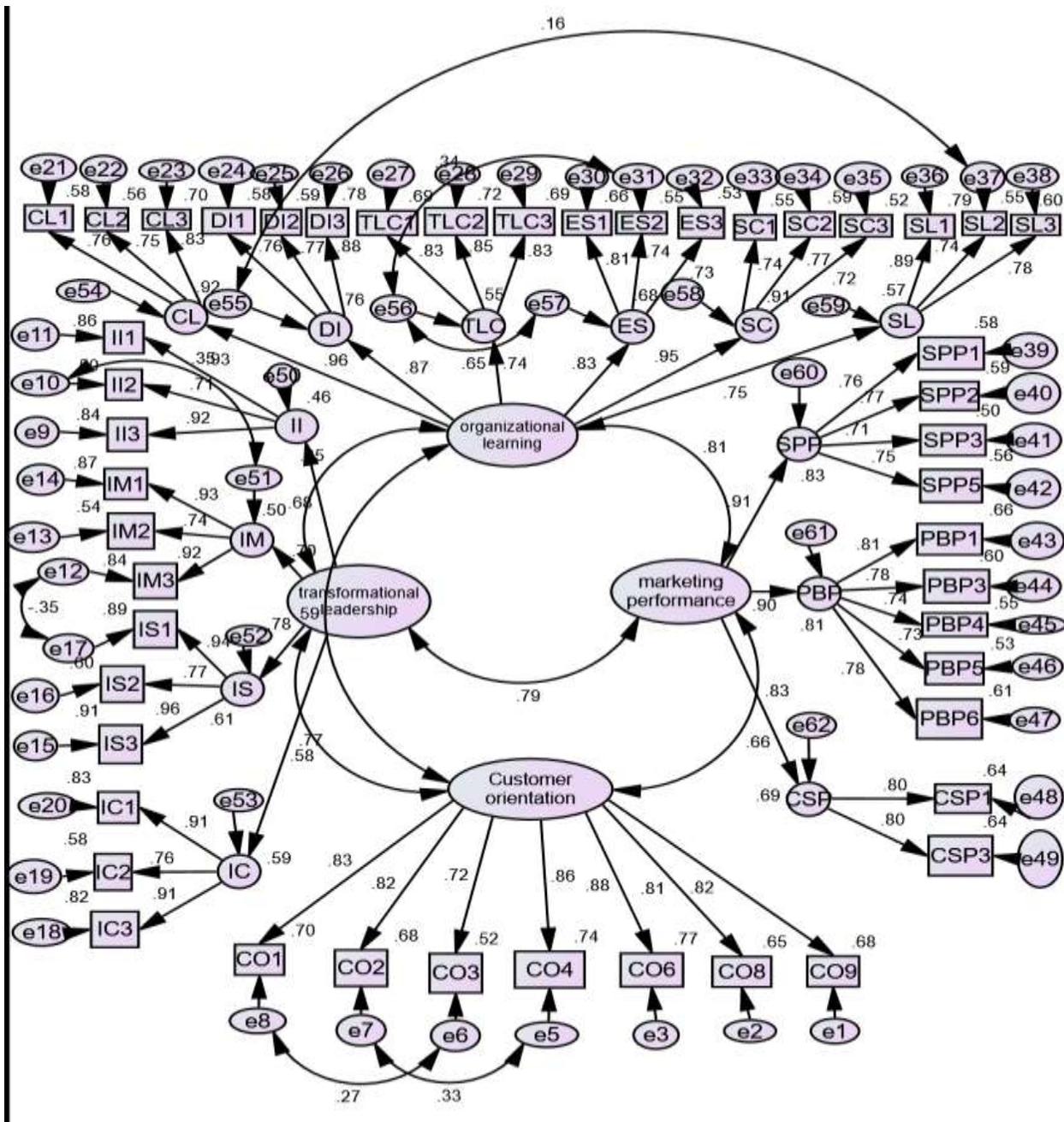


Figure 7.12. Full Confirmatory Factor Analysis Measurement Model

Table 7.23. GOF Indices for The Full Measurement Model

Fit indexes		Result	Acceptable value	Adequacy
Chi square	$\chi^2$ (p-value)	<b>1526.957 (0.06)</b>	P value >0.05	<b>Good</b>
	DF	<b>1054</b>		
	$\chi^2$ /DF	<b>1.449</b>	Between 1-3	<b>Good</b>
Absolute fit indices	RMSEA	<b>0.046</b>	< 0.05	<b>Good</b>
	GFI	<b>0.965</b>	>0.95	<b>Good</b>
	SRMR	<b>0.0509</b>	<0.09	<b>Good</b>
Incremental fit indices	CFI	<b>0.972</b>	>0.95	<b>Good</b>
	NFI	<b>0.908</b>	>0.90	<b>Good</b>
Parsimony fit indices	AGFI	<b>0.829</b>	>0.80	<b>Good</b>

#### 7.6.8.1. GOF and SMC Check

Figure 7.12. above shows the pooled CFA results for the full measurement model. As can be seen in Table 7.23 above, the full measurement model did fit the data well. The Chi-square statistic along with the corresponding p-value is significant. A significant p-value dictates us to reject the null hypothesis which says “there is no difference between the patterns observed in these data and the model specified”. Since the chi-square indicator is highly dependent on sample size, the result might be misleading therefore, looking into other fitness indices is recommended.

From other indices, the normed chi square result as shown in Table 7.23. is 1.449 which is in the recommended value of between 1 to 3. The Root mean square error of approximation (RMSEA) of 0.046 is showing a good fit comparing with the recommended value of < 0.5, Goodness of Fit Index (GFI) is adequate as well at 0. 965. The results for the rest of indices are 0.0509 for SRMR, 0.972 for CFI, 0.908 for NFI, and 0.829 for AGFI; all are below/in the recommended values of <0.09, >0.95, >0.90, and >0.80 respectively. Therefore, the result shows the theory and data fit well for the pooled/full measurement model.

### 7.6.8.2. Convergent and Discriminant Validity Check

Like the sub-constructs unidimensionality, validity and reliability test for the pooled measurement model shall be executed. This is because, without accomplishing these it is impossible to prepare and examine the structural model. To this end, reliability is checked using composite reliability measures whereas validity will be tried out by ensuring convergent and discriminant validity. There is no demand to ascertain the requirements of unidimensionality because it is already agreed through the item-deletion process and by ensuring fit in the EFA tests.

Table 7.24. Convergent Validity of The Full Measurement Model

Construct	Items	Factor loading	CR 0.6 or higher	AVE 0.5 or higher	Decision
Marketing performance	SPP	0.937	0.922	0.797	Convergent validity established!
	PBP	0.909			
	CSP	0.829			
Transformational learning	II	0.681	0.824	0.539	Convergent validity established!
	IM	0.705			
	IS	0.781			
	IC	0.766			
Organizational learning	SL	0.781	0.950	0.762	Convergent validity established!
	SC	0.959			
	EM	Deleted			
	ES	0.874			
	TLC	0.781			
	DI	0.888			
	CL	0.937			
Customer orientation	CO9	0.817	0.937	0.681	Convergent validity established!
	CO8	0.811			
	CO7	Deleted			
	CO6	0.869			
	CO4	0.852			
	CO3	0.748			
	CO2	0.822			
	CO1	0.85			

- **Convergent Validity of The Pooled Measurement Model**

As discussed earlier, convergent validity is attained when every value in a measurement model are statistically supported. Moreover, it could also be substantiated by calculating the Average Variance Extracted (AVE) and Composite Reliability (CR) for every construct. As discussed earlier the value of AVE and CR should be at least 0.5 and 0.6 respectively for an acceptable validity test. As can be seen from Table 7.24. Above, the values of composite reliability test (0.922, 0.824, 0.950, 0.937) and Average Variance Extracted test (0.797, 0.539, 0.762, 0.681) for the four constructs are well above the recommended values of 0.6 for CR and 0.5 for the AVE, thus, for this pooled/full measurement model convergent validity is not a problem.

- **Discriminant Validity of The Pooled Measurement Model**

There are three widely applied ways of checking discriminant validity, the first is by ensuring all redundant items are either deleted or constrained as ‘free parameter’. The second method is by ensuring the value of MSV is less than the AVE or the value of ASV is less than the AVE. The third is by confirming all the diagonal values in the factor correlation matrix are greater than the values in their row and column. The following Table presents discriminant validity test results by making use of the third technique discussed above.

Table 7.25. Discriminant Validity of The Full Measurement Model

Constructs	CO	OL	MP	TL	Discriminant validity
CO	<b>0.825</b>				Established
OL	0.581	<b>0.873</b>			Established
MP	0.663	0.795	<b>0.893</b>		Established
TL	0.581	0.639	0.789	<b>0.814</b>	Established

The test result, as shown in Table 7.25. above tells us that discriminant validity is not an issue for the pooled or full measurement model. One can easily understand this by ensuring the diagonal values in bold which are also the square root of AVE of the constructs are all higher than the values in their row and column.

### 7.6.9. Final Reliability

The last thing to do before developing the structural model and testing hypothesis is to ensure the internal consistency of dimensions and constructs. To this end computing the Cronbach's alpha is recommended which is the average of the coefficients.

Table 7.26. Final Reliability Test

<b>Item</b>	<b>Dimensions</b>	<b>Number of items</b>	<b>Item alpha score</b>	<b>Construct alpha score</b>
<b>Marketing performance</b>	Sales and profit performance	4	<b>0.822</b>	<b>0.915</b>
	Product and brand performance	5	<b>0.871</b>	
	Customer satisfaction performance	2	<b>0.878</b>	
<b>Transformational leadership style</b>	Idealized influence	3	<b>0.912</b>	<b>0.916</b>
	Inspirational motivation	3	<b>0.890</b>	
	Intellectual stimulation	3	<b>0.919</b>	
	Individual consideration	3	<b>0.892</b>	
<b>Organizational learning</b>	Continuous learning	3	<b>0.854</b>	<b>0.944</b>
	Dialogue and inquiry	3	<b>0.915</b>	
	Team learning and collaboration	3	<b>0.886</b>	
	Embedded systems	3	<b>0.879</b>	
	Systems connections	3	<b>0.870</b>	
	Strategic leadership	3	<b>0.937</b>	
<b>Customer orientation</b>		7	<b>0.952</b>	<b>0.952</b>
<b>Total reliability</b>		<b>48</b>		<b>0.966</b>

Despite there are many suggestions related to the satisfactory level of the alpha score, the one given by Vogt (2008) looks sound. Thus, as state by the Autor a Cronbach alpha coefficient close to 0.0 signify no consistency, when it is 1.0 showing a complete consistency, and an alpha score greater than or equal to .70 considered satisfactory.

As presented in Table 7.26. above, the alpha coefficient is 0.915 for marketing performance construct, 0.916 for Transformational Leadership construct, 0.944 for organizational learning construct and 0.952 for customer orientation construct. The total reliability is equal to 0.966 which is well above the minimum required score of  $\geq 0.7$ .

## **7.7. Summary**

This chapter discussed matters related to measure and model validation. Nearly all model validation techniques are discussed such as the face validity, content validity and construct validity. Content validity is ensured through a meticulous process involving pre-testing and pilot-testing tasks. Concerning construct validity, both the exploratory factor analysis and confirmatory factor analysis are used. Therefore, all construct's measurement models and the pooled measurement model are tested for convergent and discriminant validity. The next chapter is covering some of the most important topics of the study such as the analysis, results, and discussions.

# CHAPTER EIGHT

## ANALYSIS, RESULTS AND DISCUSSIONS

### 8.1. Introduction

In the previous chapter the validity and reliability of measures and models are tested and established. Content validity is ensured based on evidences from the literatures and opinions of experts. Initially generated items are passed through a series of steps until they are thought to be content wise valid. Construct validity (convergent and discriminant) are ensured using appropriate statistical procedures. First, the construct validity of each and every dimension in the four constructs is checked, then the construct validity of the entire model is tested and established. Throughout the testing procedure measures with low SMC and poor GOF are removed from further consideration. In relation to reliability of measures the famously branded score, i.e. the alpha coefficient is applied. For the sake of measure purification two items with low alpha score are deleted. In this chapter, the validity of the structural model is investigated and all the thirteen hypotheses are tested. Furthermore, mediation, moderation and multi-group analysis are executed.

### 8.2. Structural Model Fit and Hypothesis Testing

After the measurement model survived the tests of reliability and validity the researcher's attention immediately went to validating the structural model and hypothesis testing. Hair et.al. (2010, p 650), stated that, the structural model is still highly similar with the measurement model; the only difference is that, in the structural model the relationship is structural however in the measurement model the



criteria i.e. when all the goodness of fit indexes are acceptable, when the measurement model and structural model fitness indexes are closely related, when the variance explained estimates for the endogenous constructs are sufficient, and when the regression beta coefficients for every theorized hypothesis are significant and in the right direction. As Hair et.al. (2010) suggested, the more the GOF of the structural model is getting similar to the GOF of the measurement model the better the structural model fit; this is because the measurement model fit presents the upper bound to the GOF of a conservative structural model. The four conditions are discussed as follows. Consequently, when we look at the first criteria, as depicted in the Table below the GOF indices for the structural model, which includes the Chi square, Absolute fit indices, Incremental fit indices, and Parsimony fit indices are all displaying model adequacy.

Table 8.1. GOF Indices for The Structural Model

Fit indexes		Result	acceptable value	Adequacy
Chi square	$\chi^2$ (p-value)	<b>1526.957(0.064)</b>	P value >0.05	<b>Good</b>
	DF	<b>1054</b>		
	$\chi^2$ /DF	<b>1.449</b>	Between 1-3	<b>Good</b>
Absolute fit indices	RMSEA	<b>0.046</b>	< 0.05	<b>Good</b>
	GFI	<b>0.965</b>	>0.95	<b>Good</b>
	SRMR	<b>0.0509</b>	<0.09	<b>Good</b>
Incremental fit indices	CFI	<b>0.973</b>	>0.95	<b>Good</b>
	NFI	<b>0.910</b>	>0.90	<b>Good</b>
Parsimony fit indices	AGFI	<b>0.832</b>	>0.80	<b>Good</b>

After securing the fit of the GOF indices, the next validity check is to compare the GOF indices of the structural model with the equivalent measurement model. As a rule of thumb, for an acceptable model fit the GOF indices are expected to look like the measurement model GOF indices. As can be seen from Table 8.2. below, almost all of the GOF indices of the structural model are similar or very close to the equivalent measurement model indices. Hence, with this

result the researcher is obtaining another evidence for the theorized structural model adequacy.

Table 8.2. Comparison of The GOF Indices for Measurement and Structural Model

Fit indexes		Result		acceptable value
		Structural model	Measurement model	
Chi square	x <sup>2</sup> (p-value)	<b>1526.957(0.064)</b>	<b>1526.957 (0.06)</b>	P value >0.05
	DF	<b>1054</b>	<b>1054</b>	
	x <sup>2</sup> /DF	<b>1.449</b>	<b>1.449</b>	Between 1-3
Absolute fit indices	RMSEA	<b>0.046</b>	<b>0.046</b>	< 0.05
	GFI	<b>0.965</b>	<b>0.965</b>	>0.95
	SRMR	<b>0.0509</b>	<b>0.0509</b>	<0.09
Incremental fit indices	CFI	<b>0.973</b>	<b>0.972</b>	>0.95
	NFI	<b>0.910</b>	<b>0.908</b>	>0.90
Parsimony fit indices	RFI	<b>0.832</b>	<b>0.829</b>	>0.80

The third criteria to check structural model validity is through evaluating the extent of the variance explained estimates for all endogenous constructs. Hence, as can be seen in figure 8.1. above, the model explains 79% of the variance in marketing performance construct, which is deemed very good. The variance explained estimates for each of the other two endogenous constructs i.e. organizational learning and customer orientation is 43 and 42 respectively, which is again understood to be decent.

The fourth and last structural model validity criterion is investigating the size, direction, and significance of the structural model parameter estimates. As presented below all the six-predicted hypothesis (structural model parameters) are showing good size, proper direction, and statistically significant values.

Table 8.3. Path Estimates, Direction, and Significance

Paths		Est.	SE	CR	P
Organizational learning	← Transformational leadership style	.653	.116	6.557	***
Customer orientation	← Transformational leadership style	.337	.144	3.687	***
Customer orientation	← Organizational learning	.375	.114	3.871	***
Marketing performance	← Customer orientation	.157	.046	2.468	**
Marketing performance	← Transformational leadership style	.401	.095	4.620	***
Marketing performance	← Organizational learning	.455	.073	5.150	*

\*\*\* p<.001, \*\* p<.01, \*p<.05

### 8.3. Mediation Analysis

As can be recalled, the study hypothesized the indirect effect of Transformational Leadership on marketing performance via organizational learning and customer orientation. The current study prefers the SEM techniques for mediation analysis over the standard regression method suggested by the Baron and Kenny. The reasons to choose the SEM approach over the traditional approach is many such as it is more proper for complicated mediation models, it provides model fit information about the consistency of the hypothesized mediation model to the data, and finally the standardized regression method suggested by the baron and Kenny (1986) as discussed by (Hayes 2009) are shown to be low powered. Afterwards the indirect effect of Transformational Leadership on marketing performance both via organizational learning and customer orientation is examined.

### 8.3.1. The Indirect Impact of Transformational Leadership on Marketing Performance Through Organizational Learning.

Literatures have shown strong evidences towards the mediating role of organizational learning between Transformational Leadership and marketing performance. With this reliable and strong backing, the current study hypothesized the indirect effect of TL on MP via OL. To make the data manageable, imputation has been performed, so that only constructs but not associated dimensions are used in the analysis. As suggested by the SEM approach for mediation analysis, before running the analysis, all preconditions shall be assured. The first requirement is ensuring the adequacy of the GOF indices/the global measures/. Hence, as presented in 8.4 below, all the GOF indices are showing good fit. The second requirement is ensuring the sufficiency of the  $r^2$  or explained variance estimates for all exogenous variables. As can be seen in the figure below the  $r^2$  value is 88% for marketing performance construct, 52% for organizational learning construct and 48% for consumer orientation construct. With these magnificent values for both global tests, we are getting the pass to test the indirect impact of Transformational Leadership on marketing performance via organizational learning.

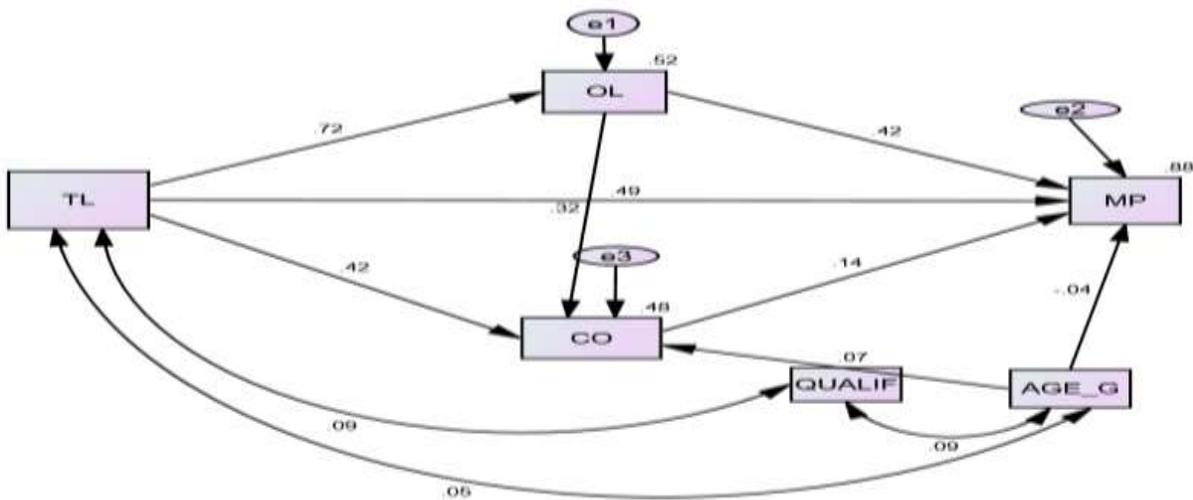


Figure 8.2. Causal Model for Mediation Analysis /OL And MP Via OL/

Table 8.4. GOF Indices for Causal Model for Mediation Analysis /OL And MP Via OL/

Fit indexes		Result	acceptable value	Adequacy
Chi square	$\chi^2$ (p-value)	<b>4.624(0.328)</b>	P value >0.05	<b>Good</b>
	DF	<b>4</b>		
	$\chi^2$ /DF	<b>1.156</b>	Between 1-3	<b>Good</b>
Absolute fit indices	RMSEA	<b>0.027</b>	< 0.05	<b>Good</b>
	GFI	<b>0.993</b>	>0.95	<b>Good</b>
	SRMR	<b>0.0271</b>	<0.09	<b>Good</b>
Incremental fit indices	CFI	<b>0.999</b>	>0.95	<b>Good</b>
	NFI	<b>0.994</b>	>0.90	<b>Good</b>
Parsimony fit indices	AGFI	<b>0.962</b>	>0.80	<b>Good</b>

After ensuring the adequacy of the two global tests (GOF and  $r^2$ ), the next step is to ensure the adequacy of the local test (p value) of the mediation analysis along with its direction. As depicted in Table 8.5 below, the standardized regression weight for the indirect impact of transformational Leadership to Marketing Performance through organizational learning is 0.322 and statistically significant at  $P < 0.001$ . With this we can confirm the mediating role of organizational learning by strengthening the positive impacts of Transformational Leadership style on marketing performance. The type of mediation observed here is a ‘partial mediation’, because the direct relationship between the independent variable (transformational leadership) and the dependent variable (marketing performance) is still statistically significant even in the presence of the mediator variable (organizational learning).

Table 8.5. Indirect Path Estimates, Direction, And Significance

Parameter	Estimate	Lower	Upper	P
A x B	.302	.236	.421	.001

### 8.3.2. The Indirect Impact of Transformational Leadership on Marketing Performance Through Customer Orientation.

The reviewed literatures have shown strong evidences towards the mediating role of customer orientations in strengthening the positive effects of Transformational Leadership on marketing performance. Having this support, the current study has posited an indirect relationship between Transformational Leadership and marketing performance through customer orientation. Data imputation has been executed so that only constructs but not associated dimensions are involved in the analysis. As suggested by the SEM approach for mediation analysis, before running the analysis, all preconditions shall be ensured. Therefore, the first necessity is to make sure that all the GOF indices/the global measures/ are adequate. Hence, as presented in Table 8.6 below, all the GOF indices are showing good fit. The second requirement is ensuring the sufficiency of the  $r^2$  or explained variance estimates for all exogenous variables. As can be seen in the figure below, the  $r^2$  value is 88% of marketing performance construct, 52% of organizational learning construct and 48% for consumer orientation construct. These superb values for both global tests are our passes to the next step, i.e. testing the indirect impact of Transformational Leadership on marketing performance via customer orientation.

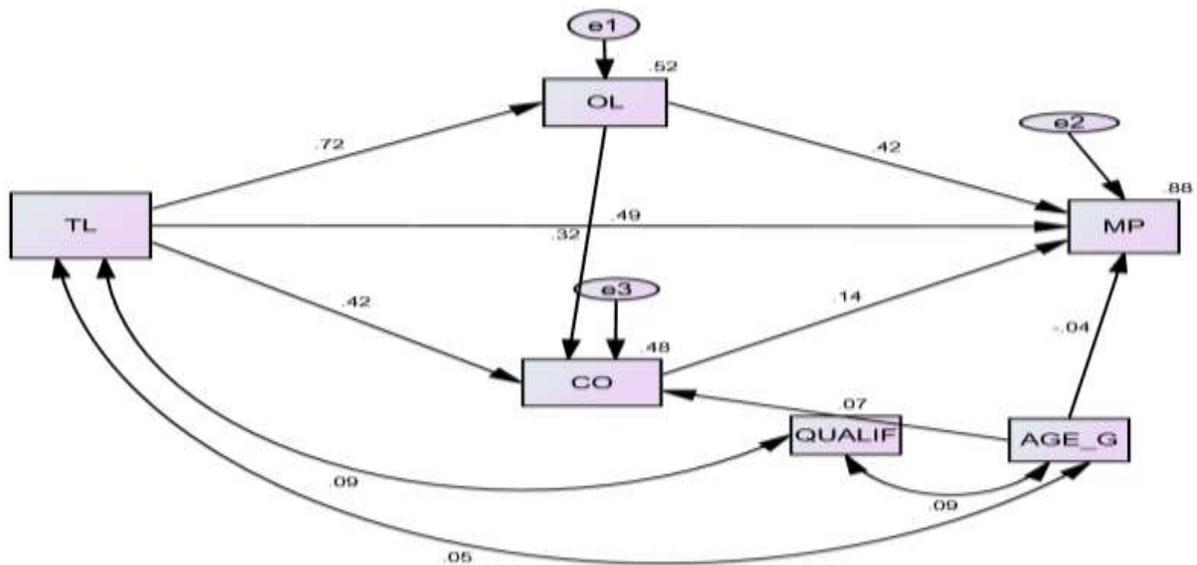


Figure 8.3. Causal Model for Mediation Analysis /OL And MP Via CO/

Table 8.6. GOF Indices for Causal Model for Mediation Analysis /OL And MP Via CO/

Fit indexes		Result	acceptable value	Adequacy
Chi square	$\chi^2$ (p-value)	<b>4.624(0.328)</b>	P value >0.05	<b>Good</b>
	DF	<b>4</b>		
	$\chi^2$ /DF	<b>1.156</b>	Between 1-3	<b>Good</b>
Absolute fit indices	RMSEA	<b>0.027</b>	< 0.05	<b>Good</b>
	GFI	<b>0.993</b>	>0.95	<b>Good</b>
	SRMR	<b>0.0271</b>	<0.09	<b>Good</b>
Incremental fit indices	CFI	<b>0.999</b>	>0.95	<b>Good</b>
	NFI	<b>0.994</b>	>0.90	<b>Good</b>
Parsimony fit indices	AGFI	<b>0.962</b>	>0.80	<b>Good</b>

The adequacy of the two global tests (GOF and  $r^2$ ) are not the end of our mediation test rather better to say the beginning because once we confirmed their adequacy we will go to test the local values or the standardized regression weight for the indirect relationship along with the direction. As depicted in Table 8.7 below, the standardized regression weight for the indirect impact of transformational Leadership to Marketing Performance through customer orientation

is 0.061 and statistically significant at  $P < 0.001$ . With this we can confirm the mediating role of customer orientation in strengthening the positive impacts of Transformational Leadership on marketing performance. Moreover, the type of mediation detected is a ‘partial mediation’ because the direct relationship between the independent variable (transformational leadership) and the dependent variable (marketing performance) is still statistically significant even in the presence of the mediator variable (organizational learning).

Table 8.7. Indirect Path Estimates, Direction, and Significance

Parameter	Estimate	Lower	Upper	P
A x B	.061	.031	.105	.001

#### 8.4. Moderation Analysis

For Baron and Kenny (cited in Hayes 2009) moderation is an analysis by which the researcher divides a specific independent variable into subgroups to understand the groups varied influences on a given depended variable. The current study proposed hypotheses for the moderating role of experience in strengthening the positive impacts of Transformational Leadership on customer orientation and marketing performance. Across the literatures, the moderating effect of experience is discussed frequently. Therefore, these moderation hypotheses are postulated based on the huge backings of these literatures. Further to this analysis, as Awang (2012) suggested, researcher must use either the ‘interval’ or ‘ratio scales’ to measure the exogenous and endogenous variables and any scale (nominal, ordinal, interval, and ratio) to measure the ‘moderating variables’. Generally, there are two competing approaches to test the moderating effect of variables i.e. ‘the Ordinary Least Square regression’ (OLS) and

'Structural Equation Modeling' (SEM). Despite the fact that OLS regression method seems simpler and easy to use, the current study prefers the Structural Equation Modeling approach. This is because of the multiple advantages of the SEM approach such as its power to test more complicated models in single analysis; it provides model fit information and the consistency of hypothesized moderation model to the data; and it gives evidence about the plausibility of causality assumption made at the of time of moderation model construction. Besides, the Ordinary Least Square regression method suggested by baron and Kenny are low powered. As a prerequisite, before testing the moderation effect the positive effect of the exogenous variable (transformational leadership) on the endogenous variables (customer orientation & marketing performance) must be established.

#### **8.4.1. The Moderating Role of Experience in Strengthening the Positive Impacts of Transformational Leadership Style on Marketing Performance**

Similar to the mediation analysis, moderation analysis also requires the satisfaction of the two global tests i.e. the GOF and  $r^2$ . As can be seen in the Table below, therefore, all the GOF indices are adequate. Likewise, the  $r^2$  or the explained variance estimates for the three endogenous variables are sufficient at 88%, 52% and 48% for Transformational Leadership, organizational learning and marketing performance respectively. These acceptable values are our permits to investigate whether or not experience strengthens the positive impacts of Transformational Leadership on marketing performance.

According to the result, the hypothesis that theorized the moderating role of experience in strengthening the positive effect of Transformational Leadership style on marketing performance

is supported. Moreover, the type of moderation occurs is partial moderation because the hypothesis for the main effect (transformational leadership on marketing performance) is still significant after the moderator enters the model. In other words, the regression weight between Transformational Leadership and marketing performance is significant at  $p < 0.001$ . The regression coefficient of product term (TL\*exp.) on marketing performance is positive at (0.093), which indicates the moderating variable (leaders experience) strengthens the causal effects of Transformational Leadership on marketing performance.

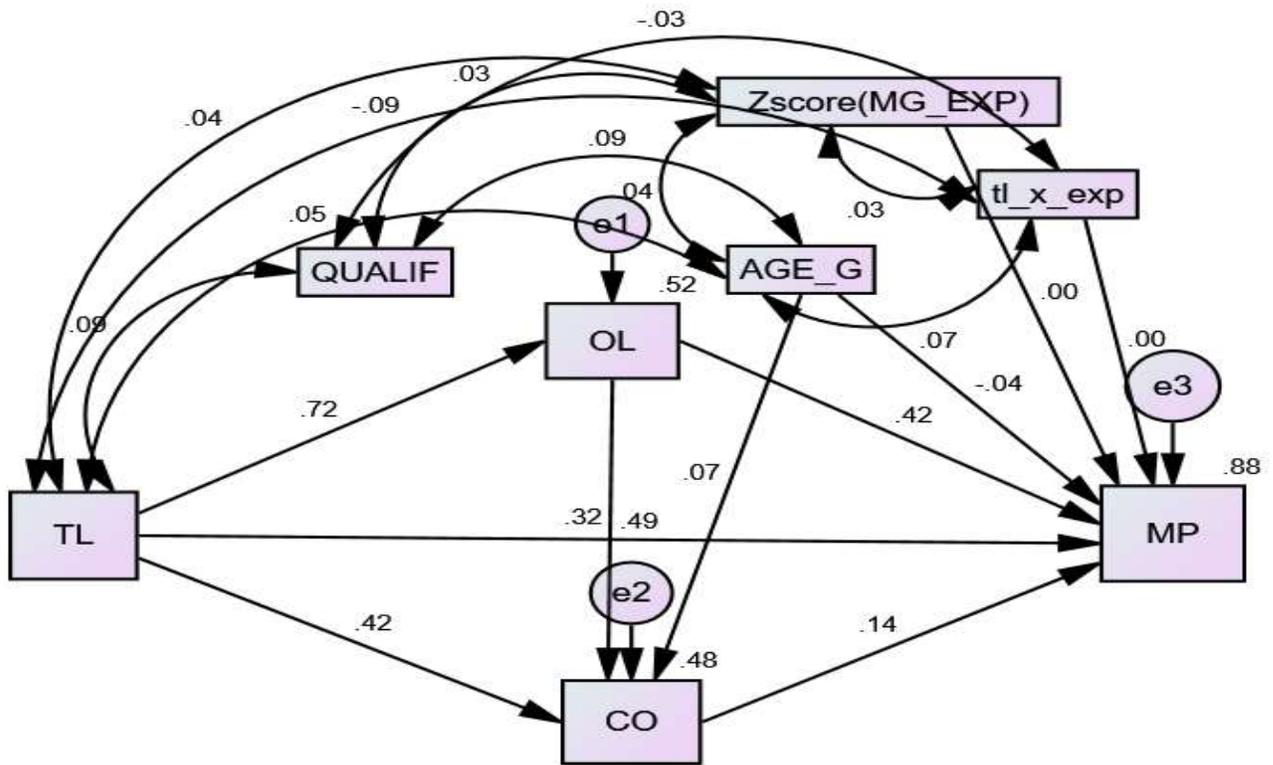


Figure 8.4. Causal Model for Interaction Analysis /Exp. X TL On MP/

Table 8.8. GOF Statistics for The Causal Model for Interaction Analysis /Exp. X TL On MP/

Fit indexes		Result	acceptable value	Adequacy
Chi square	$\chi^2$ (p-value)	<b>5.596(0.692)</b>	P value >0.05	<b>Good</b>
	DF	<b>8</b>		
	$\chi^2$ /DF	<b>0.699</b>	Between 1-3	<b>Good</b>
Absolute fit indices	RMSEA	<b>0.000</b>	< 0.05	<b>Good</b>
	GFI	<b>0.993</b>	>0.95	<b>Good</b>
	SRMR	<b>0.0230</b>	<0.09	<b>Good</b>
Incremental fit indices	CFI	<b>1.000</b>	>0.95	<b>Good</b>
	NFI	<b>0.993</b>	>0.90	<b>Good</b>
Parsimony fit indices	AGFI	<b>0.971</b>	>0.80	<b>Good</b>

The result implies that an increase in leaders' experience could strengthening their positive effects on marketing performance; in other words, experience strengthens the positive relationship between Transformational Leadership and marketing performance.

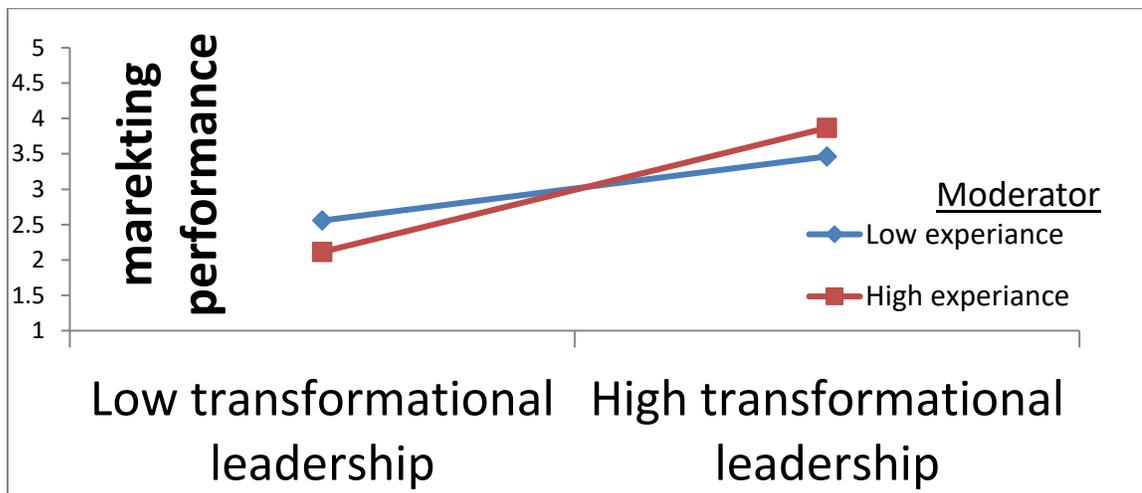


Figure 8.5. Moderating Effect of Experience Between TL And MP

#### 8.4.2. The Moderating Role of Experience in Strengthening the Positive Impacts of Transformational Leadership Style on Customer Orientation

The path diagram below and the associated values are indicating the satisfaction of the two global tests i.e. the GOF and  $r^2$ , which are the requirements to proceed in to the interaction

analysis. As can be seen in the table 8.9. below, all the GOF indices are showing good fit. Similarly, the r2 or the explained variance estimates for all endogenous constructs (Transformational Leadership, organizational learning and marketing performance constructs) are sufficient at 88%, 52% and 48% respectively. These values are, therefore, our permits to investigate whether or not experience strengthens the positive impacts of Transformational Leadership on customer orientation.

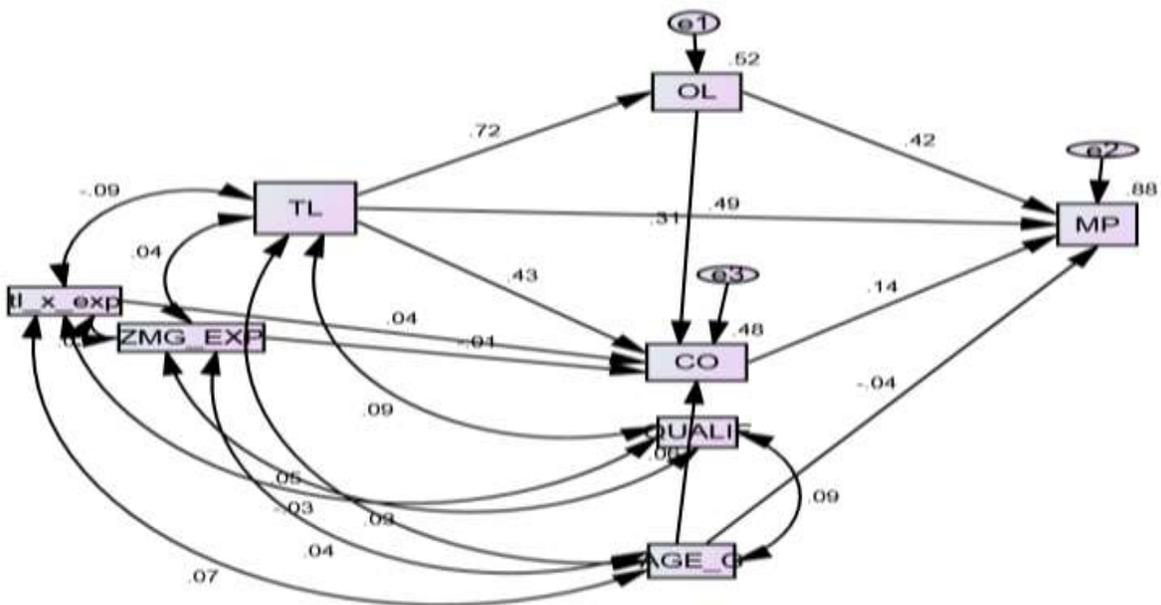


Figure 8.6. Causal Model for Interaction Analysis /Exp. X TL On CO/

Table 8.9. GOF Statistics for The Causal Model for Interaction Analysis /Exp. X TL On CO/

Fit indexes		Result	acceptable value	Adequacy
Chi square	$\chi^2$ (p-value)	<b>5.596(0.692)</b>	P value >0.05	<b>Good</b>
	DF	<b>8</b>		
	$\chi^2$ /DF	<b>0.699</b>	Between 1-3	<b>Good</b>
Absolute fit indices	RMSEA	<b>0.000</b>	< 0.05	<b>Good</b>
	GFI	<b>0.993</b>	>0.95	<b>Good</b>
	SRMR	<b>0.0230</b>	<0.09	<b>Good</b>
Incremental fit indices	CFI	<b>1.000</b>	>0.95	<b>Good</b>
	NFI	<b>0.993</b>	>0.90	<b>Good</b>
Parsimony fit indices	AGFI	<b>0.971</b>	>0.80	<b>Good</b>

As the above interaction analysis result shows, the hypothesis that predicts the moderating role of experience in strengthening the positive effect of Transformational Leadership on customer orientation is not supported. The regression coefficient beta from (Transformational Leadership \*experience) to customer orientation is negative at (-0.016), which indicates the moderating variable (leaders experience) weakens the causal effects of Transformational Leadership on customer orientation. In other words, the increase in leaders' experience would give negative effects on their customer orientation. In other words, experience dampens the positive relationship between Transformational Leadership and customer orientation.

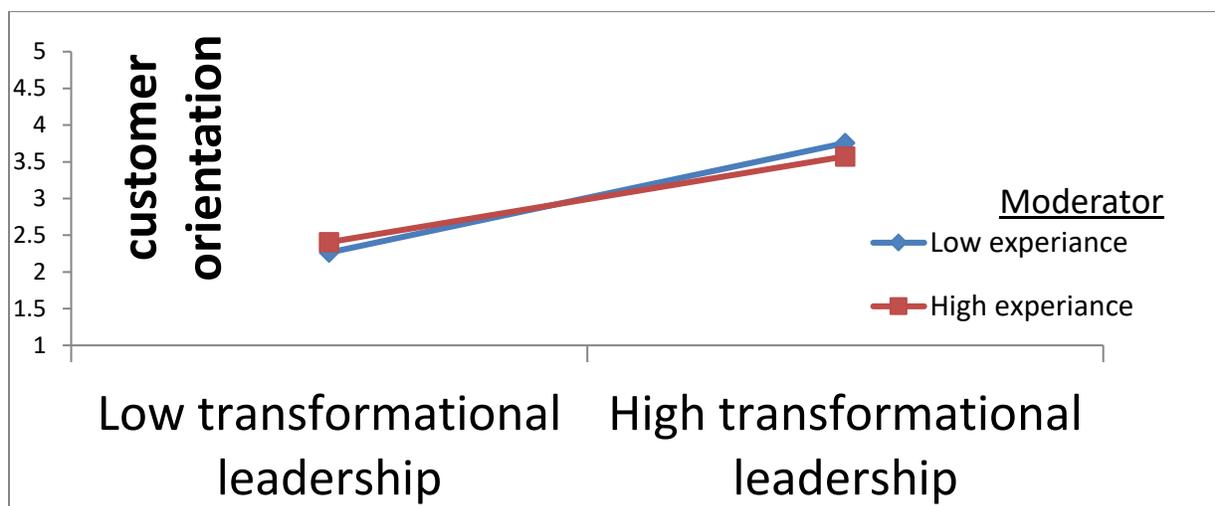


Figure 8.7. Moderating Effect of Experience Between TL And CO

### 8.5. Comparing the Group Effects for Moderator Variables

This study has also proposed hypotheses which demands group effect comparison for three different moderating variables i.e. gender of leaders, management position of leaders and organizational size. As Awang (2012) suggested, for categorical moderators, it is appropriate to use a multiple group SEM approach, by which each level of the moderator is specified as a group e.g. male and female then the differences in regression coefficients or slopes across groups shall

be investigated. Tests of differences in slopes i.e., moderation, involve nested models comparing constrained vs. unconstrained regression coefficient parameters. Evidence of moderation is when unconstrained model fits significantly better than the constrained model. After insuring the existence of a moderation effect, the next step is to compare group effects of variables. Accordingly, the current study is using the above procedural method to investigate the group effects of gender of leaders, management position of leaders and brewery sizes as follows.

### 8.5.1. Comparing Group Effects for Leaders Gender

As a requirement for comparing group effects, it is necessary to the moderating variable (gender) to have a significant moderation effect between Transformational Leadership and marketing performance. Significant moderation effect is always examined by looking at the ‘chi-square’ difference between the ‘constrained’ and ‘unconstrained’ model or the nested model.

Table 8.10.  $\chi^2$  & Degree of Freedom values for the “constrained model”

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	121	1423.296	1055	.000	1.349
Saturated model	1176	.000	0		
Independence model	48	6044.204	1128	.000	5.358

Table 8.11.  $\chi^2$  & Degree of Freedom values for the Unconstrained Model

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	122	1410.083	1054	.000	1.338
Saturated model	1176	.000	0		
Independence model	48	6044.204	1128	.000	5.358

Table 8.12. The Moderation Test for leaders Gender

Indices	Constrained Model	Unconstrained Model	Chi-Square Difference	Result on Moderation	Result on Hypothesis
Chi-Square	1423.296	1410.083	13.213	Significant	Supported
DF	1055	1054	1		
RMSEA	0.051	0.051			
GFI	0.718	0.720			
SRMR	0.065	0.059			
CFI	0.925	0.928			
NFI	0.765	0.767			
RFI	0.748	0.750			
<i>H11: the positive effect of Transformational Leadership style on marketing performance is stronger for females than males</i>					Supported

As can be seen above, the  $\chi^2$  difference between the 'constrained' and 'unconstrained' model is more than 3.84. The  $\chi^2$  value for the constrained model and unconstrained model is 1423.296 and 1410.83 respectively, the difference is going to be 13.213, which confirms the existence of a moderation effect. Likewise, the difference in DF between the two models is equal to 1 which is found by deducting 1054 from 1055. As it is well known, a significant moderation test is existed if the  $\chi^2$  difference is greater than the value of  $\chi^2$  with 1 DF, i.e. 3.84

Once the moderation effect is established, it is now the right time to investigate the multi-group effects of leaders' gender. This test could answer one of the most important question of this study i.e. "in which group of transformational leaders (female or male) the relationship between Transformational Leadership and marketing performance is stronger"? To answer this particular research question, the researcher separately run the 'unconstrained model' using the two data sets (the split data set for female and male leaders) followed by an evaluation of the regression beta values and its statistical significance for both datasets as illustrated below.

Table 8.13. Standardized Beta Estimates, P Values and Results for the Effect of TL on OL for

Female and Male Groups

Path	Standardized beta Estimate	P value	Result	Group
MP ← TL	0.42	.032	Significant at 0.05	Female
MP ← TL	0.31	.047	Significant at 0.05	Male

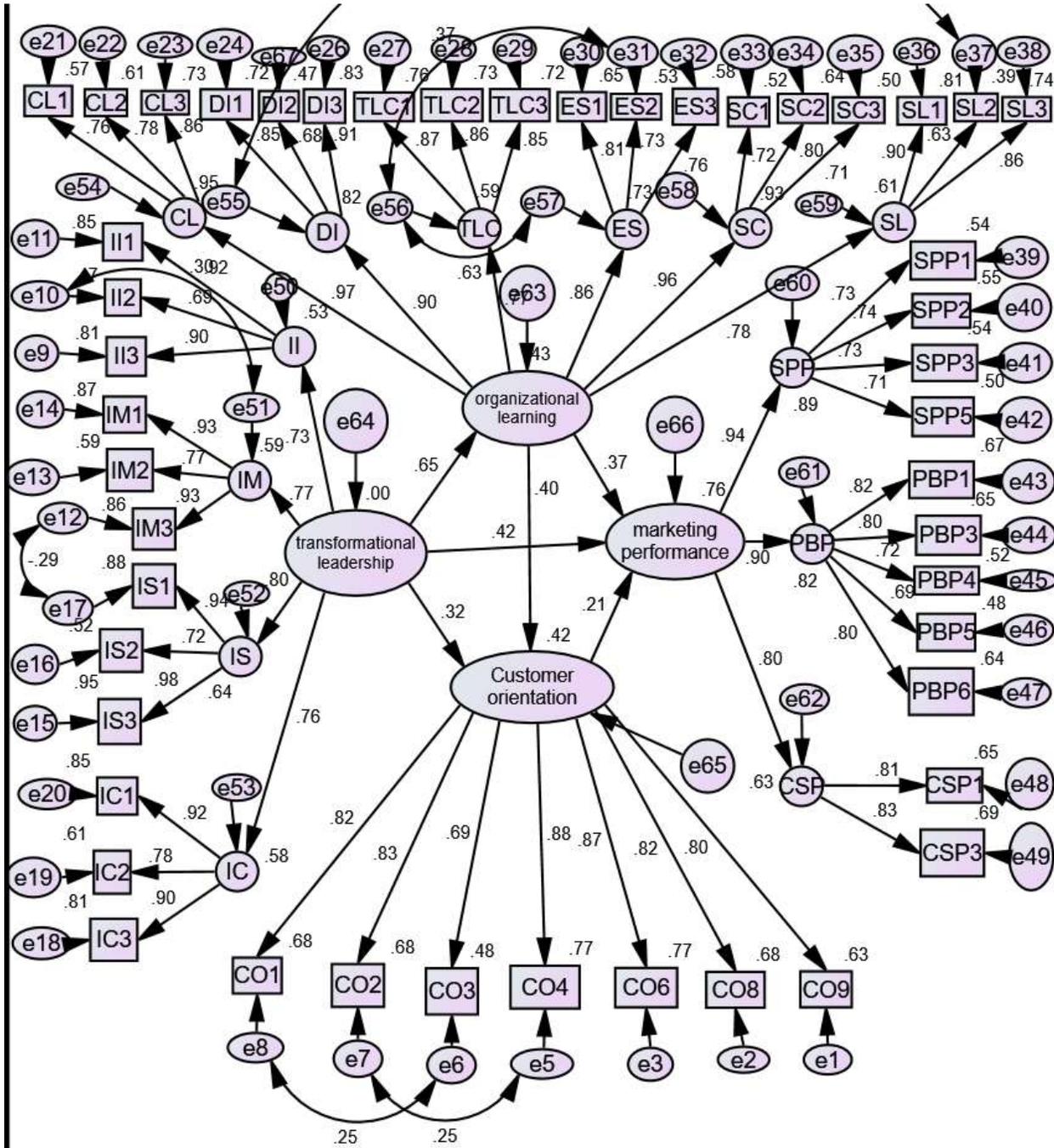


Figure 8.8.  $\beta$  value for Female leaders in Path TL To OL

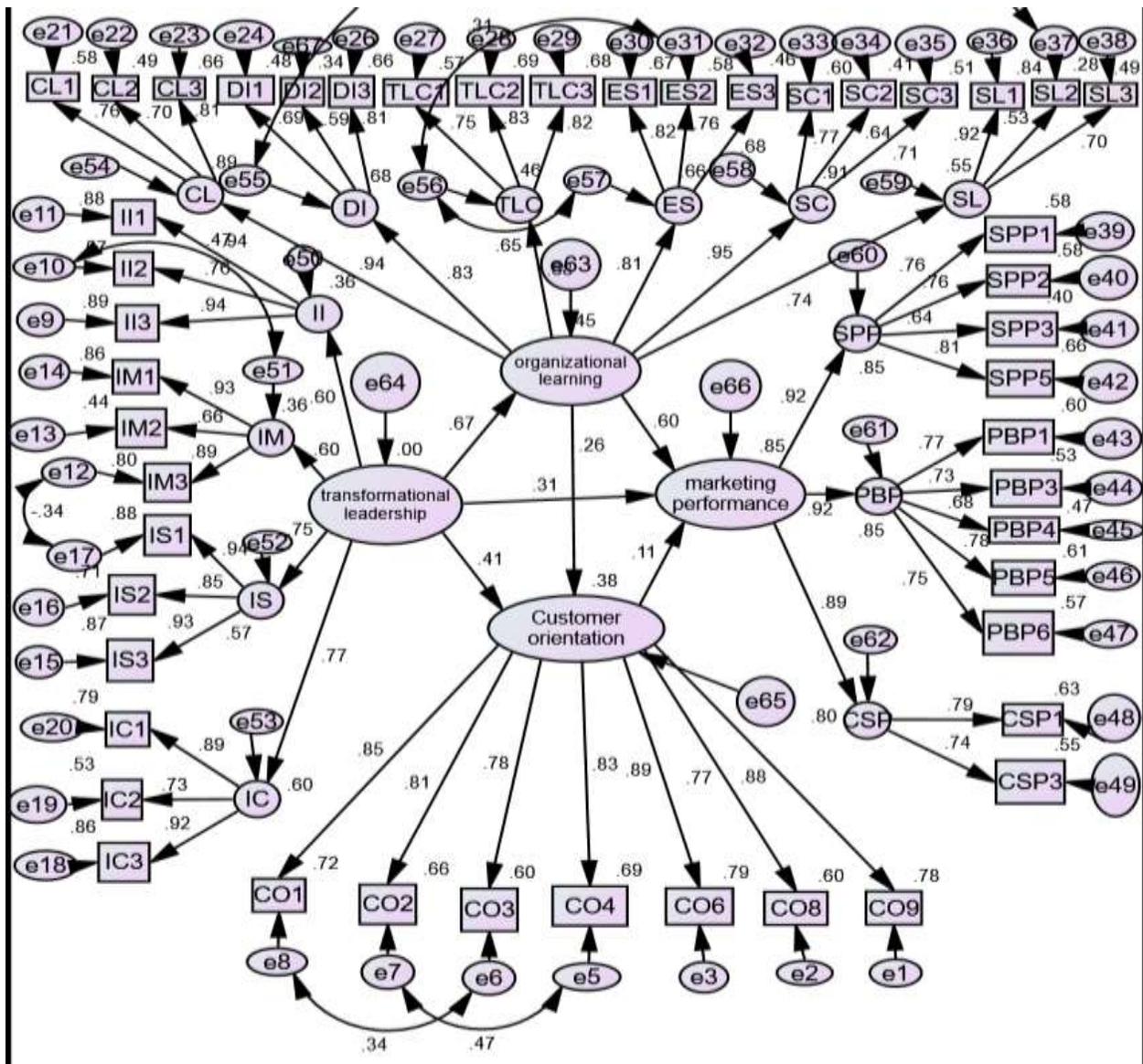


Figure.8.8.  $\beta$  value for Male Group in Path TL To OL

The standardized parameter estimate for female and male is 0.42 and 0.31 respectively. Thus, one can conclude that, the effect of Transformational Leadership on organizational learning is stronger in female transformational leaders than the male transformational leaders. This result also told us that, a partial moderation is found because the beta coefficient for female and male leaders is statistically significant.

### 8.5.2. Comparing the Group Effects for Leaders' Management Positions

As discussed in the previous section, the same procedure is used to test the moderation effect of leaders' management position. Therefore, as a precondition for comparing group effects, it is a requirement for the variable (management position) to have a significant moderation effect. It can be known by observing the 'chi-square' difference of the 'constrained' and 'unconstrained' model or the nested model.

Table 8.14.  $\chi^2$  & Degree of Freedom values for the "constrained model"

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	121	1423.598	1055	.000	1.349
Saturated model	1176	.000	0		
Independence model	48	6239.432	1128	.000	5.531

Table 8.15.  $\chi^2$  & Degree of Freedom values for the "unconstrained model"

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	122	1409.920	1054	.000	1.338
Saturated model	1176	.000	0		
Independence model	48	6239.432	1128	.000	5.531

Table 8.16. The Moderation Test for management position

Indices	Constrained Model	Unconstrained Model	Chi-Square Difference	Result on Moderation	Result on Hypothesis
Chi-Square	1423.598	1409.920	<b>13.678</b>	<b>Significant</b>	<b>Supported</b>
DF	1055	1054	<b>1</b>		
RMSEA	<b>0.050</b>	<b>0.049</b>			
GFI	<b>0.727</b>	<b>0.729</b>			
SRMR	<b>0.064</b>	<b>0.059</b>			
CFI	<b>0.928</b>	<b>0.930</b>			
NFI	<b>0.772</b>	<b>0.774</b>			
RFI	<b>0.756</b>	<b>0.758</b>			
<i>H11: the positive effect of Transformational Leadership style on marketing performance is stronger for line managers than non-line managers</i>					<b>Supported</b>

As can be seen above, the  $\chi^2$  difference of the nested model is greater than 3.84 which signals a positive and significant moderation effect for the variable. As the  $\chi^2$  value for the constrained model and unconstrained model is 1423.598 and 1409.920 respectively, the difference is going to be 13.678, which confirms the existence of a moderation effect. The difference in DF between the two models is equal to 1 which is found by deducting 1054 from 1055. As it is well known, a significant moderation test is existed if the  $\chi^2$  difference is greater than the value of  $\chi^2$  with 1 DF, which is equal to 3.84. After the moderation effect is established, the multi-group effects of leaders' management position shall be examined. By doing so, one of the most important question of the study i.e. "in which group of transformational leaders (line, non-line) the relationship between Transformational Leadership and marketing performance is stronger"? could be answered. To this end, the researcher separately run the 'unconstrained model' using the two data sets (the split data set for line and non-line leaders) followed by an evaluation of the regression beta values and its statistical significance for both datasets as illustrated below.

Table 8.17. Standardized Beta Estimates, P Values and Results for The Effect of TL on MP For Line and Non-Line Groups

Path	Standardized beta Estimate	P value	Result	Group
MP ← TL	0.43	.030	Significant at 0.05	line managers
MP ← TL	0.31	.010	Significant at 0.01	Non-line managers

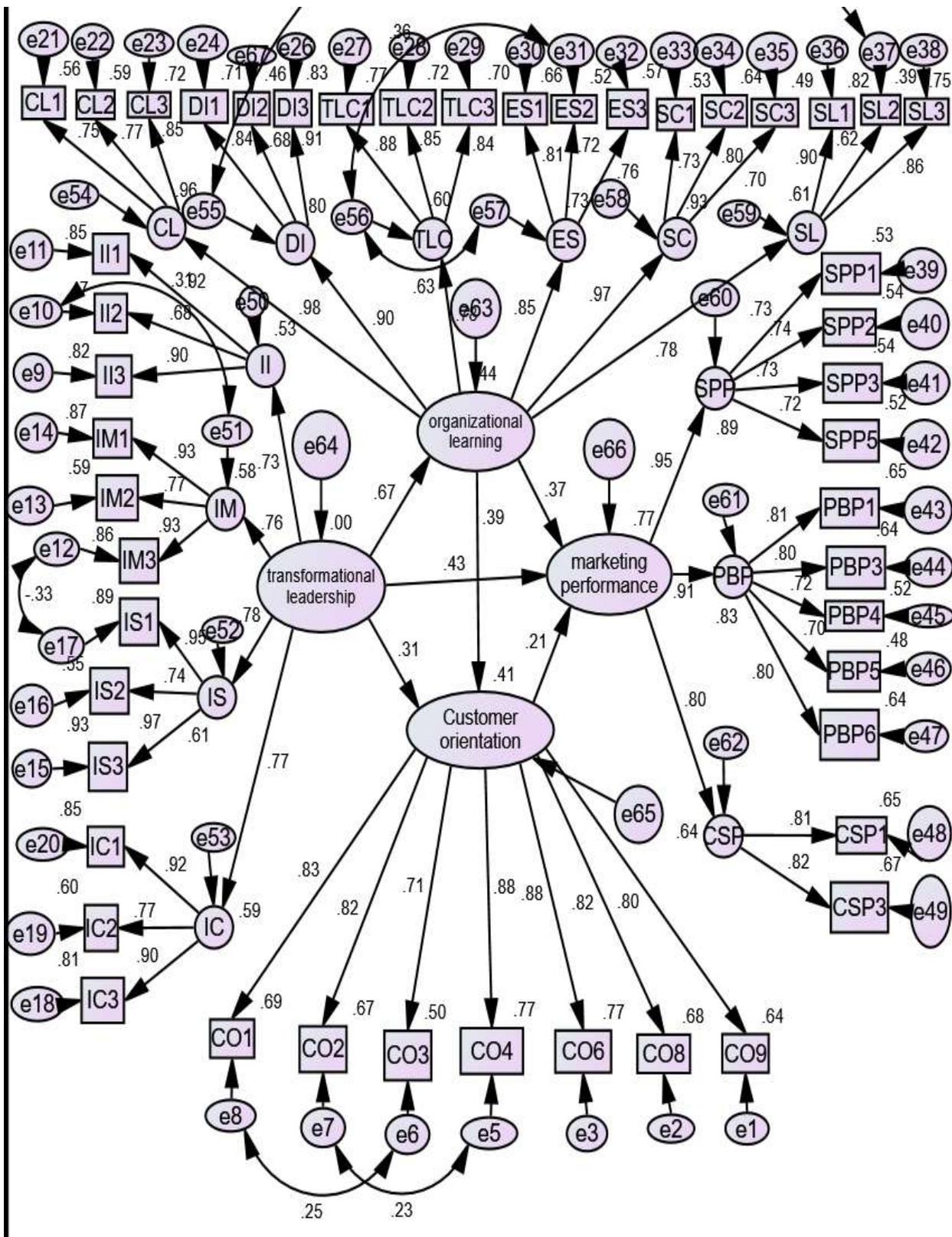


Figure 8.9.  $R^2$  value for Line Managers in Path TL To MP

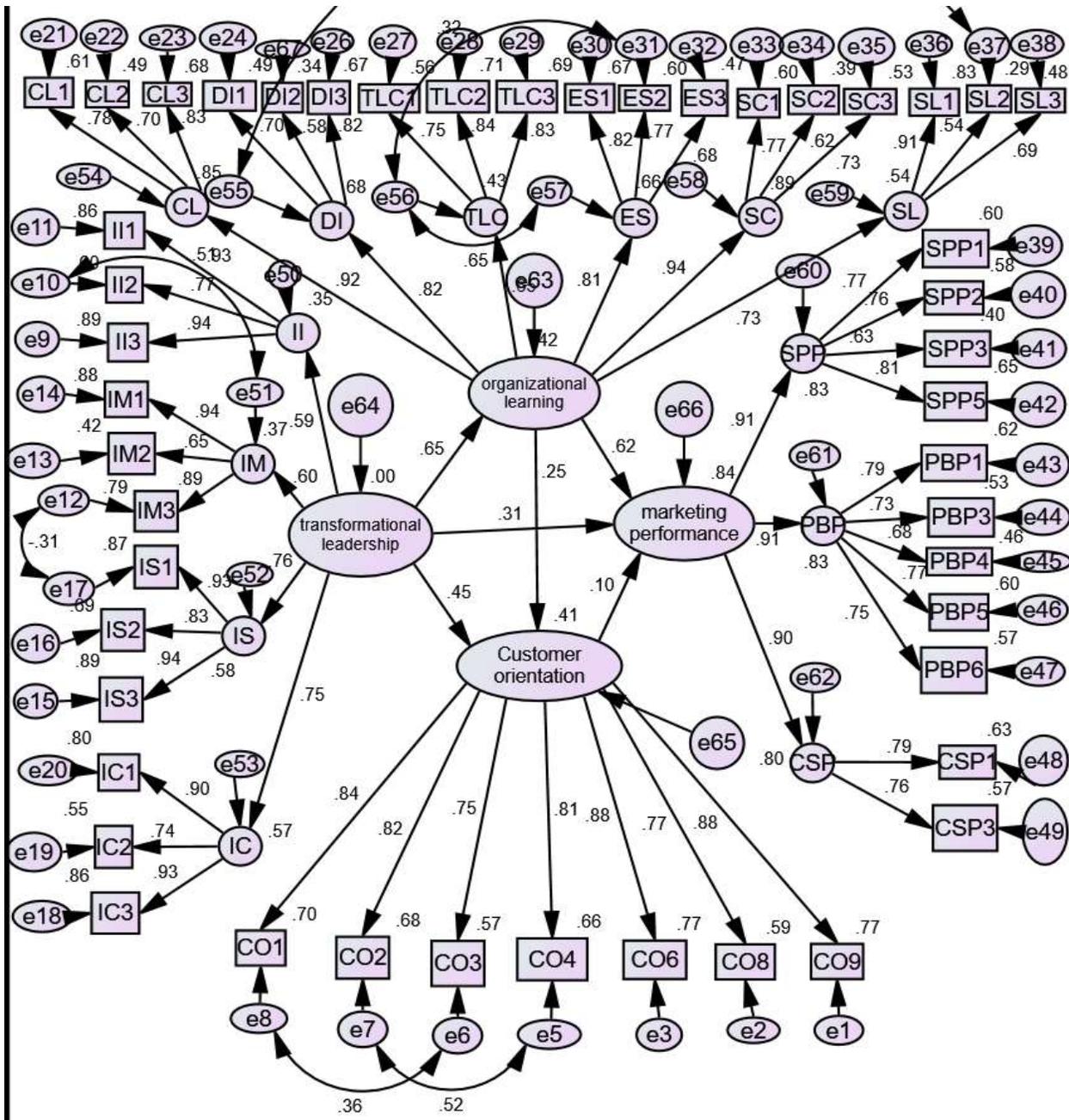


Figure 8.10.  $\beta$  value for Non-Line Managers in Path TL To MP

Consequently, as can be seen above, the standardized parameter estimate for line transformational leaders is 0.43 and is 0.31 for non-line transformational leaders. From the result one can conclude that, the effect of Transformational Leadership on organizational learning is stronger in line transformational leaders than the non-line transformational leaders. The result

also told us that, a partial moderation is found because the beta coefficient for line and non-line leaders is statistically significant.

### 8.5.3. Comparing the Group Effects for Brewery Sizes

For comparing group effects, it is a requirement for the moderating variable (brewery size) to have a significant moderation effect. As described below this is examined through comparing the ‘chi-square’ difference of the nested model.

Table 8.18.  $\chi^2$  & Degree of Freedom values for the “constrained model”

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	121	<u>1513.403</u>	1055	.000	1.435
Saturated model	1176	.000	0		
Independence model	48	6019.297	1128	.000	5.336

Table 8.19.  $\chi^2$  & Degree of Freedom values for the “unconstrained model”

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	122	<u>1496.023</u>	1054	.000	1.419
Saturated model	1176	.000	0		
Independence model	48	6019.297	1128	.000	5.336

Table 8.20. The Moderation Test for Brewery Size

Indices	Constrained Model	Unconstrained Model	Chi-Square Difference	Result on Moderation	Result on Hypothesis
Chi-Square	<u>1513.403</u>	<u>1496.023</u>	<b>17.38</b>	<b>Significant</b>	<b>Supported</b>
DF	1055	1054	<b>1</b>		
RMSEA	<b>0.056</b>	<b>0.055</b>			
GFI	<b>0.721</b>	<b>0.723</b>			
SRMR	<b>0.075</b>	<b>0.066</b>			
CFI	<b>0.906</b>	<b>0.910</b>			
NFI	<b>0.749</b>	<b>0.751</b>			
RFI	<b>0.731</b>	<b>0.734</b>			
<i>H11: the positive effect of Transformational Leadership style on marketing performance is stronger for small sized breweries than big sized breweries.</i>					<b>Supported</b>

Since the  $\chi^2$  difference of the nested model is more than 3.84, it is possible to conclude that

there is a positive and significant result. As the  $\chi^2$  value for the constrained model and unconstrained model is 1513.403 and 1496.023, the difference is going to be 17.38, which confirms the existence of a moderation effect. Similarly, the difference in DF between the two models is equal to 1 (deducting 1054 from 1055). As it is well recognized, a significant moderation test is occurred when the  $\chi^2$  difference of the nested model is greater than the value of  $\chi^2$  with 1 DF, or equal to 3.84. Once the moderation effect is established, it is now the right time to investigate the multi-group effects of different organizational sizes. After this test is executed one of the most central question of the study could be answered i.e. ‘in which group of transformational leaders (large organizations or small organizations) the relationship between transformational Leadership and marketing performance is stronger’? To answer this particular research question, the researcher separately run the ‘unconstrained model’ using the two data sets (the split data set for large breweries and small breweries) followed by an evaluation of the regression beta values and its statistical significance for both datasets.

Table 8.21. Standardized Beta Estimates, P Values and Results for The Effect of TL on MP For Small and Big Breweries

Path	Standardized beta Estimate	P value	Result	Group
MP ← TL	0.43	.024	Significant at 0.05	Small sized
MP ← TL	0.38	.018	Significant at 0.05	Big sized

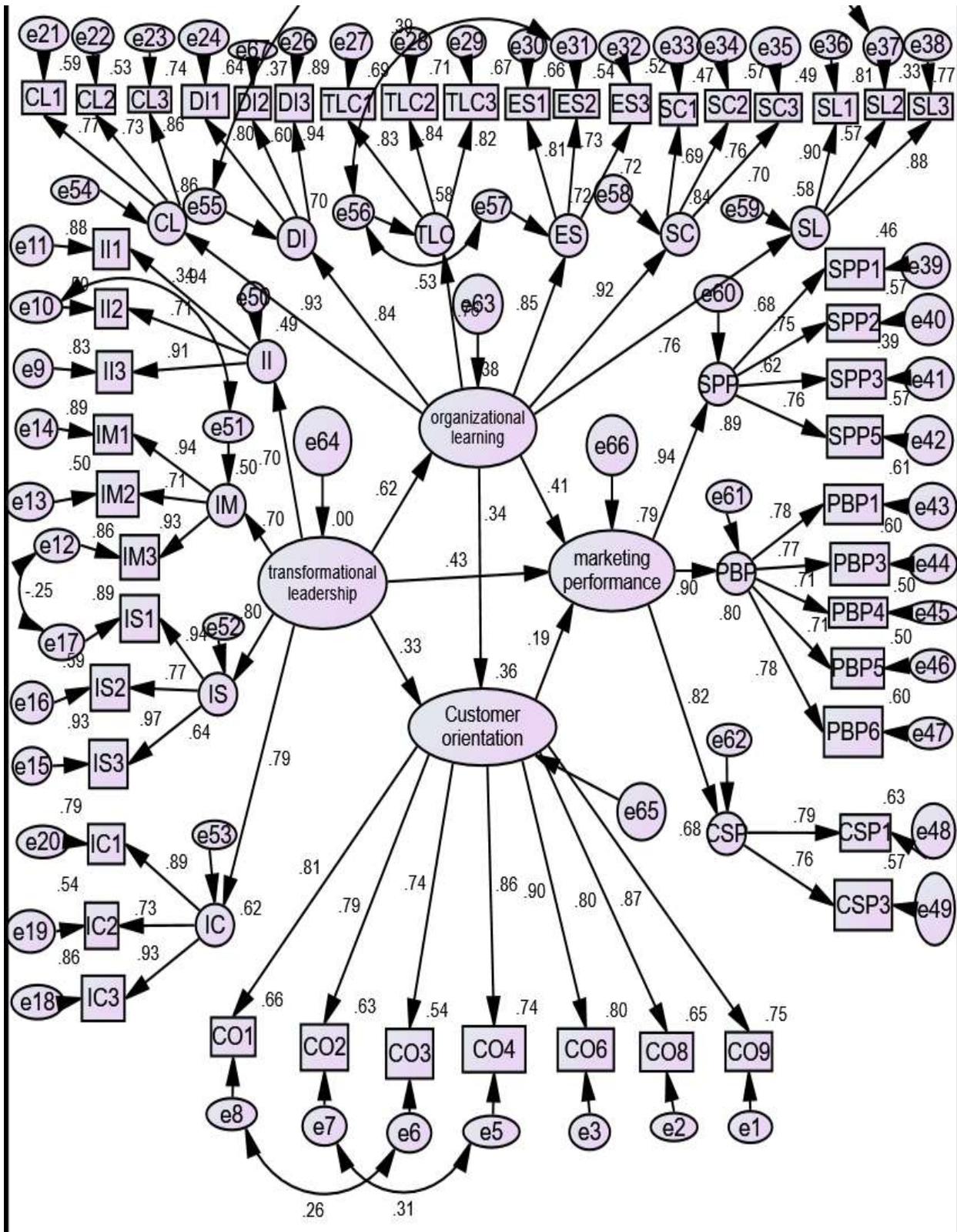


Figure 8.11.  $\beta$  value for Small Sized organizations in Path TL To MP

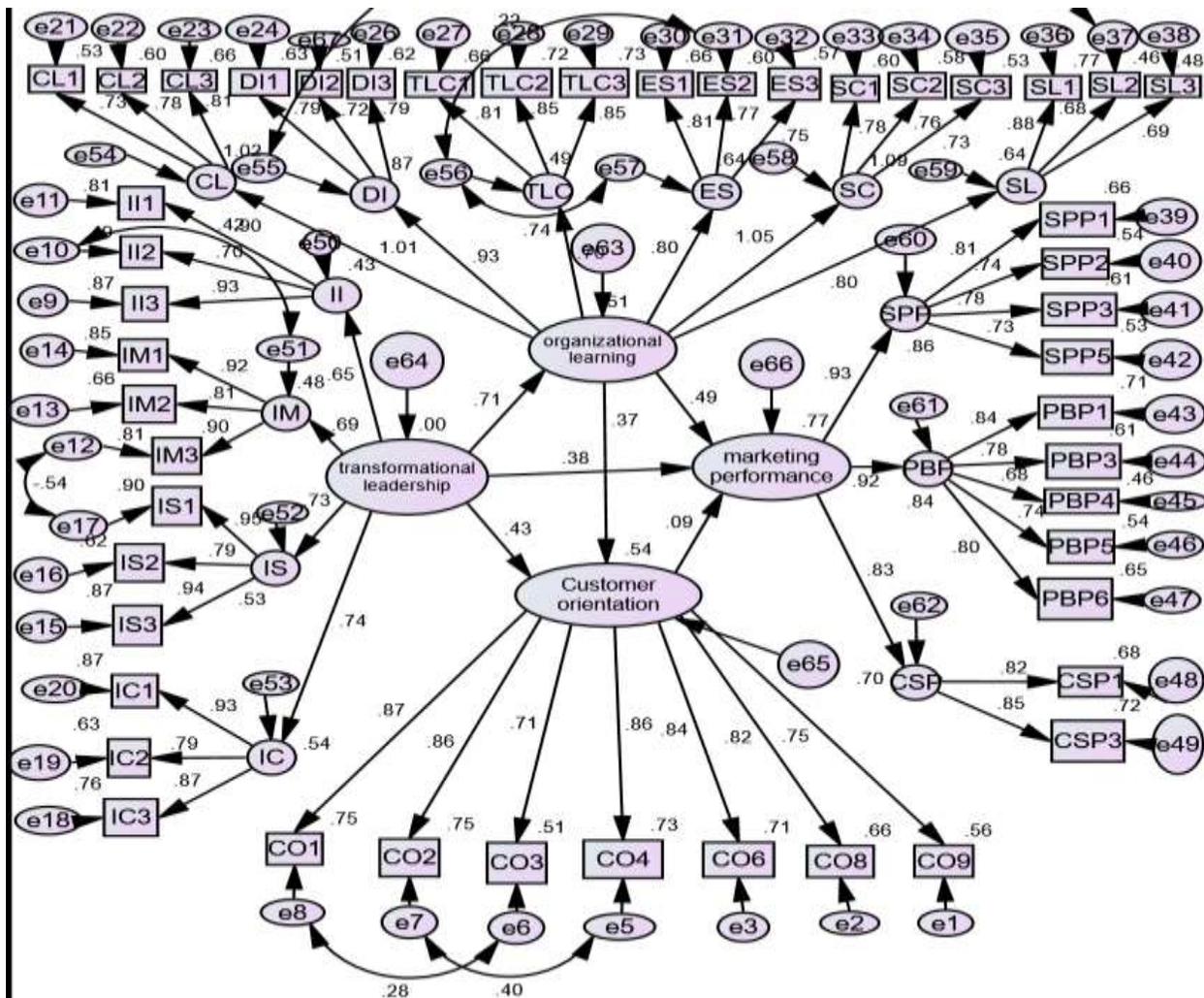


Figure 8.12.  $\beta$  value for Big Sized Group in Path TL To MP

Finally, as can be seen above, the standardized parameter estimate for small and large organizations is 0.43 and 0.38 respectively. Thus, one can conclude that, the effect of Transformational Leadership on organizational learning is stronger in large organizations than in small organizations. This result also told us that, a partial moderation is found because the beta coefficient for small and large organizations is statistically significant.

## 8.6. Summary of The Research Findings

The following table (table 8.22) contains the summary of the major findings of the study. The first

and second column describe the hypotheses posited at the early stage of this research. The third column describes the type of relationship the respective hypothesis explores. Column 4 presents the regression beta coefficients of each and every relationship. The last column is for the status of the hypotheses i.e. whether or not they are statistically supported.

Table 8.22. summary of the research findings

No	Hypotheses	Type of relationship	( $\beta$ value)	Supported / not supported
H1:	Transformational leadership is positively related to marketing performance	Direct	.401	Supported at 0.001 level
H2:	Transformational leadership is positively related to organizational learning	Direct	.653	Supported at 0.001 level
H3:	Transformational leadership is positively related to customer orientation	Direct	.337	Supported at 0.001 level
H4:	Organizational learning is positively related to marketing performance	Direct	.455	Supported at 0.01 level
H5:	Organizational learning is positively related to customer orientation	Direct	.375	Supported at 0.05 level
H6:	Customer orientation is positively related to marketing performance.	Direct	.157	Supported at 0.001 level
H7:	Organizational learning mediates the positive effects of Transformational Leadership on marketing performance	Indirect/mediation/	.302	Supported at 0.001 level
H8:	Customer orientation mediates the positive effects of Transformational Leadership on marketing performance	Indirect/mediation/	.061	Supported at 0.001 level
H9:	Experience strengthens the positive effect of Transformational Leadership style on marketing performance	Interaction/moderation	.093	Supported at 0.001 level
H10:	Experience strengthens the positive effect of Transformational Leadership style on customer orientation	Interaction/moderation	-.016	Not Supported
H11:	The positive effect of Transformational Leadership style on organizational learning is stronger for females than males	Moderation/multi-group	0.42 for female 0.31 for Male	Supported at 0.05 level
H12:	The positive effect of Transformational Leadership style on marketing performance is stronger for line managers than other level managers	Moderation/multi-group	0.43 for line managers 0.31 for non-line managers	Supported at 0.05 level and at 0.01 level respectively
H13:	The positive effect of Transformational Leadership style on marketing performance is stronger for smaller breweries than bigger breweries.	Moderation/multi-group	0.43 small size 0.38 big size	Supported at 0.05 level

## 8.7. Discussion of Findings

The purpose of this study was to investigate the direct and indirect impact of Transformational Leadership on marketing performance. Besides, the moderating role of leaders' experience between transformational Leadership and marketing performance is examined. Additionally, the impacts of group differences in leaders' gender, leaders' management position, and brewery size is probed. Henceforth the findings of the study are discussed in two parts i.e. the descriptive and inferential parts. The descriptive results are mainly about the profile of the respondents and the inferential is focused on hypothesis testing.

As can be seen in table 8.23 below, the size of respondents from the four breweries are 78, 61, 42 and 30 respectively. The respondent sizes are equivalent to 36.9%, 28.9%, 19.9%, and 14.2% of the total sample size respectively. As can be recalled, the sample size is determined based on the size or number of managers currently active in the respective breweries. This is to make the samples from each cluster as proportionate as possible. From the four sampled breweries two (St. George and meta) are treated as big sized breweries whereas the other two (Habesha and Raya) breweries are taken as small sized. Concerning the position of the respondents, only 9.4% are from the top position, 32.2% are from middle position, 41.2% are from supervisory position and 17.1% are committee members. Regarding experience, as clearly presented in table 8.23. below, 21.8% of them have an experience of less than five years, 34.6 of them have 5-10 years of experience, 20.8% have between 10-15 years of experience, 15.1% of them have 15-20 years of experience and only 7.6% respondents have an experience of more than 20 years. This result can tell us a lot. First, breweries are largely occupied by unexperienced leaders; second, the new and small breweries are more controlled by younger leaders than the older and big sized

breweries. Further, the result could probably imply that breweries are in the process of mass requirement and selection of leaders to fill the gap created and existed since their formation.

Table 8.23. Profile of Respondents

Breweries		St. George	Meta abo.	Raya	Habesha
Frequency		78	61	42	30
Position	Top	5	7	3	5
	Middle	27	21	13	7
	Lower	34	26	18	9
	Committee members	12	7	8	9
Experience	<5	18	16	10	2
	5-10	23	22	13	15
	10-15	21	7	10	6
	15-20	12	10	4	6
	>20	4	6	5	1
Gender	Male	49	40	27	17
	Female	40	21	15	13
Qualification	High school or below	16	15	13	9
	College diploma	25	19	13	12
	BA degree	25	13	5	7
	MA or above	12	14	11	2
Age	<25	14	18	12	7
	25-35	32	12	18	8
	35-45	21	22	8	11
	>45	11	9	4	4

Concerning gender, roughly 63% of respondents are male and the remaining (37 %) are female.

The large number of male leaders are the sign of the male dominated culture in the Ethiopian brewery industry. Thus, efforts shall be exerted to attract and develop female leaders. For qualification, 25.1% of respondents have a high school or less qualification, 32.7% have college

diploma, 23.7% are BA degree holders, and only 18.5% of respondents have a qualification of MA or above. Despite the fact that the positive link between successful leadership and qualification is still debatable, it is recommended that breweries should develop the knowledge and skill of their managers so that they can be familiar with the modern theories and practices of leadership. The last demographic data is the age of respondents. As can be seen in table 8.23. above, 24.2% are less than 25 years of age, where as 33.2% of are between the age of 25 and 33, 29.4% are between 35-45 and, finally only 13.3% of respondents are greater than 45 years of age. The result clearly shows that, the studied breweries are predominantly lead by young people. To this end, it is usually recommended to use a mix of both young and senior leaders together than to use many of the young or the senior leaders alone.

The above descriptive results can be used as a foundation to discuss and understand the thirteen postulated hypotheses of the study. Henceforth, findings related to those predicted relationships (hypotheses) are thoroughly discussed.

### **8.7.1. Transformational Leadership and Marketing Performance**

As can be remembered the study theorized the positive relationship between transformational Leadership style and marketing performance. The predicted positive relationship was posited both in direct and indirect ways. The indirect positive impact is theorized through organizational learning and customer orientation. Hereafter all the three hypotheses (one direct and two indirect) related to transformational leadership and marketing performance are discussed.

#### 8.7.1.1. *The Direct Impact of Transformational Leadership on Marketing Performance*

As the finding shows, hypothesis 1 (Transformational leadership is positively related to marketing performance) is supported. The structural analysis and the hypothesis test results shows the standardized regression weight from transformational Leadership to Marketing Performance is 0.401 and statistically significant at  $P < 0.001$ . The other statistical evidence i.e. the correlation coefficient is also showing a positive and significant result at  $r = 0.878$  with 99% level of confidence.

The result precisely supported the theory/hypothesis as this was the prediction of the study. The study by Overstreet et al. (2013) is the first study to exactly match the current study. The same study found a direct and positive impact of transformational leadership on marketing performance and organizational performance. In the same study, it is also claimed that transformational leaders can inspire followers towards exceeded performance through their own peculiarities and understandings of the environment. In another study Ling *et al.* (2008) concluded that, transformational leaders can easily cause an encouragement and advancement among employees than other leadership styles; such leaders are always trying to transform others around them and encourage people to help one another for improved performance. A study by Poddar (2012) shows that, transformational Leadership as usually expected by the employees are positively and significantly correlated with the employee commitment towards high performance. Moreover, as Rao and Kareem Abdul (2015) found, unlike transactional leadership style, transformational Leadership causes a favorable environment for high productivity of sales-teams and other task groups. As a matter of fact, the power of transformational Leadership has never been questionable, however its positive impact on

marketing performance in particular to the brewery industry was not seriously investigated. Therefore, one of the reasons for the unreplaceable importance of the current study is the novel and profound findings discovered on the particular context. Breweries in particular and other organizations in general can use this finding to use better of leadership or the transformational Leadership culture in their organizations. This result, when examined from the perspective of the underdeveloped world like Ethiopia, and an industry led by fresh and untested leaders, can give a valuable evidence. Generally speaking, this result can be seen as one more scientific evidence to indisputably support the vital link between transformational and marketing performance. Finally, the current momentum in economic development and organizational change could further fuel the existing market competition and consequently the demand for transformational leadership style.

#### *8.7.1.2. The Indirect Impact Transformational Leadership on Marketing Performance Via Organizational Learning.*

As discussed meticulously (see section 8.2.2.1), the mediating role of organizational learning is established based on a sound literature backing. Based on the mediation result discussed, hypothesis **7** (Organizational learning mediates the positive effects of Transformational Leadership on marketing performance) is statistically supported. As a precondition, it was necessary to ensure the adequacy of the two global tests (GOF and  $r^2$ ) to trial the mediation role of OL between TL and MP. As depicted in Table 8.5. the standardized regression weight for the indirect effect ( $axb$ ) is equal to 0.302 and it is statistically significant at  $p < 0.001$  confidence level; it follows the right direction too. Consequently, the mediating role of organizational learning by

strengthen the positive impacts of transformational Leadership on marketing performance is now empirically founded.

The finding strengthens the results of other studies such as by Popli and Rizvi (2011). In the study they found the mediating effect of organizational learning in-between transformational Leadership and organizational innovativeness and performance. Even though, their study didn't touch marketing performance directly, it is believed that through speedy new product development process and improved sales, innovativeness can result in high marketing performance. Moreover, the same study claimed that, the indirect effect of transformational Leadership on organizational innovativeness through organizational learning is strong than its direct effect on firm innovativeness. Another study by Jung *et al.* (2003) found that, organizational performance is positively and significantly influenced by transformational Leadership through organizational learning. Similarly, Jung *et al.* (2003) stated that firm innovativeness is positively affected by organizational learning. All in all, it can be concluded that effective learning culture could more easily leads to effective innovativeness culture and ultimately to effective marketing operations. From this result, enormous lessons can be taken by brewery leaders. First, being a transformational leader alone may not be enough to achieve excellence in the market i.e. transformational leaders can be even more effective if they lead a learning organization. Second, as the result shows a learning organization is stronger than non-learning organization even in the developing nations like Ethiopia. Third, high marketing performance is not only resulted from the traditional competences such as quality product, service, and affordable price but also from the unlikely sources like through leadership and organizational learning.

### 8.7.1.3. *The Indirect Impact of Transformational Leadership on Marketing Performance Via Customer Orientation*

As can be seen from section 8.2.2.2, the mediating role of customer orientation on the positive impact of the transformational leadership on marketing performance is sufficiently backed by secondary evidences. Consequently, hypothesis **8** (Customer orientation mediates the positive effects of Transformational Leadership on marketing performance) is statistically supported. The adequacy of the two global tests (GOF and  $r^2$ ) are guaranteed before testing the mediation role of the variable. As the result shows in Table 8.7. the standardized regression weight (beta) for the indirect effect ( $\alpha\beta$ ) is equal to 0.061 and it is statistically significant at  $p < 0.001$  confidence level; moreover, it follows the expected and right direction. Hence, having this result, it is now possible to conclude that customer orientation can mediate the positive impact of transformational leadership on marketing performance. This result is consistent with other studies such as by Lambin (cited in Neves et.al. 2004) who expounded the fate of customer disoriented organizations by concluding that, such kind of organizations may lose their competitive advantage and the ability to detect changes in the economic, social and political settings. Besides, a meta-analysis by Kirca *et. al.* (2005) found that, most of the studies related to customer orientation revealed a strong and positive association between firm performance and customer/market orientation. Similarly, Mintz et.al. (2009) found that, customer-orientation improves the feeling of fulfillments of workers and clients which eventually expects to intensify efficiency and service-quality of businesses. This result has a lot to tell to brewery leaders. First, when accompanied by customer centric philosophy, the effectiveness of transformational leaders could be even better. Second, transformational leadership style and customer

orientation shall be seen by leaders as two faces of a coin rather than two distinctive matters; by doing this they can have integrated view towards their organizational functions.

The tests of the above three hypotheses help the researcher to conclude that a transformational Leadership style will directly result in increased marketing performance through the improvement of employees' sense of belongingness, motivation and competence. Additionally, learning orientation has an indirect effect on marketing performance, by blossoming and strengthening the positive impacts of Transformational Leadership on marketing performance. The positive indirect impact of learning orientation can also be because of its undoubted role in helping organizations to think strategically and responding to changes rapidly. Finally, it is also concluded that customer orientation has an indirect positive impact on marketing performance, this can be because of its role to expand a customer centric attitude across the organization.

### 8.7.2. The Direct Impact of Transformational Leadership on Organizational Learning

The other direct relationship posited in the study was the positive link between Transformational Leadership and organizational learning. According to the result, this hypothesis i.e. **H2** (Transformational leadership is positively related to organizational learning) *is statistically supported*. The structural analysis and the hypothesis test results shows acceptable values. Accordingly, the standardized regression beta coefficient from Transformational Leadership to customer orientation is 0.653 and statistically highly significant at  $P < 0.001$ . Similarly, the other statistical proofs i.e. the correlation coefficient, shows a positive and significant result which indicates  $r = 0.723$  at the 99% level of confidence.

The result underpins the findings of other studies. For example, a study by Zagoršek et.al. (2009) showed a positive relationship between transformational Leadership and organizational learning. In another study by Bucic et.al. (2010) it is found that, when a team leader is following a transformational Leadership style, his/her impact on the operation of the organization appeared to be higher than adopting other styles. Besides, as Crawford (2005) find out, Knowledge management behaviors were significantly estimated by Transformational Leadership behaviors. The result of a study by Imran et.al. (2016) clearly depicted that, Transformational Leadership has significant positive impact on organizational learning and knowledge management process capability. García-Morales et.al. (2012) empirically demonstrated that, transformational Leadership and innovation exhibits a direct and indirect positive relationship by building capabilities directed towards organizational learning. This result strongly supported the importance of Transformational Leadership in building the culture of innovativeness and to reinvent its mechanics to dodge tumbling into inaction. Wan *et.al.* (2012) suggests that, Transformational Leadership is crucial to controlling organizational Learning and improving organizational innovation in changing and competitive business environments. A study by Zagorsek et.al. (2009) also discovered that all aspects of a learning organization are under the direct influence of transformational Leadership style. Kurland et.al. (2010) found that, the vision of a transformational leader is found to be vital predictor of organizational learning behavior. As Bucic et.al. (2010) found, when a team leader is following a transformational Leadership style, his/her impact on the operation of the organization appeared to be higher than adopting other styles. Holten and Brenner (2015) claimed that, transformational leadership style is positively related to effective knowledge management process particularly in highly engaged organizations.

The result is giving multiple lessons to the industry leaders; first, when organizations are investing in transformational Leadership they are also investing in the building of a learning organization. The other interesting thing about this result could be the fact that having a learning organization might not be easy without first making use of Transformational Leadership style. In other words, the impact of Transformational Leadership is end to end i.e. it affects everything so ensuring its presence shall come first before anything.

### 8.7.3. The Direct Impact of Transformational Leadership on Customer Orientation

The positive and significant relationship between transformational Leadership and customer orientation is another hypothesis theorized in the study. Similar to the previous hypotheses, hypothesis **3** (Transformational leadership is positively related to customer orientation) is significantly supported by the data. The structural path analysis and the hypothesis tests shows acceptable values. In that sense, the standardized regression weight or the regression beta coefficient from transformational Leadership (TL) to customer orientation (CO) is 0.337 and statistically significant at  $P < 0.001$ . The other statistical evidence (the correlation coefficient) illustrates a positive and significant result at  $r = 0.651$  and 99% level of confidence.

This finding strengthens the result of other studies such as by Liaw et.al. (2009). This study indicates that, transformational Leadership directly and indirectly increased and enhanced employee customer orientation through employee-perceived supervisor support. From the review of a study by Ogbonna (2000), it is learned that management behavior is frequently allude as a key factor to develop a market-oriented culture. In the same study it is found that, the

importance of management behavior is vital to improve extent of customer orientation and employees commit. A study by Popli and Rizvi (2015) shows that, in a complex organizational system the association between transformational Leadership and customer orientation is found to be more significant and effective than in a less complex businesses. A paper by Pousa and Mathieu (2014) further strengthened this result by revealing the substitutable role of transformational leaders coaching behavior in advancing followers' customer orientation behavior and performance. Like other results, the current result can give us profound understanding and perspective for brewery leaders, in that sense, the first lesson is that, developing a customer-oriented organization can be imagined along with the pursue of a transformational leadership style. The other lesson is that, good leadership is not only good for employees, it is also equally important for customers and improved customer service delivery. Finally, this result is cementing the belief that transformational leadership style is usually behind every desired performance outcome.

#### 8.7.4. The Direct Impact of Organizational Learning on Marketing Performance

Organizational learning was hypothesized to positively impact marketing performance. Since, the structural path analysis and hypothesis tests are showing acceptable values, this scientific prediction i.e. **H4** (Organizational learning is positively related to marketing performance) shall be accepted. In that sense, the standardized regression beta coefficient from organizational learning (OL) construct to marketing performance (MP) construct is 0.455 and statistically significant at  $P < 0.01$ . Similarly, the correlation coefficient illustrates a positive and significant result at  $r = 0.855$  and 99% level of confidence.

This finding is building up on other study results including a meta-analysis by Goh et.al. (2012), which revealed the positive impact of learning capability on many of desired performance outcomes such as sales, market share, and profit. Mahmoud (2016) found a cause and effect relationship between organizational learning and market performance with learning explaining 64% of the variance in the performance construct. The study by García-Morales et.al. (2012) demonstrated a strong association among organizational learning and marketing performance through innovativeness. The study clearly shows that, an innovative organization are the one which are ready to rapidly detect and understand opportunities and at the same to adjust and respond quickly so that they can avoid falling into stagnation. Finally, Calantone *e.t al.* (2002) concluded that, from very limited critical variables that control firm performance, organizational learning and innovation are the two most important and both are strategic and have helpful impact on marketing performance. As a general fact, it is not common to find a study that demonstrates a result contrary to this, however when it comes to this particular industry it is not common to have such kind of findings, thus, this result undoubtedly benefits breweries to precisely understand the influence of learning orientation to exceeded marketing performance. The other implication of the result is that effective learning culture at all levels i.e. individual, group and organization shall be pursued by every leader who wants to be competitive in the marketplace and beyond.

#### **8.7.5. The Direct Impact of Organizational Learning on Customer Orientation**

The other direct relationship posited in this study was between organizational learning and customer orientation. The structural path analysis and the hypothesis tests shows a strong

significant value, hence hypothesis 5 (Organizational learning is positively related to customer orientation) is statistically significant and supported. In the analysis, the standardized regression weight from organizational learning (OL) to customer orientation (CO) is 0.375 and statistically significant at  $P < 0.05$ . Congruently, the correlation coefficient illustrates a positive and significant result, which shows  $r = 0.621$  at the 99% level of confidence.

This result is consistent with many other study results. Thus, in that sense a result by Mahmoud (2016) reveals a substantial and helpful association between learning orientation and market performance. From a meta-analysis by Goh et.al. (2012), it is found that firm's learning posture directly affect many of its desired outcomes such as profit, market share, and sales. In the same study the link between marketing performance, learning orientation, innovativeness, and job satisfaction are clearly established. Slater and Narver (cited in Kirca 2005) claimed that, customer-oriented organizations are well guided by a learning-oriented organization than unlearning organization mainly because such leaders guide their followers towards the creation of greater value for customers. Moreover, these organizations can unceasingly obtain, develop, and spread knowledge about markets, customers, products, and business processes all over the organization. Similarly, García-Morales et.al. (2012) proved that, transformational Leadership and innovation exhibits a direct and indirect positive relationship by building capabilities directed towards organizational learning. This result strongly supported the importance of transformational Leadership in building the culture of innovativeness and to reinvent its mechanics to dodge tumbling into inaction. Further to this notion, Calantone *et. al.* (2002) concluded that from the very limited critical variables that control firm performance, organizational learning and innovation are the two and both are strategic and have a direct

impact on marketing performance. This result further strengthens the long-established belief of the multiple influence of firm's learning orientation. As can be seen from the above results, the impact of effective organizational learning is multifold i.e. if it gets better attention, breweries could be more benefited.

#### 8.7.6. The Direct Impact of Customer Orientation on Marketing Performance

The last direct relationship is hypothesized between customer orientation and marketing performance. Based on the statistical results found, H6 (Customer orientation is positively related to marketing performance) is supported. As the structural path analysis result shows, the parameter measuring the path between customer orientation (CO) and marketing performance (MP) has a standardized regression weight equal to 0.157 and it is statistically significant at the level  $P < 0.001$ . Consistently, the correlation coefficient result demonstrates a positive and significant values at  $r = 0.710$  and 99% level of confidence.

This result is perfectly in line with a study by Salojärvi *et al.* (2015) who shows a positive association between customer orientation and marketing performance. Another result which is consistent with this result is a study by Gladson (2006) which reveals a positive and significant relationship between customer centricity and marketing performance. Furthermore, as Cross *et al.* (2007) found, the focus of salespersons towards customers has a positive effect on the firm's marketing performance. The same research confirms the mediating role of customer focus of salespersons between the positive impact of the company's customer orientation and marketing performance. As Jaramillo *et al.* (2006) revealed, growth in sales performance were strongly caused by customer orientation and experience of the salespersons i.e. those salespersons who

managed to improve their sales volume in a given period of time were appeared to be more caring, empathic, and responsible than low performing salespersons. Similarly, a study By Tsiotsou and Vlachopoulou (2011) found the direct and indirect effect of market orientation on marketing performance. Despite the fact that it seems easy to predict this result, sometimes customer orientation alone may not cause virtuous marketing performance. As can be understood from this and other studies customer orientation is only one thing from the many factors important to improved marketing performance. Thus, brewery leaders shall not be misjudged this result rather an integrated approach towards improved marketing performance shall be crafted.

#### 8.7.7. The Moderating Role of Experience in Strengthening the Positive Impacts of Transformational Leadership Style on Marketing Performance

This hypothesis is developed to investigate the moderating role of experience in strengthening the positive impacts of transformational Leadership style on marketing performance. As the interaction analysis result shows, experience strengthens the positive relationship between transformational Leadership and marketing performance. Hence, hypothesis **10** (Experience strengthens the positive effect of Transformational Leadership on marketing performance) *is statistically supported*. To this end, the standardized regression weight for the moderating role of experience (TL. X EXP. to MP.) is equal to 0.093 and statistically significant at  $p < 0.001$  level of confidence.

The finding directly matches the results of other studies in the past. A study by Bettin and Kennedy (cited in Bosch 2014) concluded that, experience found to have a significant positive

effect on role clarity and directly on performance. Perhaps the most interesting finding is that experience has an indirect impact on marketing performance through leaders improved efforts. Thus, leaders with higher experience tend to exert more effort and hence perform better than those with low experience. Similarly, Pat (2009) found a positive association between experience and marketing performance, i.e. more experienced leaders are found to be more productive and profitable than less experienced leaders. The same study found that, the dimension of leaders' experience is very important factor in analyzing the impact of experience on marketing performance. Therefore, unlike other experiences managerial experience predicted greater sales and profits performance. Finally, as Austin (2016) established, transformational thinking on certain characteristics usually occur with leadership experience. This is particularly significant to leaders with diversified experiences. This result can help practitioners to improve their understanding about the moderating effect of their experience on their overall leadership effectiveness. Despite there are many benefits associated with using a mix of young and experienced leaders, organizations shall implement this policy carefully, because those experienced leaders are always the one who knows the company better than their young counterparts, and the long way they came across is something that need to be shared with younger leaders.

#### **8.7.8. The Moderating Role of Experience in Strengthening the Positive Impacts of Transformational Leadership Style on Customer Orientation**

The moderating role of leadership experience in strengthening the positive effect of Transformational Leadership on customer orientation was another hypothesis suggested in the

study. However, as the interaction analysis result shows, experience dampens the positive relationship between Transformational Leadership and customer orientation. Therefore, hypothesis 9 (Experience strengthens the positive effect of Transformational Leadership style on customer orientation) is failed to be statistically supported. The standardized regression weight for the moderating role of experience (TLS. X EXP. To CO) is equal to -0.016 and not statistically significant at any of the acceptable confidence level (0.05, 0.01, 0.001).

Unlike other results, this result is inconsistent with many of the other studies used to support this hypothesis. As an illustration, a meta-analysis by Kirca *et. al.* (2005) found that, most of the studies related to customer orientation revealed a strong and positive association between firm performance and customer/market orientation. Lambin (cited in Neves *et.al.* 2004) expounded that customer disoriented organizations may lose their competitive advantage and the ability to capture changes in the economic, social and political scenarios. Similarly, Mintz *et.al.* (2009) found that, customer-orientation improves the feeling of fulfillments of workers and clients, which eventually expects to intensify efficiency and service-quality of businesses.

Despite the fact that the result is unexpected, but it cannot be a surprise. The researcher strongly believes that, since the context and research setting is totally different from the many of previous studies, having such kind of unexpected result cannot be shocking. Therefore, the difference between the current and previous studies in terms of their methodology, context and time shall take the entire blame. Moreover, since most of the evidenced studies are from the western world and industries different from brewery, the result discrepancies are most likely happened because of these genuine differences. However, still deep and comprehensives studies need to be commissioned to further investigate the actual relationship existed between these variables.

### 8.7.9. The Impact of Gender Differences on The Positive Influence of Transformational Leadership on Organizational Learning

In addition to the direct, indirect, and interaction focused hypotheses, the study has also theorized another type of relationship which requires a multi group analysis to investigate the impact of leaders' gender, leader's management position and organizational size differences on the positive effect of transformational Leadership on marketing performance. This is to be executed using a multi-group analysis technique which is an extension of the moderation analysis. The first hypothesis related to this is formed to probe the impact of transformational leaders' gender on marketing performance. As the multi-group analysis (see section 8.2.4), or the chi square difference test result reveals, the positive effect of transformational Leadership on marketing performance is not equal for male transformational leaders and female transformational leaders. To this end, *as can be seen from* the structural path analysis result, the parameter measuring the path between Transformational Leadership (TL) and marketing performance (MP) has a standardized regression weight equal to 0.42 for female and 0.31 for male transformational leaders and also statistically significant at the level  $P < 0.05$ . The difference in the regression weigh indicates the positive effect of transformational Leadership style on marketing performance is stronger for women than men leaders. Therefore, from this result we came to know that hypothesis **11** (The positive effect of Transformational Leadership style on organizational learning is stronger for females than males) is statistically supported. This result indisputably supports other study results in the area of gender and transformational Leadership. As Austin (2016) established, a positive transformation in certain characteristics of leaders typically occurs in female leaders than male leaders. These desired characteristics of leaders

thought to play vital role to support the firm's competitiveness. Another research by Steven (cited in Appelbaum et.al. 2003) concluded that, female leaders' style is unique and not similar with their male counterparts, however male leaders can easily learn and adopt female's way of leading and can also effectively use it. To put it differently, while effective leadership is a gift for women it is a learning matter to men. In their meta-analytical study Paustian-Underdahl (2014) found that, the perception of people regarding male vs. female domination of an organization significantly influence their association of effectiveness and gender. As the result illustrated organizations that were male dominated have been considered by many as more effective than female dominated organizations. Another meta-analysis by Eagly *et. al.* (cited in Paustian-Underdahl 2014) shows a consistent result of gender differences in leadership effectiveness. Moreover, Berdahl (1996) analysed six models in relation to leadership and gender and concluded thta male-managers exhibits mediator' behavior than female managers, however, female-managers exhibit more of a public behavior than male-managers. Furthermore, male-managers have shown huge interest towards leadership than do female-managers and female-mangers learn towards better social-emotional character than male, and mixed-sex groups. All-female-groups have shown a strong desire than all-male-groups towards equal involvement and not interested to establish steady status ladders.

Undoubtedly this result can force many leaders to revisit their old-established beliefs about gender and leadership effectiveness. In male dominated societies like Ethiopia, the challenge for female leaders is more serious than their male counterparts, however after this result, brewery officials should invite more female transformational leaders into their boardrooms than ever.

#### 8.7.10. The Impact of Management Position Differences on The Positive Influence of Transformational Leadership on Marketing Performance

The other group difference hypothesis is on the impact of management position differences on the positive influence of Transformational Leadership on marketing performance. Three management levels are identified, the top, middle, and lower. Since the collected data is for three levels, for the sake of this study the top and middle are merged to create a non-line managers group and the lower level managers are treated separately as line managers group. Subsequently, the multi-group analysis is made to investigate the degree of influence between line and non-line managerial positions on the positive impacts of transformational Leadership on marketing performance. As the multi-group analysis (see section 8.2.4), or the chi square difference test result show, the positive effect of transformational Leadership on marketing performance is not equal for line managers and non-line managers. The structural path analysis result shows, the parameter measuring the path between transformational Leadership (TL) and marketing performance (MP) has a standardized regression weight equal to 0.43 for line managers and 0.31 for non-line managers and also statistically significant at 0.05 level and at 0.01 level respectively. The difference in the regression weight shows the positive effect of transformational Leadership style on customer orientation is stronger for line managers than non-line managers. Therefore, from this result we came to know that hypothesis **12** (The positive effect of Transformational Leadership style on marketing performance is stronger for line managers than other level managers) is supported by the data.

This result has tremendous support from transformational leadership literature. In that sense, Freyre (2013) found a significant positive effect of supervisory transformational leaders (line

managers) on the employees' shared positive perceptions of the higher performance work systems; on the other hand, the same study fails to support the assumption that top transformational leaders can virtuously help workers shared positive perceptions on Higher Performance Work System. Macky and Boxall (2007) enlightened our perception of the HRM process in that it is a manacle of relations between HR goals, leader's intents, worker responses and, firm performance. Thus, it is simple to understand that, supervisors' ultimate goals could possibly differ from what top leaders are doing. Therefore, unarguably lower level managers are expected to link top level leader's objectives and goals with employees through practical works, and playing this role mean line managers can directly and boldly impact desired performance outcomes than non-line managers. This result can tell a lot about the complex relationship between leaders and the position they hold; in that sense the result is advising brewery leaders to revisit the level of attention they are giving to their lower level/line managers. Moreover, this result can challenge the long-established belief about the impact of so called 'top-leaders' on desired performance outcomes. Unarguably, answering the question why transformational line managers are more effective than transformational non-line managers could not be easy, however, as illustrated by studies above, line manager's opportunity to work closer to employees make them a vital link between employees and the top leaders thus, their competence and believes can easily affect the entire organization.

#### **8.7.11. The Impact of Brewery Size Difference on The Positive Influence of Transformational Leadership on Marketing Performance**

Differences in organizational size is found to be another very important factor to affect the positive influence of transformational Leadership on marketing performance. For the current

study four breweries are examined, (St. George, meta abo, Raya, and Habesha). The first two are considered large due to their high production capacity, large number of employees, large market size and long experience. On the other hand, the last two are assumed to be small due to the same criteria used above. After clearly identifying and sorting the breweries type, the multi-group analysis is made and the result shows the positive effect of transformational Leadership on marketing performance is not equal for smaller breweries and larger breweries. As the structural path analysis result shows, the parameter measuring the path between transformational Leadership (TL) and marketing performance (MP) has a standardized regression weight equal to 0.43 for smaller breweries and 0.38 for larger breweries and also both are statistically significant at  $P < 0.05$  level. The difference in the regression weight indicates the positive effect of transformational Leadership style on marketing performance is stronger for smaller breweries than larger breweries. From this result we can conclude that hypothesis **13** (The positive effect of Transformational Leadership style on marketing performance is stronger for smaller breweries than bigger breweries) is statistically supported.

This result is consistent with a study by Pedraja-Rejas *et. al.* (2006) who revealed the stronger and improved impact of transformational leadership style for small businesses more than large businesses. Another finding by Matzler *et. al.* (2013) provided a support for greater impact of transformational Leadership style for smaller companies than bigger ones. Bolden (2004) find out that, small and medium businesses can be especially benefited from transformational leadership style because of their increasingly competitive market environment. Finally, as Bolden (2004) stated, to achieve greater marketing performance, transformational leaders should set themselves free from everyday routines to get time for strategic matters and ultimately, they can

be more premeditated and winners. Despite a widespread belief to the contrary, this result has brought a novel way of looking leadership; in that sense, transformational leadership are even more effective when applied by small sized organizations, but this is not to mean that the style is not good for large organizations, however, the implication is that large organizations can take a lesson from smaller business concerning the way they made the style more effect than them.

The following figure presents the original study model along with the results (beta coefficients and p-values).

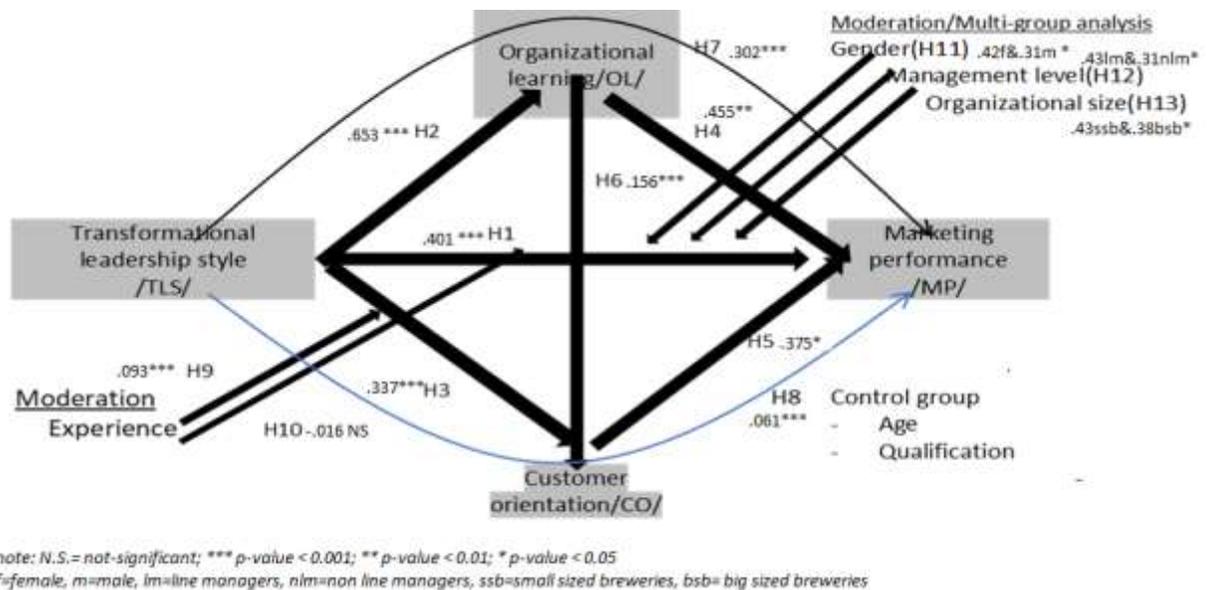


Figure 8.13. Final model with the outcome of the analysis and findings

## 8.8. Summary

This chapter discussed the analysis, result and discussions part of the study. Hence, first the structural model is validated by making use of the four recommended methods by hair et.al. (2010), then the research hypotheses are tested followed by execution of the mediation, moderation and multi group analysis. Finally, findings are thoroughly discussed and compared to

the findings and results of preceding studies. In the discussion part, the complex relationship among variables are scrutinized and implications are presented. The next chapter discusses the contributions, limitations, and direction for future study. It begins by answering all the research questions followed by discovering the new knowledge. Moreover, the theoretical contribution of the study, managerial implications of the study, limitations of the study, directions for future researches and finally summary and concluding remarks are discussed.

# **CHAPTER NINE**

## **CONTRIBUTIONS, LIMITATIONS AND DIRECTIONS**

### **9.1. Introduction**

The preceding chapter details the analysis, result and discussion part of the study. The structural model is validated, hypotheses are tested, results are discussed, and research questions are aligned with the results to ensure the intended research objectives are attained. The current chapter briefly discusses major findings and align them with research questions. After picturing the questions are answered, the theoretical contributions of the study, managerial implications of the study, limitations of the study and directions for future researches are discussed. Finally, some thought-provoking research topics are identified and concluding remarks are forwarded.

### **9.2. Answering Research Questions and Discovering the New Knowledge**

As can be recalled, the purpose of this study is to answer questions related to the direct and indirect impact of transformational Leadership on marketing performance. To this end, the following three logical steps are followed. First, the problem statement is directly linked to the research questions. Second, the new knowledge/theoretical contribution/ and practical insights/managerial implications/ are generated from the answers of the carefully crafted research questions. The final step which is done after the second step is successfully executed is ensuring all the research objectives are attained. Hereafter the first step is discussed.

The main research question is aimed to investigate the all-rounded relationship between transformational leadership and marketing performance. Therefore, it is stated as 'How does transformational Leadership affect marketing performance'? In other words, the ultimate goal of the study was to investigate this relationship. To precisely answer the main research question three hypotheses are formulated; one hypothesis is developed to test the direct relationship between transformational leadership and marketing performance variables, and another two hypotheses are developed to examine the indirect relationship between transformational leadership and marketing performance through two mediating variables (organizational learning and customer orientation). The results clearly showed that, transformational Leadership affects marketing performance both in direct and indirect ways. The direct impact arises because of the many benefits of transformational leaders to their organization including creating comfortable working environment, helping followers to achieve their best, inspiring followers to dream beyond mere survival, and empowering everyone who has the potential to transform their organization. Indirectly, transformational leadership affects marketing performance through the mediating role organizational learning and customer orientation. When both orientations' i.e. learning orientation, and customer orientation exist, those organizations led by transformational leaders are appeared to be more effective and productive. Thus, it is now possible to say that the main research question is successfully and as expected answered. This answer is therefore helping to discover one of the new knowledges of the study.

From the five sub-research questions, the first one is crafted to examine the direct link between organizational learning and marketing performance. As illustrated in chapter eight this question (Does organizational learning affect marketing performance?) is successfully answered. The

hypothesis theorized to answer this research question was statistically supported, thus, once again a new knowledge is discovered through answering this sub-question. By confirming this relationship, the study is further showing how much organizational learning is critical for improved marketing performance through a mediation and direct impact. The second sub-research question ('Does customer orientation affect marketing performance?') is raised to examine the direct impact of customer orientation on marketing performance. As the result shows the hypotheses designed to answer this question is statistically significant and supported. Thus, the answer is yes of course customer orientation directly and significantly affects marketing performance. This result is clearly handing over one more new finding to the body of knowledge. Like the organization learning construct, this is also proving its twofold impact on the firm's marketing performance i.e. through mediation and direct role. The other sub-research question was crafted to enquire the moderating role of experience between transformational leadership (indicator variable) and marketing performance and customer orientation (dependent variables). To this end, experience is inserted first between Transformational Leadership and marketing performance and then between Transformational Leadership and customer orientation. Two hypotheses are theorized to answer this experience related research question. The first hypothesis, which was posited to investigate the moderating role experience between Transformational Leadership and marketing performance is statistically supported. However, the other hypothesis which probes the moderating role of experience between Transformational Leadership and customer orientation is not statistically supported. Thus, this research question shall be answered in two ways, one way is yes experience moderates the positive impacts of transformational leadership when the dependent variable is marketing performance, and on the

other hand however, the answer is no experience is not moderating the positive impact of Transformational Leadership on marketing performance when the dependent variable is customer orientation. Despite the unexpected nature of the second answer, both results shall be considered as new additions to the body of knowledge. All in all, while experienced transformational leaders are good for improved marketing performance, experienced transformational leaders might not go hand in hand with customer-oriented marketing strategy. The last sub-research question is crafted to explore the impact of different demographic groups of transformational leaders on marketing performance. This question ('In which group (male leaders or female leaders, line managers or non-managers, smaller brewery leaders or larger brewery leaders) the effect of transformational leadership style is more pronounced?') is answered using three different hypotheses. Thus, as the finding clearly shows, all the three hypotheses are statistically supported; in other words, yes of course these groups exhibit different degree of impacts on the effectiveness of Transformational Leaders. Thus, women transformational leaders are more effective than men transformation leaders, line (lower level) managers are more effective transformational leaders than the non-line (middle and top) transformational leaders, and smaller sized breweries are more effective when leading by the transformational Leadership style than larger breweries.

### **9.3. Theoretical Contributions**

From the theoretical perspective, the study contributes the following. First, the study operationalized and conceptualized the marketing performance construct in to three dimensions as never before. After operationalization, it manages to develop a reliable and valid

measurement scale to map the marketing performance construct in the context of the developing world. This designed and validated measurement instrument could be used for other similar studies in the future. Therefore, now, because of this study academicians have enhanced their understanding about the constructs involved here and also have one more alternative measurement instrument to map organizational marketing performance.

Second, the study offers and tests a conceptual model for the direct and indirect impact of Transformational Leadership on marketing performance in Ethiopian brewery industry. In a way, the study scrutinized the mediation, moderation and multi-group roles of different factor on the link between Transformational Leadership and marketing performance. The study provides a framework to researchers and academicians to explore the factors that are of significance in achieving exceeded marketing performance in the beer market. The new framework could be referred by many future researchers so that they can understand relationships among these factors from a different perspective.

Third, the study also highlights the importance and impact of certain organizational factors such as leadership experience, leaders' gender, management position, and organizational sizes in affecting the effectiveness of transformational leaders in achieving high marketing performance. As evidenced in chapter five, these factors were not properly covered in most of the leadership literatures, thus, the current study could fill this gap through shading a good light on the precise roles played by making use of these factors. This dissertation may further extend the understanding of the direct and indirect relationships among leadership, organizational learning, customer orientation and marketing performance in the context of the developing world.

The fourth theoretical contribution of the study is its relentless effort to customize the adopted

three measurement instruments for transformational leadership, organization learning and customer orientation constructs. Originally, these instruments were designed to fit with the circumstances of the western world, especially the US and Europe, thus to use them for a different context like the Ethiopian, some tailoring works were required. This adjusted and modified instruments could be employed by those researchers who are interested to carry out a study in similar settings and contexts.

#### **9.4. Managerial Implications**

The results of this study have multiple managerial implications. The first implication is that, if managers want to perform good and excel in the marketplace, the best way is to make use of a transformational Leadership style than other leadership styles. As discussed in chapter three and four, enormous evidences are found for the positive relationship between Transformational Leadership and organizational performance. On the other hand, sizable empirical evidences have revealed the objectionable relationship between other leadership styles (e.g. transactional, situational, behavioral) and organizational performance. Therefore, brewery leaders are strongly recommended to adopt and use the transformational leadership style as soon as possible if they have any desire to transform their followers' performance, the system, and ultimately their breweries. Moreover, the increasing market competition among breweries and the global nature of the industry is making this leadership style the only choice over the other outdated leadership approaches.

Second, Transformational Leadership is not only affecting marketing performance, it also has a positive and significant effect on organizational learning and customer orientation. Thus, it is

implied that believing in Transformational Leadership is also investing in the development of a learning and customer-oriented organization. It is telling us the multiplicative effect of transformational Leadership on organizations. This fact is another good reason for brewery leaders to assign more resources towards the adoption and diffusion of transformational leadership philosophy throughout the organization because making use of a transformational leadership style is like 'killing two birds with one stone'

Third, the mediation role of organizational learning and customer orientation is statistically supported. This implies that, being a transformational leader alone might not be enough to be the best in the market; rather it should be accompanied by organizational learning and customer orientation. The presence of these two factors are found to be necessary for impacting marketing through Transformational Leadership; thus, leaders are advised to look in to these two very critical factors so that the positive impact originated because of their leadership style could be complete.

The fourth managerial implication is that, experience of leaders is found to be powerful in strengthening the positive impacts of Transformational Leadership on marketing performance. However, leaders experience is found to negatively affect transformational leaders' orientation towards customers. This result is not expected or it is against the hypothesis posited. However, still the result deserves leaders' attention because it simply implies that highly experienced leaders or decision makers might not be the right kind of people to be involved in a direct contact with customers. Those leaders and employees low in experience are better to approach and serve customers than those very much experienced.

The last recommendation and managerial implication is related to the different impacts of

transformational leaders due to their gender, management position, and brewery sizes. As the multi group analysis result shows groups under the three demographic variables of leaders have exhibit different degree of impacts on marketing performance. To this end, women transformational leaders are found to be more effective in positively impacting their organizations marketing performance than transformational men leaders. This implies that breweries shall consider women as the major players in their leadership succession plans. On the other hand, the problem with men transformational leaders should be investigated to make them as effective as their female counterparts. Concerning the leader's management position, it is found that transformational line managers are more effective in positively impacting marketing performance than non-line managers (middle and top). This implies that, those leading from the bottom can impact as high as the top leaders. Brewery leaders are therefore, recommended to look in to their lower level leaders to further improve their positive impact on every aspect of the organization. Regarding brewery sizes, it is found that small breweries are more effective in positively impacting their marketing performances though transformational leadership style than bigger breweries. This tells us that, bigger breweries shall find a way to better utilize Transformational Leadership on their organizations. Perhaps understanding the secret behind the stronger relationship between small business and transformational leadership style could solve this puzzle.

## **9.5. Limitations of the Study**

Although this study enlarges our understanding of the direct and indirect impact of Transformational Leadership on marketing performance, like other similar studies shortcomings

are inevitable. Therefore, results in this study need to be taken with some limitations. First, sufficient empirical evidences are not available on the topic and a single study could not be located in the context of the developing world particularly African and Ethiopian. Furthermore, the local brewery industry is seldom targeted by researchers. Hence, to develop a framework and cross-validate findings, the researcher makes use of very limited empirical evidences. This shortage could possibly affect the study in different ways including, the generalizability, and representativeness of the study. Had it been without this limitation the results might be more representative than this one. Despite this limitation, a lot of proactive measures such as methodological, and review related are taken to minimize its adverse effects. The methodological measures consist of ensuring validity and reliability, and make use of appropriate reviewing approach, whereas the reviewing measures includes referring the most closely related materials, referring as many materials as possible, and referring as diversified materials as possible.

Second, the study uses a homogenous set of samples (brewery managers, and committee members). Although, the study had tried to make the sample as heterogenous as possible, and the conclusions very much representative, the conceptual framework would be even more representative if it could have been investigated on a more diversified population. Moreover, the direct and indirect impact of Transformational Leadership should be investigated in a more expanded manner by involving more and new mediation and moderation variables so that decision makers will have better understanding about the complex relationship between these critical organizational factors. The groups and their different impacts shall also be more varied so factors that are against or in favor to the effectiveness of a transformational leader shall be

clearly understood.

As a matter of fact, this study is one of the first attempts to introduce the complex relationship among leadership styles and marketing performance in the context of the developing world particularly Ethiopian context. Although most of the results are as expected in the hypothesis, as one of the first attempt, it will not be easy to use the conclusions and recommendations in the study as conclusive and final. In other words, decision makers shall use other alternative facts and information when making decisions rather than relying on this and other study findings solely. However, still the researcher is confident that this study can provide a lot of important piece of evidences to the wider community.

## **9.6. Directions for Future Research**

The following directions for future research are mainly derived from the limitation sections discussed above, this is because the direction is expected to emerge out of the research limitations identified in the study. Therefore, In the course of this study, the researcher has able to identify more than a few areas where further research could have needed, or a wide-ranging review of the documents required. Hence, directions for future research are pointed out as follows.

The geographical and methodological scope of this study is limited due to a number of factors, particularly because of a resource shortage. Thus, future researchers are advised to investigate the direct and indirect impact of Transformational Leadership in industries other than the brewery. The other scope which could significantly hamper the representativeness of this study is geographical scope. The thesis is mainly (except Raya brewery) limited to Addis Ababa. Future

researchers shall go and investigate the facts in the regions so that new knowledge could be discovered. Moreover, future researchers are advised to measure these constructs using newly developed measurement instruments tailored to Ethiopian context. This is because, regardless of the many works done to ensure measures validity, the researcher still believes that newly designed psychometric parameters based on the culture, belief, and economic conditions of the people could provide more precise results than the one accustomed and used in this study.

The other direction for future research is related to the conceptual framework of this study. Although, huge efforts are exerted to incorporate as many relevant organizational factors as possible, still some critical factors shall be investigated for their direct, indirect and moderating impacts on marketing performance. Particularly, the moderating role of some demographic factors such as, age, gender, qualifications, and even culture/ethnicity/ could be tested and the new knowledge would be massively important for training and development of future leaders. Moreover, understanding the link between these geographic factors and leadership effectiveness can also be used to identify the strengths and weaknesses of young and old leaders alike, so that followers can easily and properly plan their career paths in line with their organization's long-term objectives.

The next direction is related to the reliability of the items, thus despite the fact that the adopted questionnaires in the study passed through different validity and reliability tests, limited but very important measurement items have showed lower reliability than other items (see chapter seven), and it is well known that lower validity and lower reliability of a measure may hinder detection of the expected effects, therefore, future researchers may consider the development of more reliable measures for examining those weakly measured constructs.

Finally, through the course of this study, a number of very interesting research areas/topics are identified such as, the effectiveness of women transactional and transformational leaders, age and leadership, the role of culture/ethnicity on leadership effectiveness, leadership style effectiveness and the developing world, and leadership style choices and market pressure. Furthermore, the researcher strongly believes that, because of the unique features of the developing world, future studies shall consider to apply customized methodologies which are different from the well-established western context.

## **9.7. Summary and Concluding Remarks**

As a last chapter of the study, this part is expected to conclude, recommend and show future directions. As discussed above, the new knowledge is discovered through carefully answering the research questions as crafted early in the research process. The discovered knowledge is narrowing the knowledge gap identified in the literature review and research framework section of the study. Hence, from the findings of this study, it is now concretely possible to conclude and recommend the following; first, it is found transformational leadership style is more than other leadership styles to positively impact the organization's marketing performance, organizational learning and customer orientation. Therefore, breweries will be better-off if they peruse it as soon as possible. Moreover, it is also found organizational learning and customer orientation have a mediating role between transformation leadership and marketing performance i.e. when organizations are customer and learning oriented, they can be even more benefited from transformational leadership style. Concerning the moderation role of experience, the result undoubtedly found that, leaders management experience is positively related to high marketing

performance if they are using a transformational leadership style, however, the moderation role of leaders' experiences on customer orientation of transformational leaders has failed short of impacting them positively. Besides, female transformational leaders are found to greatly impact performance than their male counterparts, lower level transformational leaders are also more effective than their top-level counterparts, and similarly small businesses can be benefited from transformational leadership style more than large businesses. Finally, the researcher is more confident now than ever to recommend organizations (especially Ethiopian breweries) to favor the transformation leadership style over the other leadership styles because its inherited multiplicative effects on nearly all aspects organizations.

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# APPENDIXES

## Appendix-1 – Data Collection Instrument

### **Informed consent for participation in an academic research project**

#### **Leadership and Marketing Performance: The Mediating Impacts of Organizational Learning and Customer Orientation. (A look in to Ethiopian brewery)**

Dear Respondent

You are herewith invited to participate in an academic research study conducted by [HAILEMARIAM KEBEDE], a student in the doctor of Business Leadership at UNISA's Graduate School of Business Leadership (SBL).

The purpose of the study is to investigate [the relationship between leadership and marketing performance along with the mediating impacts of organizational learning and consumer orientation]. All your answers will be treated as confidential, and you will not be identified in any of the research reports emanating from this research. Your participation in this study is very important to us. You may however choose not to participate and you may also withdraw from the study at any time without any negative consequences. Please answer the questions in the attached questionnaire as completely and honestly as possible. This should not take more than 15-20 minutes of your time. The results of the study will be used for academic purposes only and may be published in an academic journal. I will provide you with a summary of our findings on request.

Please contact my supervisor, [Dr. Fanta Tesgera – [ftesgerajetu@yahoo.com](mailto:ftesgerajetu@yahoo.com) ] if you have any questions or comments regarding the study. Please sign below to indicate your willingness to participate in the study.

Yours sincerely

[HAILEMARIAM KEBEDE -----]

I, [-----], herewith give my consent to participate in the study. I have read the letter and understand my rights with regard to participating in the research.

\_\_\_\_\_  
Respondent's signature

\_\_\_\_\_  
Date

**1. Multifactor Leadership Questionnaire (MLQ) Form 6S - Bass and Avolio (1999);  
modifications have been made to fit for this study.**

**INSTRUCTIONS:** This questionnaire provides a description of your leadership style. Twenty-one descriptive statements are listed below. Judge how frequently each statement fits you. The word "others" may mean your followers, clients, or group members.

KEY: five-point scale,

1 - Not at all    2 - Once in a while    3 = Sometimes    4 = Fairly often    5 = Frequently, if not a  
lways

SN	Items	1	2	3	4	5
	<b>Idealized influence</b>					
1	I make others feel good to be around me.					
2	Others have complete faith in me.					
3	Others are proud to be associated with me.					
	<b>Inspirational motivation</b>					
4	I express with a few simple words what we could and should					

	do.					
5	I provide appealing images about what we can do.					
6	I help others find meaning in their work.					
	<b>Intellectual stimulation</b>					
7	I enable others to think about old problems in new ways.					
8	I provide others with new ways of looking at puzzling things.					
9	I get others to rethink ideas that they had never questioned before					
	<b>Individual consideration</b>					
10	I help others develop themselves.					
11	I let others know how I think they are doing.					
12	I give personal attention to others who seem rejected.					

**2. Dimensions of the Learning Organization questionnaire (DLOQ) (Watkins and Marsick’s 1997); modifications have been made to fit for this study.**

**INSTRUCTIONS:** This questionnaire provides a description of your breweries learning related matters. Twenty-one

descriptive statements are listed below. Judge how each statement fits your organization.

Key: five-point scale: 1= “strongly disagree” 2= “disagree” 3= “nother” 4=” agree” 5= “strongly agree”

SN	Items	1	2	3	4	5
	<b>Continuous learning</b>					
13	In my organization, people help each other learn.					
14	In my organization, people are given time to support learning.					
15	In my organization, people are rewarded for learning.					
	<b>Dialogue and inquiry</b>					
16	In my organization, people give open and honest feedback to					

	each other.					
17	In my organization, whenever people state their view, they also ask what others think.					
18	In my organization, people spend time building trust with each other.					
	<b>Team learning and collaboration</b>					
19	In my organization, teams/groups have the freedom to adapt their goals as needed.					
20	In my organization, teams/groups revise their thinking as a result of group discussions or information collected. k					
21	In my organization, teams/groups are confident that the organization will act as their recommendations.					
	<b>Embedded systems</b>					
22	My organization creates systems to measure gaps between current and expected performance.					
23	My organization makes its lessons learned available to all employees.					
24	My organization measures the results of the time and resources spent on training.					
	<b>Empowerment</b>					
25	My organization recognizes people for taking initiatives.					
26	My organization gives people control over the resources they need to accomplish their work.					
27	My organization supports employees who take calculated risks.					
	<b>Systems connections</b>					
28	My organization encourages people to think from a global perspective.					
29	My organization works together with the outside community to meet mutual needs.					

30	My organization encourages people to get answers from across the organization when solving problems.					
	<b>Strategic leadership</b>					
31	In my organization, leaders mentor and coach those they lead.					
32	In my organization, leaders continually look for opportunities to learn.					
33	In my organization, leaders ensure that the organization's actions are consistent with its values.					

**3. Customer orientation dimension ((Deshpande, Farley, and Webster 1993); modifications have been made to fit for this study.**

INSTRUCTIONS: This questionnaire provides a description of your breweries customer orientation. Nine descriptive statements are listed below. Judge how each statement fits your organization.

Key: five-point scale: 1= "strongly disagree" 2= "disagree" 3= "nother" 4=" agree" 5= "strongly agree"

SN	Items	1	2	3	4	5
34	We have routine or regular measures of customer service.					
35	Our product and service development is based on good market and customer information.					
36	We know our competitors well.					
37	We have a good sense of how our customers value our products and services.					
38	We are more customer focused than our competitors.					
39	We compete primarily based on product or service differentiation.					
40	The customer's interest should always come first, ahead of					

	the owners.					
41	Our products/services are the best in the business.					
42	I believe this business exists primarily to serve customers.					

**4. Marketing performance measurement dimensions (newly designed)**

INSTRUCTIONS: The following questionnaire provides a description of your breweries marketing related performance measures. Fifteen descriptive statements are listed below. Rate your organization’s performance for each and every statement.

Key: Five-point scale, 1 = “much worse” 2= “worse” 3= “neither” 4= better and 5 = “much better”

**In comparison to competitors:**

SN	Items	1	2	3	4	5
	<b>Sales and profit performance</b>					
43	Our Profit achieved over the last accounting year is					
44	Our Sales value or volume achieved over the last accounting year is					
45	Our gross margin over the last accounting year is					
46	Our market share over the last accounting year is					
47	Our Relative price over the last accounting year is					
48	Our Distribution system over the last accounting year is					
	<b>Product and brand performance</b>					
49	Our Total number of customers over the last accounting year are					
50	Our promotional spending over the last accounting year is					
51	Number of new products over the last accounting year are					
52	Our products Perceived quality over the last accounting year is					
53	Our company and brand awareness over the last accounting					

	year is					
54	Our products Relative perceived quality over the last accounting year is					
	<b>Customer satisfaction performance</b>					
55	Number of consumer complaints over the last accounting year are					
56	Our consumer satisfaction over the last accounting year is					
57	Our customers Loyalty over the last accounting year is					

**4. Personal Details**

**INSTRUCTIONS:** The following few questions represent control variables which may help to analyze the results from different perspectives; therefore, please put a checkmark inside the box in front of your choice.

<b>58</b>	<b>Your brewery</b>
	St. George Brewery
	Meta Abo Brewery
	Habesha Brewery
	Raya brewery

<b>59</b>	<b>Your Managerial position</b>
	Supervisory level
	Middle level
	Top level

<b>60</b>	<b>Your management experience</b>
	<5

	5-10
	10-15
	15-20
	>20

<b>61</b>	<b>Your Gender</b>
	Male
	Female

<b>62</b>	<b>Your Academic qualification</b>
	High school or below
	College diploma
	BA degree
	MA or above

<b>63</b>	<b>your Age group</b>
	>25
	25-35
	35-45
	45-55
	55-65

**Thank You!**

## Appendix 2- Research Ethics Clearance Certificate

Graduate School of Business Leadership, University of South Africa, P.O. Box 302, Unisa, 0003, South Africa  
Cnr Janieck and Alexandra Avenues Midrand 1685 Tel: +27 11 652 0000, Fax: +27 11 652 0299  
E-mail: sbl@unisa.ac.za Website: www.unisa.ac.za/sbl

### SCHOOL OF BUSINESS LEADERSHIP RESEARCH ETHICS REVIEW COMMITTEE (GSBL CRERC)

29 June 2017

Ref #: 2017\_SBL\_DBL\_004\_FA

Name of applicant: Mr HK  
Gelgile

Student #: 77665953

Dear Mr Gelgile

**Decision: Ethics Approval**

**Student:** Mr HK Gelgile, [hkebede90@gmail.com](mailto:hkebede90@gmail.com), 251911763804

**Supervisor:** Dr FT Jetu, [ftesqerajetu@yahoo.com](mailto:ftesqerajetu@yahoo.com), 251911256485

**Project Title:** Leadership and marketing performance: The mediating impacts of organizational learning and customer orientation

**Qualification:** Doctorate in Business Leadership (DBL)

**Expiry Date:** June 2021

Thank you for applying for research ethics clearance, SBL Research Ethics Review Committee reviewed your application in compliance with the Unisa Policy on Research Ethics.

**Outcome of the SBL Research Committee:**  
**Approval is granted for the duration of the Project**

The application was reviewed in compliance with the Unisa Policy on Research Ethics by the SBL Research Ethics Review Committee on the 27/06/2017.

The proposed research may now commence with the proviso that:

- 1) The researcher/s will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.
- 2) Any adverse circumstance arising in the undertaking of the research project that is

45  
Building leaders who go beyond



relevant to the ethicality of the study, as well as changes in the methodology, should be communicated in writing to the SBL Research Ethics Review Committee.

- 3) An amended application could be requested if there are substantial changes from the existing proposal, especially if those changes affect any of the study-related risks for the research participants.
- 4) The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study.

Kind regards,

  
Prof R. Ramphal

29/06/2017

**Chairperson: SBL Research Ethics Committee**

011 - 652 0363 or [ramphrr@unisa.ac.za](mailto:ramphrr@unisa.ac.za)

  
Dr R. Mokate

3/7/2017

**CEO and Executive Director: Graduate School of Business Leadership**

011- 652 0256/[mokatrd@unisa.ac.za](mailto:mokatrd@unisa.ac.za)

## Appendix-3 – Support Letters from Breweries and Related Documents

Graduate School of Business Leadership, University of South Africa PO Box 562 Unisa 0003 South Africa  
Cnr Smuts and First Avenue Midrand 1335 Tel: +27 11 652 0000 Fax: +27 11 652 0299  
Email: [sbl@unisa.ac.za](mailto:sbl@unisa.ac.za) Website: [www.sblunisa.ac.za](http://www.sblunisa.ac.za)



**REQUEST FOR PERMISSION TO CONDUCT RESEARCH AT META BREWERY**  
**[TRANSFORMATIONAL LEADERSHIP AND MARKETING PERFORMANCE: THE MEDIATING EFFECTS OF ORGANIZATIONAL LEARNING AND CUSTOMER ORIENTATION]**  
**(A LOOK IN ETHIOPIAN BREWERIES)**

Wintana Pougade

Meta Abo Brewery, Sebeta, Office No. 23.

Legal and Corporate Security

+251.912.501.389/Wintana.shimelis-pougade@diageo.com

Dear Wintana Pougade

Your permission is herewith requested to allow Hailemariam Kebede, a student in the Doctorate of Business Leadership at the UNISA Graduate School of Business Leadership (SBL) to conduct academic research in your organisation.

Your company has been selected to participate because it is one of the major player in Ethiopia brewing industry.

The purpose of the study is to investigate THE LINK BETWEEN TRANSFORMATIONAL LEADERSHIP STYLE AND MARKETING PERFORMANCE ALONG WITH THE MEDIATING IMPACTS OF ORGANIZATIONAL LEARNING AND CUSTOMER ORIENTATION IN THE ETHIOPIAN BREWERIES. The study will entail SURVEY AS A MAJOR DATA COLLECTION METHOD.

Your organisation participation in this study is very important to me. You may, however choose not to participate and you may also withdraw from the study at any time without any negative consequences.

The results of the study will be used for academic purposes only and may be published in an academic journal. I will provide you with a summary of our findings on request.



Graduate School of Business Leadership, University of South Africa PO Box 392 Unisa 0003 South Africa  
Cnr Smuts and First Avenue Midrand 1685 Tel: +27 11 652 0000 Fax: +27 11 652 0299  
Email: [sbl@unisa.ac.za](mailto:sbl@unisa.ac.za) Website: [www.sblunisa.ac.za](http://www.sblunisa.ac.za)



Please contact my supervisor, [DR. FANTA TESGERA, [ftesgerajetu@yahoo.com](mailto:ftesgerajetu@yahoo.com)] if you have any questions or comments regarding the study. Please sign below to indicate your willingness to participate in the study.

Yours sincerely

[HAILEMARIAM KEBEDE]

I, Wintana Poujade, herewith give my permission for the study to be conducted in META ABO BREWERY S.C.

Signature



10/03/2017

Date





**REQUEST FOR PERMISSION TO CONDUCT RESEARCH AT ST. GEORGE BREWERY**  
**[TRANSFORMATIONAL LEADERSHIP AND MARKETING PERFORMANCE: THE MEDIATING**  
**EFFECTS OF ORGANIZATIONAL LEARNING AND CUSTOMER ORIENTATION]**  
**(A LOOK IN ETHIOPIAN BREWERIES)**

<MR. GEBRESELAASSIE SIFER>

<SALES AND MARKETING >

<0911 221204>

Dear [MR. GEBRESELAASSIE SIFER]

Your permission is herewith requested to allow Hailemariam Kebode, a student in the Doctorate of Business Leadership at the UNISA Graduate School of Business Leadership (SBL), to conduct academic research in your organisation.

Your company has been selected to participate because it is one of the major player in Ethiopia brewery industry.

The purpose of the study is to investigate [THE LINK BETWEEN TRANSFORMATIONAL LEADERSHIP STYLE AND MARKETING PERFORMANCE ALONG WITH THE MEDIATING IMPACTS OF ORGANIZATIONAL LEARNING AND CUSTOMER ORIENTATION IN THE ETHIOPIAN BREWERIES]. The study will entail [SURVEY AS A MAJOR DATA COLLECTION METHOD].

Your organisation participation in this study is very important to me. You may, however choose not to participate and you may also withdraw from the study at any time without any negative consequences.

The results of the study will be used for academic purposes only and may be published in an academic journal. I will provide you with a summary of our findings on request.

Graduate School of Business Leadership, University of South Africa PO Box 582 Unisa 0003 South Africa  
One Sunnyside and First Avenue Midrand 1685 Tel: +27 11 652 0000 Fax: +27 11 652 0296  
Email: [gbl@unisa.ac.za](mailto:gbl@unisa.ac.za) Website: [www.unisa.ac.za](http://www.unisa.ac.za)



Please contact my supervisor, [DR. FANTA TESGERA, [ftesgerajetu@yahoo.com](mailto:ftesgerajetu@yahoo.com)] if you have any questions or comments regarding the study. Please sign below to indicate your willingness to participate in the study.

Yours sincerely

[HAILEMARIAM KEBEDE]

I, [GEBRESELASSIE SIFER], herewith give my permission for the study to be conducted in [ST. GEORGE BREWERY].

Signature



Date

16/03/17

Graduate School of Business Leadership, University of South Africa PO Box 592 Unisa 0008 South Africa  
Cnr. Smuts and First Avenue Midrand 1655 Tel: +27 11 652 0000 Fax: +27 11 552 0295  
Email: [gsl@unisa.ac.za](mailto:gsl@unisa.ac.za) Website: [www.unisa.ac.za](http://www.unisa.ac.za)



• **REQUEST FOR PERMISSION TO CONDUCT RESEARCH AT HABESHA BREWERY**  
**[TRANSFORMATIONAL LEADERSHIP AND MARKETING PERFORMANCE: THE MEDIATING**  
**EFFECTS OF ORGANIZATIONAL LEARNING AND CUSTOMER ORIENTATION]**  
**(A LOOK IN ETHIOPIAN BREWERIES)**

<Fitsum Kellie>

<Habesha Breweries S.C. Head Office>

<Marketing Department>

<+251966216662 fitsumk@habeshabreweries.com>

Dear Fitsum Kellie, Brand Manager

Your permission is herewith requested to allow HailomariamKebede, a student in the Doctorate of Business Leadership at the UNISA Graduate School of Business Leadership (SBL), to conduct academic research in your organisation.

Your company has been selected to participate because it is one of the major player in Ethiopia brewery industry.

- The purpose of the study is to investigate [THE LINK BETWEEN TRANSFORMATIONAL LEADERSHIP STYLE AND MARKETING PERFORMANCE ALONG WITH THE MEDIATING IMPACTS OF ORGANIZATIONAL LEARNING AND CUSTOMER ORIENTATION IN THE ETHIOPIAN BREWERIES]. The study will entail [SURVEY AS A MAJOR DATA COLLECTION METHOD].

Your organisation participation in this study is very important to me. You may, however choose not to participate and you may also withdraw from the study at any time without any negative consequences.

The results of the study will be used for academic purposes only and may be published in an academic journal. I will provide you with a summary of our findings on request.



Graduate School of Business Leadership, University of South Africa PO Box 392 Unisa 0002 South Africa  
Chr Smuts and First Avenue Midrand 1685 Tel: +27 11 652 0000 Fax: +27 11 652 0299  
Email: [sb@unisa.ac.za](mailto:sb@unisa.ac.za) Website: [www.sb.unisa.ac.za](http://www.sb.unisa.ac.za)



Please contact my supervisor, [DR. FANTA TESGERA, [ftesgera@etu@yahoo.com](mailto:ftesgera@etu@yahoo.com)] if you have any questions or comments regarding the study. Please sign below to indicate your willingness to participate in the study.

Yours sincerely

[HAILEMARIAM KEBEDE]

I, [Fitsum Kelilie], herewith give my permission for the study to be conducted in [Habesha Breweries S.C.].

Signature



7/3/2017

Date



• **REQUEST FOR PERMISSION TO CONDUCT RESEARCH AT RAYA BREWERY**  
**[TRANSFORMATIONAL LEADERSHIP AND MARKETING PERFORMANCE: THE MEDIATING**  
**EFFECTS OF ORGANIZATIONAL LEARNING AND CUSTOMER ORIENTATION]**  
**(A LOOK IN ETHIOPIAN BREWERIES)**

**TILAHUN NEGASH, (*Brand Manager*)**

**SEVITA BUILDING 6<sup>TH</sup> FLOOR ROOM NO. 605**

**MARKETING DEPARTMENT**

**Tel. +251-930-002356, e-mail - [tilahun\\_negash@yahoo.com](mailto:tilahun_negash@yahoo.com)**

Your permission is herewith requested to allow Hailemariam Kebede, a student in the Doctorate of Business Leadership at the UNISA Graduate School of Business Leadership (SBL), to conduct academic research in your organisation.

Your company has been selected to participate because it is one of the major players in Ethiopia brewery industry.

- The purpose of the study is to investigate [THE LINK BETWEEN TRANSFORMATIONAL LEADERSHIP STYLE AND MARKETING PERFORMANCE ALONG WITH THE MEDIATING IMPACTS OF ORGANIZATIONAL LEARNING AND CUSTOMER ORIENTATION IN THE ETHIOPIAN BREWERIES]. The study will entail [SURVEY AS A MAJOR DATA COLLECTION METHOD].

Your organisation participation in this study is very important to me. You may, however choose not to participate and you may also withdraw from the study at any time without any negative consequences.

The results of the study will be used for academic purposes only and may be published in an academic journal. I will provide you with a summary of our findings on request.

Please contact my supervisor, [DR. FANTIA TESGERA, [ftesgerajetu@yahoo.com](mailto:ftesgerajetu@yahoo.com)] if you have any questions or comments regarding the study. Please sign below to indicate your willingness to participate in the study.

Graduate School of Business Leadership, University of South Africa PO Box 302 Unisa 0002 South Africa  
Chr. Smuts and First Avenue Midrand 1685 Tel: +27 11 652 5000 Fax: +27 11 652 0799  
E-mail: [gsbl@unisa.ac.za](mailto:gsbl@unisa.ac.za) Website: [www.gsbl@unisa.ac.za](http://www.gsbl@unisa.ac.za)



Yours sincerely

\_\_\_\_\_  
[HAILEMARIAM KEBEDE]

I, [TILAHUN NEGASH], herewith give my permission for the study to be conducted in [RAYA BREWERY].

Signature



Date

**RESEARCHER'S DECLARATION TO ADHERE TO THE UNISA CODE OF CONDUCT REGARDING THE ETHICS OF THE PROPOSED RESEARCH**

By signing below, I **(HAILEMARIAM KEBEDE GELGILE)** I declare as follows:

a)	I completed all the sections of this form that are relevant to the proposed research study.	<input checked="" type="checkbox"/>	Agree
b)	I have acquainted myself with UNISA's code on research ethics expressed in the UNISA Policy on Research Ethics and the Standard Operating Procedure or Research Ethics Risk Assessment. I shall fully comply with it.	<input checked="" type="checkbox"/>	Agree
c)	I shall conduct the research in an ethically responsible way by demonstrating respect for participants' autonomy, considering a fair risk-benefit analysis and employing fair research procedures.	<input checked="" type="checkbox"/>	Agree
d)	I shall conduct the research in strict accordance with the approved proposal. I acknowledge that the approval is valid as long as approved procedures are followed.	<input checked="" type="checkbox"/>	Agree
e)	I shall notify the URERC in writing of any adverse events that occur arising from harm experienced by participants.	<input checked="" type="checkbox"/>	Agree
f)	I shall notify the URERC in writing if any changes to the research are proposed that may affect any of the study related risks for the research participants.	<input checked="" type="checkbox"/>	Agree
g)	I shall maintain participants' privacy and the confidentiality of records pertaining to the research.	<input checked="" type="checkbox"/>	Agree
h)	I shall not use the research and information in a manner that is detrimental to human participants or institutions unless it can be scientifically justified.	<input checked="" type="checkbox"/>	Agree
i)	I shall store research data securely and in accordance with the data management measures indicated in my application/proposal.	<input checked="" type="checkbox"/>	Agree
j)	I shall uphold research integrity and refrain from conduct that may taint the integrity of science, including, but not limited to plagiarism, fabrication and falsification of data.	<input checked="" type="checkbox"/>	Agree
k)	I shall refrain from the use of human participant data that was collected without a valid research ethics approval for the purpose of this research.	<input checked="" type="checkbox"/>	Agree
l)	I shall take the necessary steps to warrant that co-researchers, if applicable, familiarise themselves with the Unisa Policy on Research Ethics.	<input checked="" type="checkbox"/>	N/A
		<input type="checkbox"/>	Agree

Signing of declaration \_\_\_\_\_

Name in Print **HAILEMARIAM KEBEDE**

Signature \_\_\_\_\_

Date signed

**08-03-17**

Applicant \_\_\_\_\_

**Hailemariam Kebede** \_\_\_\_\_

Approved by supervisor FANTA TESGERA JETU

To my knowledge the student has addressed all aspects in his/her application for research ethics approval set forth in the University of South Africa's Policy for Research Ethics. I confirm that the form is complete. I will ensure that the student notify the committee in writing if any changes to the research are proposed that may affect any of the study-related risks for the research participants. Subsequently, I approve the submission and recommend that approval is granted for the research.

Name in Print DR. FANAT TESGERA JETU

Signature



Date signed 09/03/17



## PARTICIPANT INFORMATION SHEET

January 10, 2017

**Title:** Leadership and Marketing Performance: The Mediating Impacts of Organizational Learning and Customer Orientation. (A look in to Ethiopian brewery)>

### Dear Prospective Participant

My name is Hailemariam Kebede and I am doing research with my supervisor Dr. Fanta Tesgera, a proficient Management consultant in different industries in Ethiopia. We are inviting you to participate in a study entitled "**Leadership and Marketing Performance: The Mediating Impacts of Organizational Learning and Customer Orientation. (A look in to Ethiopian brewery)**".

The aim of this study is to investigate the relationship between leadership and marketing performance. You are invite to participate in this study because you are working as a manager in one of Ethiopian breweries. In total 300 managers will be participated after they are identified through a systematic random sampling method.

The study involves questionnaires/surveys and you will be asked to answer questions about your perception about leadership and marketing performance of your brewery. The five point Likert scale will be used. Approximately 15-20 minutes will be required to complete the questionnaire.

Being in this study is voluntary and you are under no obligation to consent to participation. If you do decide to take part, you will be given this information sheet to keep and be asked to sign a written consent form. You are free to withdraw at any time and without giving a reason.

*No financial benefit will be given because of your participation. However indirectly I believe that you will be benefited from the findings and conclusions made after this study.*

No foreseeable Incontinence/harm is expected because of your participation. Further to the concern your name will not be recorded anywhere and no one will be able to connect you to the answers you give. Your answers will be given a fictitious code number or a pseudonym and you

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Cnr Janadri & Alexandra Avenue Midrand 1685 Tel: +27 11 652 0000 Fax: +27 11 652 0280  
Email: [gsbl@unisa.ac.za](mailto:gsbl@unisa.ac.za) Website: [www.gsblunisa.ac.za](http://www.gsblunisa.ac.za)



will be referred to in this way in the data, any publications, or other research reporting methods, such as conference proceedings.

Your answers may be reviewed by people responsible for making sure that research is done properly, including a transcriber, external coder, and members of the Research Ethics Committee. Otherwise, records that identify you will be available only to people working on the study, unless you give permission for other people to see the records.

Hard copies of your answers will be stored by the researcher for a period of 3 years in a locked cupboard/filing cabinet for future research or academic purposes; electronic information will be stored on a password protected computer. Future use of the stored data will be subject to further Research Ethics Review and approval if applicable. After 3 years the hard copy will be burned in to ash and the soft copy will be deleted.

I am hopeful that this study will receive written approval from the Research Ethics Committee of the College of Economic and Management Sciences, Unisa. A copy of the approval letter can be obtained from the researcher if you so wish.

If you would like to be informed of the final research findings, please contact [shailemariamkebede@unisa.ac.za](mailto:shailemariamkebede@unisa.ac.za) on +27 11 763804.

Should you require any further information or want to contact the researcher about any aspect of this study, please contact the principle researcher via [hkebede90@gmail.com](mailto:hkebede90@gmail.com) or 0911-763804.

Should you have concerns about the way in which the research has been conducted, you may contact my supervisor Dr. Fanta Tesgera via [ftesgerateju@yahoo.com](mailto:ftesgerateju@yahoo.com) or 0911256485.

Thank you for taking time to read this information sheet and for participating in this study.

Thank you.

Hailemariam Kebede



**Informed consent for participation in an  
academic research project**

**Leadership and Marketing Performance: The Mediating Impacts of Organizational Learning and Customer  
Orientation.  
(A look in to Ethioplan brewery)**

Dear Respondent

You are herewith invited to participate in an academic research study conducted by  
[HAILEMARIAM KEBEDE], a student in the doctor of Business Leadership at UNISA's Graduate  
School of Business Leadership (SBL).

The purpose of the study is to investigate [the relationship between leadership and marketing  
performance along with the mediating impacts of organizational learning and consumer  
orientation].

All your answers will be treated as confidential, and you will not be identified in any of the research  
reports emanating from this research.

Your participation in this study is very important to us. You may however choose not to participate  
and you may also withdraw from the study at any time without any negative consequences.

Please answer the questions in the attached questionnaire as completely and honestly as possible.  
This should not take more than 15-20 minutes of your time].

The results of the study will be used for academic purposes only and may be published in an  
academic journal. I will provide you with a summary of our findings on request.

Please contact my supervisor, [Dr. Fanta Tesgera – [ftsgerajetu@yahoo.com](mailto:ftsgerajetu@yahoo.com)] if you have any  
questions or comments regarding the study. Please sign below to indicate your willingness to  
participate in the study.

Yours sincerely

[HAILEMARIAM KEBEDE -----]

I, [-----], herewith give my consent to participate in the study. I have  
read the letter and understand my rights with regard to participating in the research.

\_\_\_\_\_  
Respondent's signature

\_\_\_\_\_  
Date

## Appendix 4- Variance T-Test for Missing Values

	M2					B2					SPP5					CSP2				
	t	df	P(2-tail)	# Present	# Missing	t	df	P(2-tail)	# Present	# Missing	t	df	P(2-tail)	# Present	# Missing	t	df	P(2-tail)	# Present	# Missing
II1	1.7	14.5	.119	193	14	-8	16.8	.463	192	15	-1.6	20.4	.126	190	17	1.0	16.6	.332	191	16
II2	1.7	13.3	.104	195	13	-4	18.4	.674	193	15	-4	20.6	.685	190	18	2.0	16.8	.064	192	16
II3	1.7	14.9	.118	192	14	-5	16.0	.615	191	15	-8	23.4	.455	188	18	.4	16.9	.690	190	16
IM1	1.9	13.1	.078	194	13	.6	15.4	.540	193	14	-1	20.5	.946	189	18	.5	16.6	.634	191	16
IM2				197	0	.5	14.0	.621	183	14	1.1	17.6	.266	181	16	1.6	17.1	.118	181	16
IM3	2.0	14.8	.060	195	14	-4	14.9	.694	195	14	.5	21.3	.616	191	18	.5	15.9	.648	194	15
IS1	1.3	14.3	.214	196	14	.2	15.8	.842	195	15	.6	19.0	.573	192	18	.9	17.1	.372	194	16
IS2	.0	13.3	.985	183	13				196	0	.4	19.9	.686	178	18	.2	13.4	.816	183	13
IS3	1.2	14.2	.232	194	14	.3	15.9	.736	193	15	.6	19.3	.586	190	18	1.1	17.2	.297	192	16
IC1	1.8	14.4	.087	196	14	-1.2	15.7	.238	195	15	2.7	22.6	.092	192	18	.3	16.7	.804	194	16
IC2	.9	16.1	.390	197	14	-3	16.5	.742	196	15	2.1	20.1	.044	193	18	1.3	17.3	.205	195	16
IC3	.5	14.3	.615	193	14	-1.3	15.8	.227	192	15	1.3	20.6	.208	189	18	-4	16.7	.721	191	16
CL1	1.9	14.1	.075	197	14	1.0	16.8	.329	196	15	-6	21.9	.538	193	18	.7	18.5	.490	195	16
CL2	1.2	14.3	.235	197	14	.6	16.2	.545	196	15	-1.0	20.3	.352	193	18	1.1	18.5	.267	195	16
CL3	1.4	14.5	.180	197	14	.2	16.1	.848	196	15	-8	21.3	.452	193	18	.7	18.3	.509	195	16
DI1	1.3	14.7	.215	195	14	.2	17.2	.814	194	15	-1.4	20.1	.169	191	18	-7	18.5	.485	193	16
DI2	1.7	14.5	.115	197	14	.1	16.7	.885	196	15	-2	20.1	.805	193	18	-3	19.3	.793	195	16
DI3	1.0	14.4	.356	196	14	.7	16.4	.470	196	14	-1.0	19.4	.315	192	18	.4	18.5	.690	194	16
TLC1	.2	14.0	.845	197	14	1.6	16.9	.133	196	15	.5	19.5	.635	193	18	.9	18.8	.371	195	16
TLC2	.0	14.3	.969	196	14	1.4	15.9	.173	195	15	-4	20.1	.680	192	18	1.0	18.2	.328	194	16
TLC3	.0	14.4	.972	191	14	1.7	14.8	.112	191	14	.3	20.8	.787	187	18	.5	17.2	.653	189	16
ES1	1.2	15.2	.256	197	14	1.0	15.4	.317	196	15	.2	19.8	.842	193	18	1.6	18.4	.130	195	16
ES2	.2	14.4	.882	197	14	1.3	16.8	.226	196	15	.6	20.5	.560	193	18	.7	16.9	.505	195	16
ES3	.4	14.5	.708	192	14	1.7	14.8	.103	192	14	1.6	18.8	.124	189	17	.2	17.6	.812	190	16
EM1	-1	15.0	.956	196	14	-6	16.7	.530	195	15	.7	20.1	.508	192	18	.1	18.5	.954	194	16
EM2	2.0	15.4	.062	196	14	-1	16.4	.894	195	15	-4	20.7	.695	192	18	1.2	17.4	.233	194	16
EM3	.3	15.3	.741	197	14	.6	16.1	.525	196	15	-1.7	20.5	.096	193	18	1.6	18.6	.133	195	16
SC1	1.4	11.9	.189	195	12	.5	15.3	.623	193	14	.2	20.6	.874	189	18	.4	17.3	.689	191	16
SC2	2.6	14.5	.071	197	14	.8	15.7	.438	196	15	-1.0	22.1	.311	193	18	.8	16.9	.462	195	16
SC3	.1	14.3	.947	195	14	-2	15.8	.855	194	15	-4	19.7	.692	191	18	-1.6	22.5	.132	193	16
SL1	1.1	13.5	.270	189	13	1.4	15.3	.179	188	14	-1	17.3	.887	186	16	.9	19.0	.355	187	15
SL2	1.7	14.6	.106	197	14	-7	16.3	.490	196	15	.0	19.0	.965	193	18	-4	17.8	.717	195	16
SL3	.9	14.4	.394	197	14	1.5	16.7	.150	196	15	.3	19.7	.774	193	18	1.0	19.4	.349	195	16

CO1	-9	15.2	.364	196	14	.7	16.5	.482	195	15	.5	19.3	.625	192	18	1.0	17.6	.351	194	16
CO2	-1.3	14.6	.221	195	14	1.3	16.2	.217	194	15	.3	20.5	.797	191	18	1.6	17.9	.122	194	15
CO3	-1.1	14.5	.310	193	13	1.3	16.7	.198	191	15	-.7	18.9	.478	189	17	1.0	17.1	.323	190	16
CO4	-6	15.5	.565	197	14	1.0	16.2	.327	196	15	.2	20.3	.868	193	18	1.1	17.5	.298	195	16
CO5	-8	14.8	.460	195	14	.6	16.7	.540	194	15	.3	20.4	.773	191	18	.6	20.6	.582	193	16
CO6	-6	15.2	.571	197	14	1.6	16.2	.120	196	15	.1	20.1	.945	193	18	.3	17.2	.754	195	16
CO7	.3	15.0	.795	197	14	-.1	15.5	.931	196	15	1.6	21.2	.129	193	18	-1.3	18.7	.214	195	16
CO8	-9	14.1	.400	196	13	.8	16.6	.461	194	15	.3	19.6	.759	191	18	.1	17.2	.916	193	16
CO9	-7	16.0	.523	197	14	.6	17.2	.550	196	15	-.7	20.4	.483	193	18	.7	17.9	.520	195	16
SPP1	-9	19.2	.399	194	14	-1.9	24.7	.069	193	15	.1	19.9	.929	190	18	-.9	19.4	.375	192	16
SPP2	-1	15.2	.885	197	14	-6.5	34.2	.870	196	15	.9	18.9	.391	193	18	.6	18.3	.578	195	16
SPP3	.7	14.9	.524	196	14	-1.7	23.2	.098	195	15	.9	19.4	.390	192	18	.8	18.7	.427	194	16
SPP4	.9	15.3	.391	196	14	-1.7	17.5	.108	195	15	1.1	20.2	.304	192	18	-1.2	17.7	.263	194	16
SPP5	-1.4	15.1	.192	181	12	-1.9	27.0	.068	178	15				193	0	.0	16.9	.981	178	15
SPP6	-1.2	15.6	.256	196	14	-1.2	17.2	.265	195	15	-1.6	25.9	.123	192	18	-.2	17.4	.840	194	16
PBP1	-2.1	17.6	.055	197	14	.0	16.7	.984	196	15	1.0	19.5	.344	193	18	.1	20.6	.960	195	16

## Appendix 5- Skewness and Kurtosis Values

Items	Skewness	Std. Error of Skewness	Z value	Kurtosis	Std. Error of Kurtosis	Z value
II1	-.023	.167	-.134	-.575	.333	-1.7253
II2	-.054	.167	-.322	-.486	.333	-1.4572
II3	-.017	.167	-.104	-.328	.333	-0.983
IM1	.249	.167	1.489	-.509	.333	-1.52666
IM2	.321	.167	1.918	-.644	.333	-1.93320
IM3	.380	.167	2.269	-.541	.333	-1.6235
IS1	-.227	.167	-1.353	-.391	.333	-1.173
IS2	.131	.167	.781	-.873	.333	-2.5194
IS3	-.204	.167	-1.216	-.406	.333	-1.2176
IC1	-.058	.167	-.344	-.175	.333	-0.524679
IC2	-.075	.167	-.446	-.279	.333	-0.8365
IC3	.030	.167	.180	.495	.333	1.48609
CL1	-.219	.167	-1.307	.331	.333	0.99183
CL2	-.313	.167	-1.868	.193	.333	0.57928
CL3	-.312	.167	-1.860	.448	.333	1.34471
DI1	-.273	.167	-1.628	.295	.333	0.88417
DI2	.033	.167	.200	-.380	.333	-1.1385
DI3	-.091	.167	-.544	-.069	.333	-0.2074

TLC1	.011	.167	.064	-.545	.333	-1.6362
TLC2	-.088	.167	-.527	-.458	.333	-1.3725
TLC3	-.124	.167	-.743	-.286	.333	-0.8574
ES1	-.158	.167	-.941	-.044	.333	-0.1334
ES2	-.175	.167	-1.043	.058	.333	0.17521
ES3	-.070	.167	-.417	-.277	.333	-0.8309
SC1	.197	.167	1.178	.271	.333	0.81166
SC2	-.132	.167	-.789	-.038	.333	-0.1129
SC3	-.393	.167	-2.346	.225	.333	0.67585
SL1	-.083	.167	-.494	.121	.333	0.36327
SL2	.222	.167	1.328	-.739	.333	-2.2155
SL3	.084	.167	.499	-.677	.333	-2.0309
CO1	-.230	.167	-1.376	.187	.333	0.5601
CO2	-.072	.167	-.427	-.565	.333	-1.6961
CO3	-.312	.167	-1.860	.131	.333	0.3918
CO4	-.055	.167	-.330	-.007	.333	-0.020648
CO5	.097	.167	.581	.248	.333	0.7447767
CO6	-.052	.167	-.311	.095	.333	0.284241
CO8	-.150	.167	-.896	-.265	.333	-0.7954
CO9	.025	.167	.148	-.649	.333	-1.9481
SPP1	-.260	.167	-1.556	.557	.333	1.66977
SPP2	-.185	.167	-1.108	.025	.333	0.07525
SPP3	-.034	.167	-.202	-.079	.333	-0.2367

SPP5	-.235	.167	-1.405	.695	.333	2.08603
PBP1	-.245	.167	-1.461	.185	.333	0.55353
PBP3	-.082	.167	-.491	-.365	.333	-1.0952
PBP4	.037	.167	.220	-.553	.333	-1.6589
PBP5	.022	.167	.134	-.721	.333	-2.1616
PBP6	-.039	.167	-.231	-.559	.333	-1.6772
CSP1	.026	.167	.153	-.509	.333	-1.5258
CSP3	-.167	.167	-1.000	.071	.333	0.21173