SECTION 1. Macroeconomic processes and regional economies management

Krista Tuulik (Estonia), Ruth Alas (Estonia)

Leadership in Estonia

Abstract

The present paper concentrates on the subject of leadership during the years of Estonian economy transformation, i.e. the first fifteen years of re-established independence. The research question was – what are the characteristics of the Estonian manager/leader during the transformational period. The hypotheses of current research − the leadership style practiced in Estonia during the period from re-establishing the independence till joining the EU can be named transformational − found support as the global visionary/value based leadership style is different from Estonian visionary-value/team oriented leadership style. Extra characteristics (e.g., administratively effective, being information source, team orientation and communicator), which belong to this style, support the conclusion that it can be called transformational.

Keywords: economic transformation, transformational leader, leadership style, Globe project.
JEL Classification: M1.

Introduction

During the last 12 years of transformation and the increasing international orientation and global challenges facing East European countries (EEC), for example, through an increasing international approach to the division of labor, the massive foreign direct investments, joint ventures and last but not least, massive transfers of management knowledge into East European countries, one could also expect changes in leadership behavior and a process of internationalization and convergence of leadership behaviors and styles (Lang et al., 2003).

A transitional period, or "process of institutional transmutation" as it has been called by Giddens (1984), is a period between the deposing of one set of principles and the introduction and establishment, or routinizing of a new, radically different set.

The Republic of Estonia is one of the former Soviet republics that was liberated in 1991. Starting from that moment, a new era began in Estonia's economy as it did in many other Central and Eastern European countries. Where are we after ten years with a free market economy and the opportunity to practice business in our own way, and who are the people responsible for leading us forward to the next achievements? The research question is – What are the characteristics of the Estonian manager/leader during the transformational period?

The paper starts with overview about theories of economic transformation and leadership. Also, short overview about leadership and management studies in transforming Estonia is given. This is followed by analysis of empirical studies in Estonian organizations.

1. Societies in economic transformation

The combination of political and economic reforms, the transformation of key economic institutions, and the impacts of foreign investment have made the transition process one of the most dynamic features of the global economy (Denison, 2001). Transition from the former centrally planned economies in Central and Eastern European countries to market economies has been cited as one of the most important issues in contemporary economics and in the development of the world economy (Vensel, 1996).

Economic transition describes a social process, in which a complex set of normative and operating principles, embodied in historical structures, systems and practices, becomes replaced by another alternative, albeit unknown set. The change from hierarchical economic planning and administration through command directives, to a situation, in which the responsibility for economic decision-making lies with local enterprise managers responding to market signals, is so radical that it demands a perspective that captures its dramatic revolutionary nature. These structural changes are deeply institutional. Such a change is so fundamental in its effects on macro systems and structures that everyday experience of social life takes on an entirely different appearance. This is called a transformation, a radical change that permeates society systematically and socially (Clark & Soulsby, 1999). Although change is at the core of transformation process, it should not be forgotten that change as such is not the fundamental goal of the transformation but rather a method of adjusting to a constantly changing business environment (Liuhto & Michailova, 1999). According to Laar (2001), the slower the destruction of the old system, the more trouble and pain the transition brings.

It has been claimed that the concept of transition connotes a presumed move from a command economy towards a Western style market economy, and the use of the term has an ideological halo effect. The notion of transformation suggests nothing about the destination of the process of socio-economic change, and emphasizes the variety and complexity of the process (Clark & Soulsby, 1999).

Societies are institutionalized contexts, so any explanation of the processes of economic organization and change must start from an understanding of the nature of institutions and the ways, in which institutionalization influences concrete economic structures and activities. According to Denison (2001), the most important changes that occur during the transition process take place within organizational level and these still remain unexamined. The transition process may well begin with macro level political economic reforms, but can never be completed until dramatic change has occurred in each individual organization. The transition process begins with macro level political and institutional changes that create a new environment, in which firms must operate (Denison, 2001).

Organization and management must be understood as parts of the institutional system, they do not exist or operate independently, but reflect, reveal and reinforce cultural rules and accounts about the nature of rational economic behavior in particular and social conduct in general. Organizing and managing are subject to the same process of institutional inertia and change as other formal structures and social practices, and abide by the same technical criteria, rationality, and normative criteria, legitimacy, as other elements of the system (Clark & Soulsby, 1999). Managers interpret their environment and create systems and structures that they believe will be adaptive. It is the successful creation of these systems and contexts that is required to change behavior, motivation, flexibility, and productivity. This process is never linear, but instead co-evolves at all of these levels at the same time. The history of nations, the cultures of organizations, the clash of economic ideologies, and the struggle to survive will all come into play in the workplace on daily basis (Denison, 2001).

The development in the last 15 years has brought a more international orientation and global challenges for the East European countries, i.e. increasing integration into international division of labor, massive foreign direct investments, joint ventures, and last but not least, massive transfer of management knowledge into the East European countries. This should arguably lead to changes in the leadership behaviors and styles. Still it is suggested that there is a difference between East and West. Reason for that "inertia" might be the ongoing transformation process or peculiarities of the natural culture, but it is unlikely that after ten years of transformation these effects are still the result of "old" system (Steyrer et al., 2006).

Liuhto (1993) has observed the situation in Estonia in the beginning of independence and has concluded that the independence of Estonia has emphasized the national attitudes and thoughts. The outcome of national feelings has been extremely powerful but it had been developed during the Soviet rule when the national managerial features were suppressed.

2. Leadership theories

Yukl has summarized three important categories of leadership — charismatic, relationship-oriented, and task-oriented (Yukl, 1998). While charismatic leaders could potentially also be relationship-oriented or task-oriented (Bass & Avolio, 1993), the key behaviors that characterize each of those leadership styles are distinctive (Erhart & Klein, 2001).

Charismatic leadership "entails a unique connection between a leader and his or her followers that can account for extraordinary performance and accomplishments among individuals, work groups, units, and organizations" (Yammarino et al., 1997).

According to Andrew J. DuBrin (2004), the outstanding characteristic of charismatic leaders is that they are charismatic. In addition, they have other distinguishing characteristics — many of these characteristics also apply to transformational leaders because charisma is one of the key components of transformational leadership. A transformational leader is one who brings about a major, positive change in an organization, but many charismatic leaders are not transformational. Although they can inspire people, they may not bring about major organizational change. The transformational leader moves group members beyond self-interest to the good of the group, organization or society. Charismatic leadership is a component of transformational leadership.

Research on charismatic leadership and the related concepts of transformational and inspirational leadership have burgeoned in the last two decades (Erhart & Klein, 2001). There is considerable convergence of the findings from studies concerned with charismatic leadership and those concerned with transformational and visionary leadership (Shamir, House, & Arthur, 1993). According to these authors, charismatic leaders *cause* their subordinates to perform at new heights, and they emphasize that charismatic leadership is best conceptualized not as something a leader does to his or

5

her followers, but rather as *a relationship between a leader and his or her followers* (Conger & Kanungo, 1997; House, 1977; Shamir et al., 1993).

Jermier (1993) described charisma "not [as] a thing that can be possessed by an individual", but as a "process that exists only in social relationships". According to Klein and House (1995), charisma does not exist within either the leader or the follower, but "resides in the relationship between the leader who has charismatic qualities and those of his or her followers who are open to charisma within a charisma-conducive environment".

House and his colleagues define charisma as a relationship between an individual (leader) and one or more followers based on leader behaviors combined with favorable attributions on the part of the followers (House, 2004).

Individuals may differ in their responses to identical leadership behaviors. A given leader may be satisfying and motivating to some employees, and dissatisfying and demotivating to other employees, even if the leader acts in an identical fashion toward both sets of employees (Erhart & Klein, 2001). Shamir et al. (1993) present a self-concept based theory of charismatic leadership suggesting that charismatic leaders do not have similar effects on all followers. Kerr and Jermier emphasize that followers may differ in their perceptions of the attractiveness of the rewards that a given leader controls and, thus, in their reactions to that leader. Studies of the appropriate level of analysis for conceptualizing and studying charismatic and transformational leadership (e.g., Yammarino et al., 1997) document significant individual differences in subordinate reactions to the same leader. These studies show that subordinates of a given leader may evaluate and describe the leader quite differently (Erhart & Klein, 2001).

Following Rogers and Farson (1955), Conger and Kanungo (1988) worried that charismatic leadership (which is defined similarly to transformational leadership) of self-serving leaders could result in deception and exploitation of followers, but argued that most leaders pursued both personal and organizational interests.

According to Bass and Steidlmeier (1999), true transformational leaders identify the core values and purposes of the organization and its members, liberate their human potential, and foster pluralistic leadership and effective, satisfied followers.

Key behaviors on the part of the leader include articulating a vision and sense of mission, showing determination and communicating high performance expectations. Favorable attributional effects on the

part of followers include the generation of confidence in the leader, making followers feel good in his/her presence and strong admiration or respect. The effect of charismatic leadership may be heightened by an uncertain environment that facilitates the emergence, acceptance, and effectiveness of a charismatic leader (Waldman et al., 2001).

Transactional leadership involves contingent reinforcement. Followers are motivated by the leaders' promises, praise, and rewards, or they are corrected by negative feedback, reproof, threats, or disciplinary actions. The leaders react to whether the followers carry out what the leaders and followers have "transacted" to do. In contingent rewarding behavior, leaders either make assignments or they may consult with followers about what is to be done in exchange for implicit or explicit rewards and the desired allocation of resources. When leaders engage in active management-by-exception, they monitor follower performance and correct followers' mistakes. When leaders engage in passive management-by-exception, they wait passively for followers' mistakes to be called to their attention before taking corrective action with negative feedback or reprimands. Laissez-faire leaders avoid leading (Bass & Steidlmeier, 1999).

Transformational leadership contains four components: charisma or idealized influence (attributed or behavioral), inspirational motivation, intellectual stimulation, and individualized consideration (Bass, 1985, 1998; Bass & Avolio, 1993). Followers identify with the charismatic leader's aspirations and want to emulate the leader. Shamir, House, and Arthur (1993), Conger and Kanungo (1988, 1998), Kanungo and Mendonca (1996) conceive of the same components as all falling under the category of charismatic leadership. In fact, most leaders have a profile of the full range of leadership qualities that includes both transformational and transactional factors (Bass & Steidlmeier, 1999).

3. Leadership and management studies in transforming Estonia

Starting from the demolition of the Berlin Wall in 1989 and the dissimilation of the Soviet Union, management and leadership studies in former Soviet countries have been an interesting topic. The main question for these recently liberated countries has been whether the managerial forces and management styles are more similar to their geographical neighbors or to the countries of the Western world. Do they suffer from holdovers from the Soviet regime or are they establishing their own specific style? According to Lang (2003), leadership studies in Eastern Europe suggest a more or less different pattern of leadership behavior in these countries to

those in Western or Northern Europe. Explanation of this see it as a result of the so-called communist heritage, while leaving out any consideration of the influence of the transformation process as a fundamental process of change, which may have supported more strict types of leadership. This also includes the influences coming from different stages of the transformation process.

Estonia has been one of the best examples of developments in transitional economy, therefore, much research has been carried out in different fields. According to Kooskora (2006), most of the researches have dealt with political and macroeconomic policies, ownership structures and privatization, internationalization and foreign investments; and innovations and fiscal determinants. But a limited number of studies of management and business corporations have been conducted (Kooskora, 2006).

The number of studies related to leadership issues is even more minor, but still we can mention Alt et al. (2003), Nurmi & Üksvärav (1994 & 1996), Lang et. al. (2005) Lindert (1996), Stout (2003), Vadi (2003), Alas & Tuulik (2003 &2005) and Steyrer, Hartz & Schiffinger (2006).

Based on the above mentioned information we can say that there is still a need for additional leadership research in Estonia. The aim of current research is to fulfill partly the shortage of knowledge about Estonian management styles and the preferences and the existing values after the first decade of independence.

According to Lang (2003), in transforming countries a stable pattern of leadership behavior can be found instead of massive changes towards Western behavioral patterns of leadership. This cannot be explained by pointing to the change from the "old system" to the new Western "system". Cultural factors and the transformation process itself must be taken into consideration.

Liuhto stated in 1991 that certain research results indicate that the Estonian managerial culture was closer to the Finnish culture than to the Russian one despite the fact that Estonia had been in the heart of Management Sovieticus for fifty years. Estonians have received a great deal of foreign influence from the Scandinavian countries (Liuhto, 1991). Despite the Soviet regime and pressure, Estonians practiced their own ways of management already before the liberation process.

Based on the assumptions stated by Lang and Liuhto, the following *hypotheses* were constructed: the leadership style, practiced in Estonia during the period from re-establishing the independence till joining the EU, can be named transformational.

4. The background to the study

The CEO study is a part of the GLOBE project (den Hartog et al., 1999, House et al., 1999). While the second phase (Globe 2) of the GLOBE project has been focusing on culturally endorsed leadership perceptions, the CEO project looks at leadership behaviors as seen by the followers. The so-called desirable attributes of leaders are stated and based on that.

The third phase of the Globe project focuses on the actual situation. The CEO study is a part of Globe 3. The main theoretical assumptions of the GLOBE project as a whole is that leadership is seen as socially constructed by managers and followers as well as by culturally based assumptions within the society. Socialization theory supports the idea of a learned behavior supported by role models from the past and the present in politics and economy. Successful leadership requires acceptance of its style by the followers, and is in turn the result of the leader's success. According to contingency theory, the organizational context also plays an important role, but mainly as a mediator of societal influences. In addition to underlying assumptions of the above mentioned approaches, the GLOBE concept gives raise to universal factors, for example, as a result of the globalization process, as well as the influence of national and organizational cultures.

5. Methodology

One of the significant questions addressed by the project concerns differentiating attributes of societal and organizational cultures. Globe methodology has worked out the identification of nine major attributes of cultures and six global leader behaviors of culturally endorsed implicit theories of leadership (CLTs) (House et al., 2004).

These cultural *dimensions* serve as the independent variables and they are: uncertainty avoidance; power distance; institutional collectivism; in group collectivism; gender egalitarianism; assertiveness; future orientation; performance orientation; humane orientation.

In the researches carried out by the authors of this paper the independent cultural variables are not investigated, but the concentration is on dependent variables, which consisted of leadership dimensions derived from culturally endorsed implicit leadership theory (CLT). The scales for management style are measured on 7-point scale ranging from substantially facilitates outstanding leadership (scale 7) and up to substantially impedes (scale 1) outstanding leadership (see Appendix 1). They are summarized into 21 leadership sub-scales, universally positively endorsed leadership attributes, and 6 main factors, leadership style patterns (see Appendix 2). They will be compared with global leadership expectations as reported by the GLOBE project (House et al., 2004).

6. Empirical study in Estonian organizations

The design of the Cross Cultural CEO project required 20 CEOs from entrepreneurial firms and 20 CEOs from non-entrepreneurial firms or larger organizations. Heads of divisions in domestic companies were not considered CEOs and did not qualify for inclusion in the sample. In 2001, 63 companies were visited. Complete research kits including interviews, CEO questionnaires and all the necessary questionnaires from subordinates (i.e. two each from types c, d and e) were returned from 40 companies. This data was sent to the initiator of the Globe project prof. Robert House from University of Pennsylvania for further investigation in relation to project Globe and the field of cultural differences and leadership. In addition to the 53 questionnaires completed by the CEOs, subordinates completed 324 questionnaires. The study also involved interviewing the CEOs. These interviews were recorded on audiotape and transcribed onto written protocols. Questionnaires were also administered to at least those subordinates in positions immediately below the chief executives.

From the total amount of data gathered during the entire field research, 30% did not meet the requirements of the Cross Cultural CEO project. The main reason for this was that some of the questionnaires distributed to the subordinates did not come back.

6.1. Estonian sample for evaluating actual leader behavior. The sample used for evaluating the current managerial behavior in Estonia consisted of 300 respondents, which can be described as follows: 60% were men and 40% were women and average age was 36.9 years.

The age distribution of the CEOs under investigation (total number of CEOs was 50) was as follows: 38% of CEOs belonged to the age group of 31-40 years; 29% belonged to the age group of 41-50 years; 13% belonged to the age group of 20-30 years and 14% belonged to the age group of 51-60 years.

6.2. Estonian sample for evaluating desirable leader behavior. To evaluate leadership dimensions, 170 questionnaires were gathered from where: 53% were men and 47% were women and average age was 35.5 years. The working experience of the respondents varied between 2 and 40 years, the mean of the working experience was 14.4 years.

6.3. Statistical analyses. As all the methodology in the current research is provided by the GLOBE research group, the statistical reliability of the scales is also tested by the initial authors of the methodology. A variety of analyses (James and colleagues' $r_{wg(J)}$, interclass correlation coefficients and one way analyses of variance) were conducted

to test the psychometric properties of the scales. To get an exact overview of the statistical theory behind the scales and analyses, the methodology is published by Sage publications under the title Culture, Leadership and Organizations, The GLOBE Study of 62 Societies (House et al., 2004).

6.4. Global leadership dimensions. These global leadership dimensions are labelled and defined as follows:

♦ *Charismatic/value-based leadership.* A broadly defined leadership dimension that reflects ability to inspire, to motivate, and to expect high performance outcomes from others based on firmly held core values. The GLOBE Charismatic Value-Based leadership dimension includes six leadership subscales labelled (a) visionary, (b) inspirational, (c) self-sacrifice, (d) integrity, (e) decisive, and (f) performance-oriented.

♦ *Team-oriented leadership.* A leadership dimension that emphasizes effective team building and implementation of a common purpose or goal among team members. This leadership dimension includes five subscales labelled (a) collaborative team orientation, (b) team integrator, (c) diplomatic, (d) malevolent (reverse scored), and (e) administratively competent.

♦ *Participative leadership.* A leadership dimension that reflects the degree to which managers involve others in making and implementing decisions. The GLOBE Participative leadership dimension includes two subscales labelled (a) non-participative and (b) autocratic (both reverse scored).

♦ *Humane-oriented leadership.* A leadership dimension that reflects supportive and considerate leadership, but also includes compassion and generosity. This leadership dimension includes two subscales labelled (a) modesty and (b) humane orientation.

♦ *Autonomous leadership.* A newly defined leadership dimension that refers to independent and individualistic leadership attributes. This dimension is measured by a single subscale labelled autonomous leadership, consisting of individualism, independence, autonomy, and unique attributes.

♦ *Self-protective leadership.* From a Western perspective, this newly defined leadership behavior focuses on ensuring the safety and security of the individual and group through status enhancement and face saving. This leadership dimension includes five subscales labelled (a) self-centered, (b) status conscious, (c) conflict inducer, (d) face saver, and (e) procedural.

7. The results of the study

According to Lang (2002), in transforming countries a stable pattern of leadership behavior can be found instead of massive changes towards Western behavioral patterns of leadership. This can not be explained by pointing to the change from the "old system" to the new Western "system". Cultural factors and the transformation process itself must be taken into consideration. There are certain factors and coincidences that may support change, especially if they provide learning opportunities for managers and in particular younger managers (Lang et al., 2005).

Based on the leadership attributes, a principal component factor analysis and varimax with Kaiser normalization rotation were carried out in order to find empirically based factors of leadership types or patterns of leadership behavior in Estonia. In the analysis, all the attributes (together 30) are included. Based on that, special patterns of leadership style (SPLS) were formulated for Estonia. These factors (SPLS) are shown in Table 1. All the attributes in the factor analysis except one (fair in the style visionary and team oriented leader) are significantly related. The attribute Fair has a weak connection (0.39) and can be excluded from the factor. As a result of the factor analysis, six scales were composed, also as in the authentic Globe methodology. As the scales are not identical to the factor analysis scales of the authentic methodology, the scales are given the following titles: visionary and team oriented leader or transformational leader; bureaucratic leader; autonomous leader; power sharing leader; risk taker and directive leader.

Table 1. Special patterns of leadership style in Estonia

Visionary and team oriented leader	1	2	3	4	5	6
Visionary	.89	.15	.02	.06	-.10	-.21
Inspirational	.84	-.04	-.14	-.08	.02	.12
Charismatic effects	.84	-.02	-.24	-.24	.25	.01
Decisive	.82	-.15	.16	.17	-.10	-.06
Performance oriented	78	16	19	-19	-06	14
Information source	.77	-.02	-.11	.24	-.36	-.23
Intellectually stimulating	.74	.07	.03	.40	.27	.02
Team oriented	.72	.23	-.43	.02	-.14	.07
Shows self-confidence	.66	.23	-.02	-.21	.39	.07
Role clarification	.59	.46	.00	-.02	.21	.16
Administratively effective	.58	.50	.06	.16	-.24	-.16
Communicator	.54	.36	-.52	.08	.28	.03
Integrity	.51	.48	-.11	.25	.29	-.31
Fair	.39	.12	-.25	.35	.14	-.14
Bureaucratic leader						
Status conscious	.05	.73	.12	-.40	.18	.18
Face saver	-.04	.73	-.20	.15	-.02	.14
Bureaucratic	.09	.62	.16	.05	-.12	-.19
Diplomatic	.38	.57	-.34	.21	.05	-.15
Autonomous leader						
Malevolent	-.04	.04	.71	-.44	-.12	.17
Autonomous	.04	.14	.70	-.17	.02	-.12
Humane	.30	.24	-.68	.11	.11	.13
Follower confidence	.43	.18	.47	.43	.25	.41
Power sharing leader						
Calmness	-.10	.00	-.26	.82	-.11	-.11
Autocratic	.01	-.08	.51	-.74	-.12	-.07
Power sharing	.13	.30	-.02	.59	.55	.20
Risk taker						
Risk taker	.01	-.24	-.02	.01	.78	-.03
Self protective	.14	-.41	.36	-.12	-.64	.08
Directive leader						
Non contingent praise	-.09	.07	-.22	.10	.05	.78
Directive	.19	.04	.31	-.04	.12	.57
Indirect	-.12	-.17	-.11	-.14	-.21	.53

Using the authentic Globe methodology the 21 preferred leadership dimensions, which are the characteristics, skills and abilities that are culturally endorsed to inhibit and contribute outstanding leadership in Estonian cultural context were calculated. These 21 dimensions are grouped into 6 global leadership dimensions. The results are presented in Table 2.

Table 2. Culturally endorsed implicit leadership styles dimensions

Leadership dimension	Mean	St. dev.	Leadership dimension	Mean	St. dev.
Value based	**5,76**	**0,57**	**Self-protective**	**3,27**	**1,06**
Visionary	6,15	0,30	Self-centred	1,89	0,17
Inspirational	6,16	0,41	Status conscious	4,58	0,79
Self-sacrifice	4,66	1,10	Conflict inducer	3,60	1,61
Integrity	6,07	0,51	Face saver	2,55	0,47
Decisive	5,67	1,48	Procedural	3,73	0,88
Performance oriented	5,88	0,27	**Participative**	**5,42**	**0,05**
Team oriented	**5,73**	**0,43**	Autocratic	5,45	0,40
Team orientation	5,16	1,12	Non-participative	5,39	0,50
Team intgrator	5,43	1,71	**Humane**	**4,17**	**0,28**
Diplomatic	6,08	0,93	Humane orientation	4,37	0,60
Malevolent	5,81	1,72	Modesty	3,97	1,28
Administratively competent	6,18	0,26	**Autonomous**	**3,29**	**0,51**

Note: Leadership dimensions consist of primary leadership subscales, which are italicized.

Discussion and conclusion

Careless, Wearing and Mann suggest seven qualities that are particularly helpful in enabling leaders to bring about transformations. These are creating vision, encouraging personal development of the staff, providing supportive leadership, empowering employees, innovative thinking, leading by example and being charismatic (Careless, S.A. et. al., 2002). In addition to charisma, two key personality factors are agreeableness and extroversion, which combine to enhance their interpersonal relationships (Judge, T.A. & Bono J.E., 2004).

The aim of this study was to define the characteristics that can be used to describe the leaders of the period of transformation in post Soviet Estonia, and confirm whether they can be described as transformational leaders.

The factor analyses, carried out by the authors, showed that there are six different types of leadership patterns in liberated Estonia. One of the leadership types can be called transformational. Estonian transformational leaders are a combination of the visionary-value based leader and the team-oriented leader. In the theoretical approach of the Globe methodology the visionary-value based and team oriented leaders are two different leadership dimensions. While evaluating Estonian leaders, there is one leadership dimension that summarizes the visionary-value based and team oriented subscales. The leader attributes that belong to the charismatic style (visionary, inspirational, charismatic, decisive, performance orientation, integrity) form a factor together with team-oriented leader attributes (team orientation, administratively competent). This leadership dimension could be called *visionary-value based/team oriented leader* and could be called a transformational leader in the Estonian context. The reason why we could call this type of leader transformational is that, according to the theory, transformational leaders have the respect, confidence and loyalty of the group members. Transformational leaders encourage the personal development of their staff, practice supportive leadership, empowerment and innovative thinking and they lead by example. Emotional stability and openness to new experiences and extroversion are very highly rated (Dubrin, 2004). The Estonian transformational/charismatic leader in addition to having visionary-value based and team-oriented attributes possesses extra qualities such as being intellectually stimulating, self-confident, role clarifying and a communicative information source.

The second important leadership style, in addition to the transformational/charismatic, is the *power sharing* leader, whose attributes include calmness and power sharing and reverse scores as an autocratic. This type could also be called a local version of the participative leader, but still the Estonian participative leader is different from the Globe leader who is just a participative autocrat.

Some parallels can be drawn between the Estonian *bureaucratic* and the Globe self-protective leader and local and global autonomous leaders, but still both of these have dissimilarities. The global self-protective leader is a self-centred, status conscious, face saving, procedural, conflict inducer, but in the

Estonian version s/he is a status conscious, face saving, bureaucratic diplomat, and the local autonomous is a (non)malevolent autonomous, follower, confident type of a leader.

There are also two pure Estonian styles which we can not find among the global styles, these are the *risk taker* and *directive* leader. The latter, which is described as being directive and indirect and awarding with a non-contingent prize, is a leftover from former Soviet times.

The hypotheses of current research − The leadership style, practiced in Estonia during the period from re-establishing the independence till joining the EU, can be named transformational − found support, as the global visionary/value based leadership style is different from Estonian visionary-value/team oriented leadership style. Extra characteristics (e.g., administratively effective, being information source, team orientation and communicator), which belong to this style, support the conclusion that it can be called transformational.

The rapid development of regional and global economic integration has created a need for culturally knowledgeable managers who can work in multicultural environments. Project GLOBE findings are of particular value to managerial leaders in multina-tional companies that are affected by globalization. Managers placed in cross-cultural situations face problems associated not only with rapid change in their industries, but also those associated with multicultural misunderstandings (House et al., 2004).

Knowledge of current research about the Estonian leadership style can be used in the training of future leaders in colleges and universities. As a new member of the European Union, lots of companies will open their subsidiaries in this region if they haven't done it yet and information about culturally endorsed leadership profiles can be used while selecting and training people who will work with representatives of other cultures. Therefore, knowledge about the similarities and differences in leadership concepts is valuable information.

The transformation in Estonia is still going on, and the leadership will probably develop during the forthcoming years. The question is in what direction. Will we keep our own track or will our leaders become increasingly similar to global leaders, i.e. gain the conventional Western leadership pattern, but this has to be evaluated by further researches.

References

1. Bass, B.M., Avolio, B.J. (1993), Transformational leadership: a response to critiques, In: M.M. Chemers, R. Ayman (Eds.), Leadership theory and research perspectives and directions, pp. 49-80, San Diego, CA: Academic Press.
2. Bass, B.M., Steidlmeier, P. (1999), Ethics, character, and authentic transformational leadership Leadership Quarterly; Summer 99, Vol. 10 Issue 2, pp. 181-372.
3. Careless, S.A., Wearing, A.J., Mann, L. (2002), A Short Measure of Transformational Leadership, *Journal of Business and Psychology*, Spring 2000, pp. 389-405.
4. Cascio, W. (1995), Whither industrial and organizational psychology in a changing world of work? American Psychologist, 50, pp. 928-939.
5. Clark, E., Soulsby, A. (1999), Organizational Change in Post Communist Europe; Management and Transformation in the Czech Republic, Routledge.
6. Conger, J.A., Kanungo, R.N. (1987), Toward a behavioral theory of charismatic leadership in organizational settings. *Academy of Management Review*, 12, pp. 145-179.
7. Conger, J.A., Kanungo, R.N. (1988), Conclusion: patterns and trends in studyng charismatic leadership, In J.A. Conger, R.N. Kanungo (Eds.) Charismatic leadership: the elusive factor in organizational effectiveness, San Francisco: Jossey-Bass.
8. Denison, D. (2001), Managing Organizational Change in Transition Economies, Lawrence Erlbaum Associates, Inc., Publishers.
9. Dubrin, A.J. (2004), Leadership; Research findings, Practice, and Skills, Houghton Mifflin Company.
10. Erhart, M.G., Klein, K.J. (2001), Predicting followers' preferences for charismatic leadership: the influence of follower values and personality, The Leadership Quarterly 12 (2001), pp. 153-179.
11. Giddens, A. (1984), The Constitution of Society: Outline of the Theory of Structuration, Cambridge: Polity Press.
12. House, R.J. (1997), 'A 1996 theory of charismatic leadership'. In J.G. Hunt and L. Larson, (Eds.). Leadership: The Cutting Edge: pp. 189-207. Carbondale, IL: Southern Illinois University Press.
13. House, R.J., Hanges, P.J., Javidan M., Dorfman, P.W., Gupta V. (2004) Culture, Leadership, and Organizations, The GLOBE Study of 62 Societies, Sage Publications, Inc.
14. Judge, T.A., Bono, J.E. (2000), Five-Factor Model of Personality and Transformational Leadership, *Journal of Applied Psycology*, October 2000, pp. 751-765.
15. Kanungo, R.N., & Mendonca, M. (1996), Ethical dimensions in leadership. Beverly Hills, CA: Sage Publications.
16. Lang, R., Alt, R., Alas, R., Catana, D., Steyrer, J., (2005), 'Leadership in Transformation − Between Local Embeddedness and Global Challenges', *Journal of Cross-Cultural competence and Management*, 4/2005.

17. Liuhto, K. (1993), Creating New Management Concept to Replace Management Sovieticus – Managerial Transition in Eastern Europe and in the Former Soviet Union, Series B research Reports 4/93, Turku School of Economics and Business Administration.
18. Liuhto, K. (1991), The interaction of managerial cultures in Soviet-Finnish joint ventures: including Estonian-Finnish joint ventures Series B research Reports 10/91, Turku School of Economics and Business Administration.
19. Liuhto, K., Michailova, S. (1997), Experiences in doing empirical organisation and management resesrch in transition economies – Probable Problems and Possible Solutions, Series C Discussion, Turku School of Economics and Business Administration, Business Research and Development Centre Pan European Institute.
20. Lindert, Klaus (1996), Führungskonzeptionen im Wandel: Eine interkulturelle und intertemporale Studie – Gemeinsamkeiten und Unterschiede west- und osteuropäischer Führungskräfte. In: Lang, Rainhart (ed.): Wandel von Unternehmenskulturen in Ostedeutschland und Osteuropa. IInd Chemnitz East Forum, Munich/Mering, pp. 91-106.
21. Nurmi, R. & Üksvärav, R. (1994), `Estonia and Finland: Culture and Management, a Conceptual Presentation,` Publication of Turku School of Economics and Business Administration. Series A-9.
22. Sahlins, M. (1985), Islands of History, Chicago: University of Chicago Press.
23. Shamir, B., Houre R.J., Arthur, M.B. (1993), The motivational effects of charismatic leadership: a self concept based theory. Organization Science, 4, pp. 577-594.
24. Stout, L.W. (2003), Discovering leadership among Baltic managers. In: Personalführung 5/2003, pp. 48-52.
25. Steyrer, J., Hartz, J., Schiffinger, M. (2006), Leadership in transformation – between local embeddedness and global challenges, JEEMS 2/2006.
26. Trevino, L.K. et al. (1999), 'Managing ethics and legal compliance: What hurts and what works', California Yukl, G. (1998) Leadership in Organizations (5th ed.), NJ: Prentice-Hall.
27. Vensel, V. (1996), The Political Economy of Macroeconomic Developments, Central Bank and Tax System Reform in Estonia. Edinburgh: Centre for Economic Reform and Transformation, Heriot-Watt University.
28. Vadi, M. (2003), The relationships between subtypes of collectivism and organizational culture in Estonia. Paper presented at the VI Chemnitz Eastforum, March 2003.
29. Velasquez, M.G. (2002), Business Ethics. Concepts and Cases. Fifth edition. Prentice Hall.
30. Üksvärav, R., Nurmi, R. (1992), Estonian Economy and Management in the Early 1990´s, Publication of Turku School of Economics and Business Administration.
31. Waldman, D.A., Ramirez, G.G., House, R.J., et. al. (2001) 'Does Leadership Matter? CEO Leadership Attributes and Profitability Under Conditions of Perceived Environmental Uncertainty', Academy of Management Journal, 44(1), pp. 134-143.
32. Yammarino, F.J. Dubinsky, A.J., Comer, L.B. Joloson, M.A. (1997), Women and transformational and contingent reward leadership: a multiple-levels-of-analysis perspective. Academy of Management Journal, 40, pp. 205-222.
33. Yukl, G.A. (2002), Leadership in Organisations, 5th ed., Prentice Hall.

Appendix

Table 1. Sample CLT questionnaire items and response alternatives

Sample leadership items:
Sensitive − Aware of slight changes in moods of others
Motivator − mobilizes, activates followers
Evasive -− refrains from making negative comments to maintain good relationships and saves face
Diplomatic -− skilled at interpersonal relations, tactful
Self-interested − pursues own best interests
Response alternatives:
This attribute/characteristic impedes or facilitates unusually effective leadership
1. Substantially impedes
2. Moderately impedes
3. Slightly impedes
4. Neither impedes nor facilitates
5. Slightly facilitates
6. Moderately facilitates
7. Substantially facilitates

Table 2. Second order factors and the scales/items they are based on

Charismatic/Value based	Team oriented
charismatic 1: visionary	- team 1: collaborative team orientation
charismatic 2: inspirational	- team 2: team integrator
charismatic 3: self-sacrifice	- diplomatic

Table 2 (cont.). Second order factors and the scales/items they are based on

integrity	- malevolent (reverse scored)
decisive	- administratively competent
performance oriented	
Self-protective	**Participative**
self-centered	autocratic (reverse scored)
status conscious	non-participative (reverse scored)
conflict inducer	delegator
face saver	
procedural	
Humane	**Autonomous**
modest	individualistic
humane orientation	independent
	autonomous
	unique

Note: These are Global CLT dimensions. They are comprised of the 21 leadership subscales. The only exceptions are Autonomous which is comprised of questionnaire items, not subscales and Delegator which is also an item rather than a scale.