

Influence of Transactional Leadership and Transformational Leadership on Privatization of Taiwan Railways Administration

**Liu, Chu-Mei, Associate Professor, Graduate Institute & Department of International Trade,
Tamkang University, Taiwan**

**Hsu, Ya-Ling, Ph. D. Student, Institute of Business Administration,
National Central University, Taiwan**

ABSTRACT

In the light of developments in global competition, privatization is not only an important element for driving economic activities and achievements; it has also become a common strategy in developed or developing countries for reconstruction of national economy. Under the trend of economic liberalization and globalization, markets have to be opened to free competition. Government-owned businesses are forced to consider their competitiveness and become privatized. Taiwan Railways administration is an enterprise closely related to the life of the public. Its privatization will undoubtedly attract great concern and disputes in society and result in significant change and resistance within the organization. The intention of this study is to investigate whether the leadership styles of its various management levels have any influence on the perceptions of their direct employees toward privatization, and if the employees' personal attributes result in any differences in their perceptions toward privatization.

Keywords: *Transactional leadership, transformational leadership. Organizational change*

FOREWORD

A significant development that has taken place in the 21st century is the reshuffling of global competition. State-owned and monopoly businesses, agencies and organizations are all undergoing privatization. Profits are generated from privatization for multinational corporations and the emerging market countries in which investment opportunities arise (Hachette & Luders, 1993). In 1997 alone, incomes resulted from privatization reached 153 billion dollars, coming mainly from the large number of privatization transactions completed in 1996 and bringing a 55% increase to the entire privatization statistics (Zahra and Hansen, 2000). Apparently, privatization is not only an important driving element for economic activities and achievements but also a common strategy in developed or developing nations.

However, many countries and governments have agreed to privatize their state-owned business out of reluctance or only when they were no longer able to resist external pressures (Abreu & Werneck, 1993; Sargent, 1999). In 1990s, as the public were utterly disappointed with the quality of services many state-controlled public monopolies provided, demands for better efficiency and competitiveness in these businesses began to surface and lead to the birth of the concept that the government should play an appropriate role in the overall adoption of free market mechanisms. In government transportation agencies, the chief propelling force behind government reform was financial crises. Many pragmatic government offices were confronted with the necessity to cut public funding and had to seek private organizations to raise stupendous amounts of capital to invest in public transportation and modernization of transportation services (Estache, 2001).

Looking back on Taiwan, the main economic system has long been centered on market economy and several public businesses have remained monopolies under government management that, over time, has gradually become the target of public criticisms for their inefficiencies. Under the impact of economic liberation and globalization in world economy, opening up markets to free competition began to seem unavoidable and these state-run operations had to reconsider their competitiveness. As the wave of privatization swept across the globe, the Taiwan government finally caught on in 1889 and started pushing privatization of government-owned businesses.

Taiwan Railways Administration, however, is an enterprise closely related to the life of the public.. Privatization will undoubtedly attract great concern and disputes in society and result in enormous change and resistance within the organization. In particular, strong protests from the union will not only create heavy social burdens; labor-management disputes and insufficient information for the employees and inadequate communication over privatization will but deepen employees' suspicion and worry about their interests and future prospects. In the absence of confidence in change, the labor-management standoff can be expected to persist and delay the schedule of privatization or even affect the rights of the general public. Obviously, privatization cannot begin before a labor-management consensus is reached. Aiming at this, this study has the two following purposes:

1. To investigate whether the leadership styles at various management levels in Taiwan Railways Administration have any significant influence on their direct employees' perceptions toward privatization and the reach of the influence.
2. To determine if the personal attributes of the employees of Taiwan Railways Administration result in any significant differences in their perceptions toward privatization

LITERATURE REVIEW

Issues Related to Privatization of Taiwan Railways Administration

Regarding privatization of railway operations, Pendleton (2003) once said, "Although privatization hasn't been the most important event in recent years, it will have the function of encouraging commercial management of railroad operations and this apparently had caused a major change in railway management organizations and agencies." The comment has spoken out the possible approach of managing railway operations with commercial tactics to reform of railway management organizations. Vugt (1997) also mentioned that privatization of public goods was a national policy tendency in recent years and an improvement measure to stimulate public transportation management. The broader view is that privatization can help develop public transportation because private management will be able to make transportation network operations more efficient and competitive, as well as provide better services to consumers (Clemow 1992 ; Foreman-Peck and Milward 1994 ; Gomez-Ibanez and Meyer 1993).

In reality, foreign railroad privatization such as in Japan, the UK and Germany, has proven able to bring effective upgrades. At least, improvements in management efficiency and services have been certain and government financial burdens reduced. In comparison, Taiwan Railways Administration has always been criticized for its deficits and poor services. While the government is pushing its privatization, its employees, in the absence of communication, do not realize the advantages privatization will bring and are afraid and worried they would fall victim to the upcoming privatization and get laid off. Plus the rigidity of the organic structure of the organization, Taiwan Railways Administration Workers' Union and the employees have developed huge resistance against privatization as a result.

Generally speaking, reform of Taiwan Railways administration is inevitable and has to be done quickly. Unfortunately, the rigid organic structure and the old culture of the corporation are making reform a very difficult job. Despite that the plan of privatization has given the motivation and opportunity for the Railways Administration to reform, it has also created in train riders doubt and anxiety about social problems privatization may incur. More importantly, the negative sentiment in the employees' perceptions toward privatization has prompted intense resistance from the union and employees. This is an element that will dominate the fate of the corporation's reform. The managers and leaders at all management levels have the responsibility to come to a deep realization and provide the employees with the most truthful information on privatization and communicate with the employees with sincerity through every appropriate channel available to educate the employees, encourage them to participate in the change and offer their opinions and thus establish positive attitudes toward privatization and organizational reform.

Transactional Leadership and Transformational Leadership

The theory of transactional leadership and transformational leadership come from the basic theory research of two scholars (Burns and Bass). However, between Burns (1978) and Bass (1985) there still exist certain deeper fundamental conceptual differences (Brain and Lewis, 2004):

- (1) Bass (1985:16-22) modified the subordinates' need levels on Maslow's hierarchy and added to it "subordinates' needs and expanded the needs." In other words, Bass' leadership theory included a clear description of what the subordinates needed to achieve to be rewarded and not just the use of stimulation to motivate subordinates as Burns (1978) had discussed.
- (2) Bass (1985) thought transformational leadership could indeed arouse the "good and bad" of subordinates, whereas Burns (1978:43) asserted that a transformational leader could only bring out the good in subordinates.
- (3) Burns (1978) believed transactional leadership and transformational leadership were opposite to each other and leaders could only adopt one or the other and continue to do so. Bass (1985:22), however, advocated that most leaders exhibited both types and only carried them out to different degrees.

1. Theoretical Foundation of Transactional Leadership

A transactional leader will try within the present system or culture (while opposing and attempting to make changes) to: satisfy subordinates' current needs, focus on exchange of conditions, emphasize exchange and contingent reward behavior, pay more attention to subordinates' deviations, errors and irregularities, and correct these demeanors (Bass, 1985, Burns, 1978). Bass (1985) defined transactional leaders as leaders partial to transactional interactions between the leader and the subordinates and the leader could satisfy the needs of subordinates in exchange for their accomplishment of expected performance. (Jabnoun and Al-Ghasyah, 2005). This indicates that a transactional leader may prefer to avoid risks and establish subordinates' self-confidence their achievement of expected objectives (Yammarino, Spangler and Bass, 1993). In addition, Pearce et al. (2003) believed the behavior of transactional leaders was usually consistent with the elements that made up the transactional-transformational leadership paradigm.

The abovementioned makes it evident that transactional leadership can provide a stable and differentiated leadership style and, as proven in many studies, reinforce the transactional-transformational paradigm.

2. Theoretical Foundation of Transformational Leadership

The transformational leadership theory Burns (1978) introduced was an earlier, simpler form. It described during the process of leadership formation through administrative measures, regardless of whether the leader could get any response, the influence on the behavior of subordinates was definite (Brain and Lewis, 2004). Burns (1978) insisted a transformational leader had to be able to arouse the motive needs of subordinates and then create dramatic transformation in the relations between the subordinates, the group and the organization (Jabnoun and Al-Ghasyah, 2005). The transformational leadership theory Bass (1985) introduced was more detailed but complicated. It was an extension from the study of Burns (1978) from administrative leadership activity to the broader organizational leadership activity (Braqin and Lewis, 2004). The view of Mason and Wetherbee (2004) toward transformational leaders was that a transformational leader performed his leadership by encouraging his subordinates to target at higher ideals and ethic value. Leaders like this were able to stimulate their subordinates to deal with problems with innovative thinking and encourage the subordinates to contribute new solutions.

From the above reflection on the history of transformational leadership and related studies it is clear that transformational leadership, like transactional leadership, is also a stable and differentiated leadership behavior and will be able to reinforce the transactional-transformational leadership paradigm.

Definitions of Organizational Change

Fried and Brown (1974) thought organizational change was an approach of change and development to improve structure and process (like interpersonal relations, roles), personnel (like styles, skills), and technique (like challenges). To make it easier to understand, it is an organization's systematic modification of outdated organic structures and work relations in pursuit of survival and positive development in order to accommodate the process or activity of new affairs and new needs (Chen Guang-rong, 1999). Beer (1980) defined organizational change as an organization's revision of its current operating mode in response to demands from inside or outside the organization. Pettigrew (1985) believed change took place in an organization chiefly as a response to business operations, economic incidents and the process of management sensitivity, choice and action, while the management often regarded occurrence of incidents as a sign that change was needed. Mellina (2002) thought promotion of change was a complex, messy and difficult process that could never guarantee success. The challenge arisen in every situation was one of a kind and change should be implemented

once the environment was no longer the same. Johnson (2004) mentioned that organizational change was a common issue. When an organization pursued change, there were several elements to be considered because of their importance to successful execution of change: whether the change was systematic or unsystematic, predicted or unpredicted, continuous or intermittent, gradual or dramatic; whether it was transformation of an incident, plan or system; and how far the change should go. In Taiwan, Lin Jin-rong (2006) combined the views of scholars in and out of Taiwan and concluded that the aims of organizational change were no more than to improve organizational performance, adapt to the altering surroundings, accommodate internal needs, satisfy the expectations of the organization and its members, and achieve sustainability.

STUDY METHODS

Study Hypotheses

Hypothesis 1: Transformational leaders have significant influence on employees' perceptions toward privatization change.

Hypothesis 2: Transactional leaders have significant influence on employees' perceptions toward privatization change.

Hypothesis 3: Personal attributes result in significant differences in employees' perceptions toward privatization.

DATA ANALYSIS

Descriptive Statistics Analysis

Analysis of basic data of employees' personal attributes

Table 1. Spread of Sample Structures of Employees of Taiwan Railways Administration

Gender			Seniority		
Male	216	(80.00%)	5 years and under	28	(10.37%)
Female	54	(20.00%)	6-10 years	35	(12.96%)
Marital status			11-15 years	24	(8.89%)
Single	43	(15.93%)	16-20 years	57	(21.11%)
Married	227	(84.07%)	21-25 years	62	(22.96%)
Age			26 years and over	64	(23.70%)
Under 25	2	(0.74%)	Job position		
26-35	32	(11.85%)	Deputy chief	0	(0.00%)
36-45	78	(28.89%)	Junior level	52	(19.26%)
46-50	54	(20.00%)	Elementary level	73	(27.04%)
51-55	61	(22.59%)	Assistant level	48	(17.78%)
56 and over	43	(15.93%)	Clerk level	70	(25.93%)
Educational background			Non-official employee	27	(10.00%)
Elementary school and below	9	(3.33%)	Work division		
Junior high school	20	(7.41%)	Transportation	47	(17.41%)
High (vocational) school	103	(38.15%)	Civil engineering	116	(42.96%)
University (junior college)	134	(49.63%)	Mechanical engineering	51	(18.89%)
Graduate school and above	4	(1.48%)	Electrical engineering	17	(6.30%)
Job type			Personnel	23	(8.52%)
Technical	150	(55.60%)	Accounting	4	(1.48%)
Administrative	120	(44.40%)	Planning	5	(1.85%)
Civil service qualification			Administrative	3	(1.11%)
Yes	200	(74.07%)	Supply	4	(1.48%)
No	70	(25.93%)			
	270	100		270	100

Source: Arrangement for this study

Regression Analysis

1. Predictive analysis of influence of transformational and transactional leadership styles on “confidence in change”

The regression equation for the influence of transformational and transactional leadership styles on employees’ “confidence in change” from privatization: $Y1 = 13.143 + 0.651X1 - 0.337X2 - 0.144X3$

2. Predictive analysis of transformational and transactional leadership styles’ influence on organization effectiveness

The regression equation for the influence of transformational and transactional leadership styles on employees’ perceptions toward the organization effectiveness of privatization: $Y2 = 11.108 + 0.076X3$

3. Predictive analysis of transformational and transactional leadership styles’ influence on “employees’ interests”

The regression equation for the influence of transformational and transactional leadership styles on employees’ perceptions toward the extent of protection for “employees’ interests” in privatization: $Y3 = 13.065 + 0.245X1 - 0.161X2$

To sum it up, for transformational leaders, part of the results from verification with regression analysis supported Hypothesis 1: “Transformational leaders have significant influence on employees’ perceptions toward privatization.” They also reveal that “transformational leaders” have significant negative influence on employees’ “confidence in change” from privatization, very significant positive influence on employees’ perceptions toward improvement of “organization effectiveness,” but no significant influence on recognition of “employees’ interests.”

For transactional leaders, part of the results from verification with regression analysis supported Hypothesis 2: “Transactional leaders have significant influence on employees’ perceptions toward privatization.” That is, “leaders adopting contingent reward and active management by exception” not only have very significant positive influence on employees’ “confidence in change” from privatization but also have very significant positive influence on recognition of “employees’ interests.” However, there is no significant influence on “organization effectiveness.” On the other hand, a “passive evasive leader,” also a transactional leader, apparently has negative influence on both employees’ “confidence in change” from privatization and recognition of “employees’ interests,” but has no significant influence on “organization effectiveness.”

In short, “transformational leaders” can help employees recognize improvement in organization effectiveness that privatization can bring but at the same time will make them become less confident in privatization. In contrast, a “leader adopting contingent reward and active management by exception” will help employees understand their interests will be protected in the privatization process as well as increase their confidence in privatization. The “passive evasive leader,” however, will not only make employees feel that their interests are not protected, but will also make them develop worry and anxiety toward privatization.

Apparently, in the three aspects of public business employees’ perceptions toward privatization, the type of “leaders adopting contingent reward and active management by exception” are the best leadership style that can result in positive influence on employees’ two change perception aspects (confidence in change and employees’ interests), whereas “transformational leaders” have positive influence on one change perception aspect (organization effectiveness) and the worst leadership style is the “passive evasive leaders” who have negative influence on two change perception aspects (confidence in change and employees’ interests).

t-Tests and Variance Analysis

1. Analysis of differences in employees’ perceptions toward privatization as a result of personal attributes

(1) Gender

Analytic results of t-tests on H3-1: “Gender difference results in significant differences in employees’ perceptions toward privatization,” prove that the hypothesis is not valid. In other words, gender difference does not result in significant differences in employees’ perceptions toward privatization.

(2) Marital status

Analytic results of t-tests on H3-2: “Marital status results in significant differences in employees’ perceptions toward privatization,” prove that discretion on “confidence in change” and “organization effectiveness” in two samples differs conspicuously. The variants of “organization effectiveness” show statistical significance, while those of “confidence in change” and “employees’ interests” do not. In consequence, this study accepts the validity of H3-2: “Marital status results in significant differences in employees’ perceptions toward privatization change”

(3) Age

Analytic results of one-way analysis of variance of H3-3: "Age difference results in employees' perceptions toward privatization change," reveal significant discretion differences in the perception toward "organization change" from privatization in 6 samples but no significant differences in the other two aspects. Further analysis using Scheffe's posterior comparison shows employees of Taiwan Railways Administration between 26 and 45 years old are apparently much more positive in their perceptions toward improvement in "organization effectiveness" from privatization than employees between 51 and 55 years of age. At the same time, employees under 25 years old are more positive in their perceptions toward protection of "employees' interests" than those between 26 and 50 years of age. As a result, H3-3: "Age difference results in noticeable differences in employees' perceptions toward privatization change" is regarded partially valid.

(4) Educational background

Analytic results of one-way analysis of variance of H3-4: "Educational background difference results in significant differences in employees' perceptions toward privatization," show no obvious discretion in these five samples, but educational background difference does have its statistical significance in the three aspects of employees' perceptions toward privatization. Further analysis using Scheffe's posterior comparison shows no significant differences in "confidence in change" and "organization effectiveness" in employees' perceptions toward privatization because of educational background difference. However, in the perception toward "employees' interests," employees with junior high school level of education are a lot more positive than those with a college degree in their conviction that "employees' interests" will be protected in the process of privatization. Consequently, H3-4: "Educational background difference results in noticeable differences in employees' perceptions toward privatization" is regarded as partially valid.

(5) Seniority

Analytic results from one-way analysis of variance of H3-5: "Seniority difference results in significant differences in employees' perceptions toward privatization," show no noticeable discretion in these six samples on "confidence in change" and "employees' interests" but sample discretion on "organization effectiveness" is conspicuous. Moreover, since the variance in "organization effectiveness" is significant, Scheffe posterior comparison is conducted for analysis. The results reveal that employees with a length of service less than 10 years are more positive than those having served 21 to 25 years or longer in their confidence in improvement in organization effectiveness from privatization. In other words, newer employees are more prone than their older counterparts to the perception that privatization can upgrade organization effectiveness. Therefore, this study accepts H3-5 as partially valid.

(6) Job position

Analytic results from one-way analysis of variance of H3-6: "Job position difference results in significant differences in employees' perceptions toward privatization," reveal discretion in these six samples exists only on "organization effectiveness," but job positions have statistical significance in the three aspects of employees' perceptions toward privatization. Further analysis using Scheffe posterior comparison shows no significant differences in employees' perceptions toward "confidence in change" except in the perception toward "organization effectiveness" non-official employees are much more positive than employees of junior, elementary and assistant levels in their confidence that privatization will bring better organization effectiveness. This means the lower the position, the stronger the conviction that privation is positive for organization effectiveness. At the same time, non-official employees also believe more than employees of higher levels that employees' interests will be protected in the process of privatization. Therefore, H3-6: "Job position difference results in noticeable differences in employees' perceptions toward privatization," is regarded partially valid.

(7) Main job types

Analytic results of t-tests on H3-7: "Job position difference results in significant differences in employees' perceptions toward privatization," show there is no significant discretion difference in these two samples and the variance carries no statistical significance. In other words, employees do not differ in their perceptions toward privatization whether they do technical or administrative work. As a result, H3-7: "Job position difference results in noticeable differences in employees' perceptions toward privatization change," is invalid.

(8) Work division

Analytic results from one-way analysis of variance of H3-8: "Work division difference results in significant differences in employees' perceptions toward privatization," reveal that discretion on "confidence in change" and "organization effectiveness" in these nine samples varies significantly but not on "employees' interests." Moreover, employees from different divisions show statistical significance in the three aspects of their perceptions toward privatization. Further analysis using Scheffe posterior comparison indicates, in the perception toward "confidence in change" from privatization, employees from the transportation, civil engineering and mechanical engineering divisions and the personnel office are much more positive than their coworkers from the electrical engineering division. This means the latter are not as confident in the change privatization will bring. In upgrading of "organization effectiveness," people from the mechanical engineering division are more positive than those from the transportation division, connoting that the former are more confident in the betterment of organization effectiveness from privatization. In "employees' interests," the members of the civil engineering division exhibit more positive recognition than their electrical engineering associates, meaning the latter are not only less confident in privatization but also feel less optimistic about protection of employees' interests in the privatization process. Therefore, H3-8 is accepted as valid.

CONCLUSIONS AND SUGGESTIONS

Study Conclusions

1. Extent of influence of leadership styles on employees' perceptions toward privatization

Empirical evidence shows that neither the transformational nor transactional leadership style can have thorough influence on employees' perceptions toward privatization in the three aspects of "confidence in change," "organization effectiveness," and "employees' interests," but influence varies along with change of the leadership style. It is also clear that "transformational leaders" can have positive effects on employees' recognition that privatization can improve organization effectiveness but may have negative influence on employees' confidence in change from privatization. "Leaders adopting contingent reward and active management by exception" can be positive for both employees' confidence in protection of employees' interests and confidence in change from privatization. In contrast, "passive and evasive leaders" are negative influences on both employees' confidence in protection of employees' interests and change from privatization.

In comparison, "Leaders adopting contingent reward and active management by exception" seem to be the best leadership style for Taiwan Railways Administration's employees' perceptions toward privatization. They make employees' particularly care about whether their interests will be protected, help remove employees' worry and anxiety about privatization, and alleviate employees' resistance against privatization. On the contrary, "passive evasive leaders" make the worst leadership and will receive just exactly the opposite results from "leaders adopting contingent reward and active management by exception." This type of leadership should be avoided. On the other hand, "transformational leaders" may be able to wield their individual charms, stimulate and encourage employees to use their potentials, and have significant influence on employees' recognition of organization effectiveness improvement from privatization; yet they may also cause employees' to lose their confidence in change from privatization and worry about their and the organization's future. Therefore, "transformational leaders" are really not the best leadership style for employees' perceptions toward privatization. Privatization of public businesses may have better results if the "transformational leadership" style is adopted after the style of "adopting contingent reward and active management by exception" has achieved its effects.

2. Significant differences in perceptions toward privatization change as a result of employees' personal attributes

Empirical evidence shows (in Table 2) that differences in the variants in employees' perceptions toward privatization as a result of personal attributes are not consistent. The results and findings are as follows:

- (1) Gender: There are no significant differences in employees' perceptions of toward privatization as a result of gender difference.
- (2) Marital status: Single employees are more positive than married ones in their recognition that privatization can improve organization effectiveness, revealing that single employees are more confident than their married counterparts that organizational change is good for the organization.

- (3) Age: Employees between 26 and 45 years old are more convinced than those between 51 and 55 years of age that privatization can make the organization more effective, while those under 25 years of age are apparently more positive than the ones between 26 and 50 in believing employees' interests will be protected in the privatization process. This means younger workers have a more positive attitude than older ones toward privatization.
- (4) Educational background: In the perception toward the issue of employees' interests in the privatization process, employees with junior high school level of education are noticeably more positive than those with a college degree. This is an indication that the higher the educational background, the deeper the worry whether employees' interests will be protected.
- (5) Seniority: In the perception toward organization effectiveness in the privatization process, employees' with less than 10 years of service are apparently more positive than those having served between 21 and 25 years. This signifies that, among the employees of Taiwan Railways Administration, the ones with shorter lengths of service are more optimistic than the ones with longer lengths of service toward whether privatization can upgrade organization effectiveness.
- (6) Job position: Non-official employees are obviously more positive than employees of the assistant, elementary and junior levels in their perceptions toward betterment of organization effectiveness as a result of privatization. They are also more positive than employees of the elementary and junior levels in their perceptions toward protection of employees' interests. This indicates non-official workers have a stronger reaction than higher-ranking workers. At the same time, in the perception toward privatization, low-ranking people are more positive than their higher-ranking colleagues. It is therefore reasonable to conclude that employees in higher positions are more concerned than the ones in lower positions about the impact privatization will bring.
- (7) Job type: There are no significant differences in employees' perceptions toward privatization because of the types of work they perform.
- (8) Work division: Employees from the mechanical engineering, civil engineering, transportation and personnel divisions are much more confident than their coworkers from the electrical engineering division in their perceptions toward the change privatization will bring. Mechanical engineering division workers are more positive than transportation division workers in their recognition that the organization will become more effective as a result of privatization. Simultaneously, employees of the civil engineering division are more positive than those of the electrical engineering division in the perception that employees' interests will be protected in the privatization process. Hence, significant differences because of work division difference do exist in employees' perceptions toward privatization, especially among the four major divisions.
- (9) Civil service qualification: There are no significant differences in employees' perceptions toward privatization as a result of civil service qualification difference.

Table 2. Differences in Employees' Perceptions toward Privatization Due to Personal Attributes

Variant		Employee's personal attribute								
Variant	Aspect	Gender	Marital status	Age	Educational background	Seniority	Job position	Job type	Work division	Civil service qualification
Employee's perception toward privatization	Confidence in change	---	---	---	---	---	---	---	***	---
	Organization effectiveness	---	*	***	---	***	***	---	***	---
	Employees' interests	---	---	***	***	---	***	---	***	---

Note: * represents P<0.05. ** represents P<0.01. *** represents P<0.001

Source: Arrangement for this study

Suggestions

1. Suggestions for the government

(1) Appropriate transfer and execution of government role

When transferring public assets to private management, besides strict openness and transparency, the government should also change its role from a controller to become an investor and relax related legal restrictions to help the public

business in concern reorganize itself to really improve its structure and efficiency to provide the public with better services and quality. Increase of financial revenue should never be the chief motive for privatization and the welfare of the people should never be sacrificed.

(2) Careful evaluation of privatization plans and regular reviewing of completed transactions

Privatization should be regarded as an important instrument for upgrading the management efficiency and effectiveness of a public business, not a goal. Therefore, the feasibility of a privatization project should be closely examined to assess its economic, financial and social costs. Once the transaction is completed, regular follow-up inspections should be conducted to review the organization's efficiency and effectiveness after privatization.

2. Suggestion for Taiwan Railways Administration

Privatization will certainly create worry and anxiety among the employees. As mid- and high-level personnel are even more worried than lower-ranking employees about the future, they naturally will not be able to help alleviate employees' resistance against the change. Quite the contrary, they may even take the initiative and add coal to the fire of protests against privatization. Therefore, the change must begin with the high-ranking management team. A systematic approach must be formulated for communication with employees and carried on by offering open, sincere and most updated information to ensure effective communication with the aim of removing their doubt and worry and defusing uncalled-for fights. At the same time, conveying a common organization prospect that is tangible, viable and worthy of the employees' efforts may help mobilize the entire organization.

3. Suggestions for future studies

(1) Study variants

This study has cut in primarily from the angles of the personal attributes of employees and supervisors and the leadership styles of the supervisors to discuss the influence on employees' perceptions toward privatization. Future studies aimed at exploring the causes of employees' perceptions toward privatization can begin by investigating the reasons behind employees' resistance against organizational change or the circumstances in which employees fight against change and become the obstacle. If the intention is to examine the consequences of employees' perceptions toward privatization, studies can start with employees' attitudes toward change, organization commitment or promises, job satisfaction, service quality, and so on.

(2) Study instruments

In fact, employees' perceptions toward privation and the leadership styles of their supervisors require a lot more than just a few words to explain or give a full description. The closed questionnaires used in this study do not guarantee employees' true feelings about privatization can thus be measured. Furthermore, as the sensitive issue of leadership styles was involved, it is not impossible that the employees did not express their true feelings. To compensate, future studies can also supplement with interviews in order to probe deeper.

REFERENCES

- Bass, B.M. (1985). *Leadership and Performance Beyond Expectations*, Free Press, New York, NY.
- Beer, M. (1980). *Organization Change and Development: A Systems View*. Santa Monica: Goodyear.
- Blake, R.R., and Mouton, J.S. (1964). *The Managerial Grid*, Gulf, Houston, TX.
- Brain, Kenneth, and Dianne Lewis. (2004). "Exploring leadership preferences in multicultural workgroups: An Australian case study", *Leadership and Organization Development Journal*, Vol.25, No.3, pp.263.
- Burns, J.M. (1978). *Leadership*. New York: Harper and Row.
- Chen Kuang-Jung (1999), "An Investigation of Organization Change – A Case Study of the Hi-tech Industry", *Review of Taiwan Economics*, Vol.5, No.3, pp. 57-79.
- Dorfman, P. (1996). "International and cross cultural leadership", in Punnett, B.J. and Shenkar, O. (Eds). *Handbook of International Management Research*, Blackwell Publishers, Oxford.
- George, J. M., and Jones, G. R. (1996). *Understanding and Managing Organizational Behavior*, Addison-Wesley, Reading, MA.
- Greenberg, J., and Baron, R. A. (1997). *Behavior in organizations* (4th Ed.). Boston: Allyn and Bacon.

- Jabnoun, Naceur, and Hassan Abdullah Al-Ghasyah. (2005). "Leadership Styles Supporting ISO 9000:2000", *The Quality Management Journal*. Vol.12, No.1. pp.21-30.
- Johson, Dana M. (2004). "Adaptation of organizational change models to the implementation of quality standard requirements", *The International Journal of Quality and Reliability Management*, Vol.21, No.2/3, pp.154.
- Lin Jin-Rong (2006), *A Study of the Relation between Organization Learning and Organization Chang-A Case Study of Zhi-Guang Education Science and Technology Group*, Graduate Institute of Adult Education, National Kaohsiung Normal University, unpublished master's thesis.
- Locke, Edwin A. (1991). *The Essence of Leadership*. New York: Lexington Books.
- Mason, Florence M, and Louella V Wetherbee. (2004). "Learning to Lead: An Analysis of Current Training Programs for Library Leadership", *Library Trends*. Vol.53, No.1, pp.187-218.
- Mellina, E. (2002). "Six principles of change execution", *Executive excellence*, Vol.19, No.9, pp.13-14.
- Paglis, Laura L., and Stephen G. Green. (2002). "Leadership self-efficacy and managers' motivation for leading change", Vol.23, No.2, pp.3-8.
- Pearce, C. L., Sims Jr. H., Cox. J., Ball, G., and et al. (2003). "Transactors, transformers and beyond: A multi-method development of a theoretical typology of leadership", *The Journal of Management Development*, Vol.22, No.4, pp.273-308.
- Pettigrew, A.M. (1985). *The Awakening Giant: Continuity and Change in Imperial Chemical Industries*, Blackwell, Oxford.
- Zahra, Shaker A., and Carol Dianne Hanse. (2000). "Privatization, entrepreneurship, and global competitiveness in the 21st century", *Competitiveness Review*, Vol.10, No.1, pp.83-104.