

HESTER DUURSEMA

Strategic Leadership

Moving Beyond the Leader-follower Dyad



Strategic Leadership

Moving beyond the leader-follower dyad

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Strategisch leiderschap
voorbij de leider-volger dyade

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“If I have seen further, it is by standing on the shoulders of giants”

-Sir Isaac Newton (1642-1727)¹-

No dissertation can result from sole individual effort. Certainly, mine did not. While my biography acknowledges those, whose ideas I have borrowed and built upon, here it is my privilege to thank the people who have contributed to this dissertation in obvious and less obvious ways. These words are simply shorthand for my feelings of gratitude.

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¹ Sir Isaac Newton (1642 –1727) was an English physicist.

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INTRODUCTION

1 SHARED LEADERSHIP FOR THE 21ST CENTURY

1.1 INTRODUCTION

*“We are in a knowledge economy [...],
but our managerial and governance systems are stuck in the Industrial Era.
It is time for a whole new model”
(Manville & Ober, 2003a, p.48).*

Osborn et al. (2002) argue that there is a need for “a radical change in perspective” beyond the traditional way of looking at leadership because “...the *context* in which leaders operate is both radically different and diverse. The world of traditional bureaucracy exists but is only one of many contexts” (p.798). The Western world has entered a post-capitalist society in which capitalists and proletarians are replaced by knowledge workers and service workers (Drucker, 1993). This change in contextual frame bears consequences for leadership theory and practice.

While many researchers claim that the “old” model of leadership was intended to address a very different set of circumstances and is therefore of questionable relevance to the contemporary work environment (Davenport, 2001), there is not yet a clear alternative. Organizational expert Brook Manville, and Princeton political science professor Josiah Ober suggest that the model for building future organizations may lie deep in the past. These authors argue in their book, *The Company of Citizens* (2003b), that Athenian democracy (around 500 BC) was an ingenious solution to organizing human capital through the practice of citizenship. This idea of collective responsibility is an interesting concept to explore in the present-day context, the argument being that leadership in contemporary organizations can be conceptualized and operationalized as a collective capacity, where individuals share leadership functions.

This dissertation takes up the challenge of formulating a leadership answer which fits the contemporary context, while building on past leadership knowledge and experience. First, this introductory chapter describes the context of the 21st century (section 1.2) and second, reviews the current research context (section 1.3). On that basis, the last section of this chapter (section 1.4) puts forward an alternative way to conceptualize leadership for the 21st century.

1.2 THE 21ST CENTURY CONTEXT

“Every few hundred years in Western history there occurs a sharp transformation....

*Within a few short decades, society rearranges itself –
its world view; its basic values; its social and political structure;
its arts; its key institutions.*

Fifty years later there is a new world.

*And the people born then cannot even imagine the world
in which their grandparents lived
and into which their own parents were born”*

(Drucker, 1992, p.95).

American futurist Alvin Toffler (1981) describes in his best-selling book *The Third Wave*, three periods of economic evolution: i) the *Agricultural Wave*, which lasted from 8000 B.C. to the mid-eighteenth century, ii) the *Industrial Wave*, which lasted until the late twentieth century, and finally iii) the *Information Wave*, which began in the 1960s and will last for many decades to come. These dates are approximate and overlapping. The first wave was driven by physical labor, the second wave by machines and blue-collar workers, and the third wave by information technology and knowledge workers. The transition periods between these three great waves of change have been anything but smooth. In Figure 1.1 each wave is represented by an “S” showing an early period of dislocation, followed by a long spell of maturity, and then its eventual demise as new technologies take over (Hope & Hope, 1997).

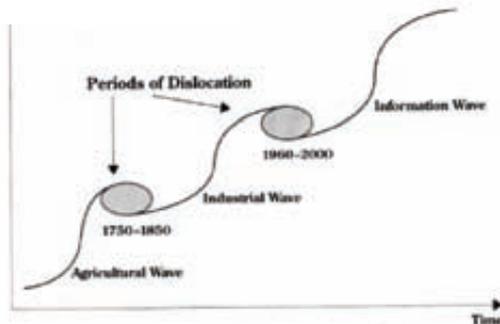


Figure 1-1: Three waves of economic change

In the contemporary wave organizations face different kinds of challenges than during previous waves and as a result the requirements for leadership are different (Barkema et al., 2002; Schneider, 2002). In the industrial economy, the challenge was *inside* the firm (internal), i.e. coordinating the physical assets produced by employees. In other words, during the Industrial Wave those organizations that could optimize their physical production well were considered successful (Boisot, 1998; Schneider, 2002). In the 21st century, the landscape turned very competitive, due to trends of globalization, democratization and technology (Halal & Taylor, 1999), putting strain on the very boundaries and structures of organizations. The external environment drew more and more attention.

This new landscape resulted in organizations organizing themselves horizontally in “constellations” (Bamford et al., 2003). At macro level, horizontally connecting organizations created what some have called the “Connectionist Era” (Halal & Crocker, 1998; Miles, 1998). Organizations face the need to exhibit speed, flexibility and adaptability (Eisenhardt, 1989). Sustainable superior performance requires faster *learning* (Child & McGrath, 2001). Many organizational theorists hence champion the “learning organization” (Senge, 1990), in which knowledge is the currency used.

People in organizations have always sought, used, and valued knowledge, at least implicitly. However, explicitly recognizing knowledge as an organizational asset is relatively new, as is understanding the need to manage, lead and invest in knowledge with the same care paid to getting value from other, more tangible assets. “The need to make the most of organizational knowledge, to get as much value as possible from it, is greater today than in the past” (Davenport & Prusak, 1998, p.12). Hence, this age has also been called the “Knowledge Era” (Uhl-Bien et al., 2007).

Unlike previous factors of production such as land and labor that are subject to decreasing returns, knowledge is not bounded. Knowledge operates in terms of increasing returns. In other words, using knowledge generates more knowledge. Thus, the nature of knowledge suggests that knowledge should be *shared* and used in order to generate more knowledge. But how do organizations create such an environment that knowledge can be shared at low costs. A tentative answer is that organizations do not only rely on the intelligence of a few top-level leaders (Heckscher, 1994), but that they enable the intelligence distributed throughout the entire organization (Miles et al., 1999). As such, it is argued that in this Knowledge era, organizations rely on their corporate intelligence and capacity to learn rather than on their physical assets (McKelvey, 2001; Zohar, 1997).

The Center for Creative Leadership's (CCL) study (Martin et al., 2007), titled the "Changing nature of leadership", found that the challenges facing leaders today are becoming so complex and difficult to solve that collective leadership has become a necessity. Their study surveyed more than 350 middle to top-level managers across the world to explore the current and future state of leadership. 84% of the surveyed participants believed that the definition of effective leadership had changed in the five years preceding the study. And more than 60% agreed that leaders face challenges beyond their individual capabilities. The Center for Creative Leadership suggests that in order to meet the complex challenges being faced by organizations today and into the near future, "connected leadership" (Martin et al., 2007, p.3) is increasingly important.

A more collective approach to leadership is not only warranted given the pressures from outside the organization; internal pressures push in the same direction. A more highly educated workforce has greater knowledge to offer to the organization. Throughout history, leadership has been seen as the prerogative and duty of the privileged and minority elite. For the lion's share of human evolution, the vast majority was uneducated and explicitly disenfranchised. Power and control were vested and remained in the privileged, who, in the best of times, ruled mercifully, if paternalistically. With widespread education and a swelling middle-class, such governance becomes untenable. Today's employees desire more from work than just a paycheck. They want to make a meaningful contribution (Lawler & Finegold, 2000), which is increasingly achieved through team-based knowledge work (Mohrman et al., 1995). With the shift towards team-based knowledge work, the traditional models and approaches to leadership have become less appropriate. While one typically thinks of leadership as one person projecting downward influence on followers – which is termed "vertical leadership" – an alternative could be that all knowledge workers contribute to the leadership process – which is referred to as "shared leadership" (Pearce & Conger, 2003a).

O'Reilly et al. (2010) argued that it has become a necessity to view organizational performance as related to the aggregate effects of leadership at all organizational levels. Organizational members within the same organization no longer merely operate in parallel; instead their activities must be well-aligned, well-coordinated, and executed with reference to each other (Henderson & Fredrickson, 2001; O'Reilly et al., 2010). This argument gains in value given that vertical barriers in organizations are being eliminated, creating flat organizational structures (Czajkiewicz et al., 2008; Lewin & Stephens, 1993; Schein, 1996). Whereas, in a typical bureaucracy, bigger is better, the current context shows organizations in terms of smaller units (Czajkiewicz et al., 2008), which are thought to be more responsive to market requirements and better able to adapt rapidly to external changes. Traditional

departments are replaced by highly autonomous teams, organized around products, processes, clients or services. A presumption in the traditional bureaucracy is that the higher the organizational level, the more information the individual possesses and the better informed he or she is with respect to goal setting and decision making. In the new forms, hierarchical organization is seen to give way to operating “horizontally”. Decisions are pushed downward to where relevant knowledge and information reside.

Hence, the 21st century presents a context where there is an increased awareness of the need for shared leadership, going beyond the impact of the individual leader, in order to generate faster learning to be able to keep up with competition in a globalized economy. Related to this primary observation on the current context are several sub-observations, i.e. 1) the scope of leadership has increased, from focusing merely on *internal* functioning of the organization to including the *external* alignment of the firm with its environment, 2) the meaning and function of different organizational levels is changing and 3) smaller units are gaining in autonomy, functioning as small organizations. These sub-observations are elaborated in subsequent chapters of this dissertation.

1.3 RESEARCH CONTEXT

One may argue that the leadership research context lags behind the current timeframe. Mainstream leadership theories are (still) strongly embedded in the Industrial paradigm. These theories adopt a reductionistic, Newtonian worldview, that aim to understand the leadership phenomenon by studying its *parts* in isolation, focusing on *individuals* (i.e. leaders and followers) and their individual perceptions, intentions, behaviors and personalities (Hollander, 1978; Uhl-Bien et al., 2000). Mainstream leadership research builds on a taken-for-granted individualism. Traditional models of leadership are based on the assumption that the leadership role is played by a single individual (Pearce & Conger, 2003a) or by multiple individuals with *separate* responsibilities for different organizational units following the institutional arrangement in an organizational hierarchy. Burns (1978) formulated it well in his book, *Leadership*, and the quote has become famous ever since: “The fundamental crisis underlying mediocrity [of leadership and leaders] is intellectual. If we know all too much about our leaders, we know far too little about leadership [...] Leadership is one of the most observed and least understood phenomena on earth” (pp. 1-2). In the same book, Burns (1978) lamented that there is no school of leadership. He repeated this claim in the 1980s, describing leadership theory as being highly diverse and lacking integration by quoting the observation of Stogdill (1974), which has been repeated subsequently by Bass (1990a) that, “There are almost as many different definitions of leadership as there are persons who have attempted to define the concept” (p.11).

Despite these claims, Rost (1991) suggested in his book, *Leadership for the Twenty-first Century*, that there is much more commonality in the study of leadership than was previously thought. He wrote: “There has been a school of leadership there all along, but it has never been articulated well as an integrated framework” (p.10). He called this integrated framework the “Industrial paradigm of leadership”. The seeming diversity of past leadership theories and definitions is actually unified and embedded in an underlying ontology which remains largely implicit. Bennis (2007) articulated the ontology as follows: “In its simplest form, leadership is a tripod – a leader, followers, and a common goal they want to achieve” (p.3). Underneath this definition lies a commitment towards those three elements which are considered essential to the majority of leadership theories, i.e. the leader, followers and common goals.

The ontology of the tripod is paramount in the leadership literature, the difference between theories being the order of the legs and the emphasis given to each of the legs: “Leadership is a process whereby an individual influences a group of individuals to achieve a common goal” (Northouse, 2004, p.3). “Leadership can be defined as the nature of the influencing process – and its resultant outcomes – that occurs between a leader and followers and how this influencing process is explained by the leader’s dispositional characteristics and behaviors, follower perceptions and attributions of the leader” (Antonakis et al., 2004, p.5). Whether it is a charismatic, motivational exchange between the leader and the person led, or an agreed upon exchange of reward for task accomplishment, the Industrial Age approach views leadership as proceeding from the leader toward the follower. The follower, in turn, meets leadership with followership. Within this theoretical framework these theories make the implicit assumption that leadership belongs to institutionally recognized and formal individual managers (in authority positions). Figure 1.2 presents the tripod ontology schematically.

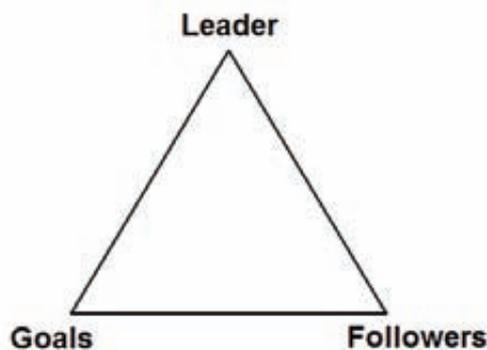


Figure 1-2: Leadership tripod ontology

The three legs of the tripod grew steadily over the last few centuries. Each leg contributed to theory building and underwent empirical testing. The thought that leadership is equal to the action of individual is so deeply engrained in the leadership literature that few researchers questioned this notion. The “leader” leg of the tripod includes “Great man” theories (Woods, 1913), trait theories (Stogdill, 1948; Zaccaro, 2007; Zaccaro et al., 1991) and leader behavior theories (Stogdill & Coons, 1957). Subsequently, vertical dyad linking theory (Dansereau et al., 1975) and Leader-Member Exchange (LMX) theory (Graen & Uhl-Bien, 1995) were introduced where the role of followers became more important. The leadership literature saw an increasing emphasis on “followership”, their role and characteristics in the leadership process (Collinson, 2006). Another perspective that brought followers into the tripod focused on implicit leadership theories, i.e. the influence of follower expectations and prototypes with respect to leaders (Lord et al., 1984; Lord & Maher, 1993) as well as the effects of the follower’s self-concept on perceived leadership effectiveness (Lord et al., 1999). The third leg of the tripod, common goals has not received the same amount of theoretical attention as the other two legs. The only theory which dealt the goals was the path-goal theory (House, 1971), in which the leader used various resources (rewards and expectations) to guide the followers towards preset goals. Yet, the focus in this theory was more on the behavior of the leader and its effect on followers than on the goals themselves. Table 1.1 provides an overview of some of the theories dealing with one of the three legs of the tripod ontology. The overview is by no means meant to be exhaustive and serves an illustrative purpose only.

Table 1-1: Theories underlying the three legs of the tripod

Legs of Tripod	Leadership Theories	Author(s)
Leader	<ul style="list-style-type: none"> • Great man theories • Trait theories • Leader behavior theories 	<ul style="list-style-type: none"> • Carlyle (1984), Woods (1913) • Stogdill (1948), Zaccaro (2007), Zaccaro et al. (1991) • Stogdill et al. (1957)
Follower(s)	<ul style="list-style-type: none"> • Vertical dyad linking theory • Leader member exchange theory • Implicit leadership theories 	<ul style="list-style-type: none"> • Dansereau et al.(1975) • Graeb et al. (1995) • Lord et al.(1984), Lord et al. (1993), Lord et al. (1999)
Goals	<ul style="list-style-type: none"> • Path-goal theory 	<ul style="list-style-type: none"> • House (1971)

Table 1.1 shows the relative unbalance in the tripod ontology, in terms of research efforts. The observation that the “goals” leg has not been studied as extensively is especially relevant in the light of the *disconnected* (Zaccaro & Klimoski, 2001) nature of the leadership research drawing on

different disciplines, where leadership serves as a means to different end goals. This topic is elaborated in the next chapter of this dissertation.

1.4 THE CONTEMPORARY NEED FOR SHARED LEADERSHIP

In the Industrial Age, which favored centralized bureaucratic hierarchies, it was easier to maintain this idea that leadership emanates “downwards” from individual leaders. The age of relatively placid operating environments and economic expansion driven by mass production lent itself to organizational forms which reinforced the presumption that “leadership was provided by the top official(s) and that leadership is what “comes out” of leaders” (Krantz, 1990, p.5). Yet, during the late nineteen seventies and early nineteen eighties (Hunt & Osborn, 1982), a small minority of leadership researchers became concerned with organizational system approaches (also known as *macro* approaches), instead of the predominant *micro* focus (i.e. leader-follower interactions). Representative of these works were those by Khandwella (1977), Melcher (1977), Hunt and Osborn (1982), and Katz and Kahn (1978). The latter stated in their book, *The Social Psychology of Organizations* (Katz & Kahn, 1978), that the focus on leadership needed to migrate upwards from the (leader-follower) dyad to the organization as a whole. They defined leadership as “the exercise of influence on organizationally relevant matters by any member of the organization” (p.571), with the organization more likely to be effective when the leadership function was distributed or shared.

Even though there have been some precursor concepts for nearly a century, including Follett’s idea of the “law of the situation” (Follett, 1924) (i.e. a logic which dictates that one should look for guidance based on an individual’s knowledge of the situation at hand), and Bowers and Seashore’s (1966) empirical work on “mutual leadership”, the leadership field only recently began to take the idea of shared leadership seriously (Drath et al., 2008). Gardner (1990) noted that “it is interesting to reflect on why such a significant insight, expressed so clearly by several authoritative voices a generation apart, has been so neglected in contemporary leadership literature” (p.149). This neglect may be partly due to the abovementioned fact that throughout the 20th century there was no need for such a concept, given that most organizations were operating within the “Industrial paradigm characterized by single leaders in formal positions wielding power and influence over multiple followers who had relatively little influence on top-level managers’ decision making” (Seers et al., 2003, p.77).

Drath (1996) argued that there is not so much a lack of leadership, but instead an epistemological leadership crisis, that is a crisis in our way of knowing. The dominant thinking model says that leadership *has* to be provided by individuals. As the leadership guru Warren Bennis (1997) puts it,

“Our mythology refuses to catch up with us. And so we cling to the myth of the Lone Ranger, the romantic idea that great things are usually accomplished by a larger-than-life individual working alone. Despite evidence to the contrary – including the fact that Michelangelo worked with a group of 16 to paint the Sistine Chapel – we still tend to think of achievement in terms of the Great Man or the Great Woman, instead of the Great Group” (p.29).

Another reason for the neglect may be related to the ontology of the tripod itself, which has been the primary perspective for leadership researchers, and the fact that the notion of shared leadership does not fit well with the ontology of individual leaders and followers. Moreover, the idea of shared leadership “lay dormant” (Gronn, 2000 , p.324) – the likely reason being that new leadership theories, such as transformational and charismatic leadership with a focus on the hero leader have dominated the field (Bolden, 2011). The latter argument is elaborated in the next chapter of this dissertation.

The “connectionist” 21st century has triggered an awareness of the relevance of holding a *system* perspective, in which phenomena are explained by means of the interactions between elements (Friedman, 2005). In *The World is Flat*, Friedman (2005) suggested that the nature of relationships with one another has fundamentally changed, and that one is now being called to ‘relate’, and thus by implication, also being called to ‘lead’, in ways that honor a new paradigm. This paradigm runs counter to hierarchical structure, embraces an ever growing interconnectedness, and acknowledges that leadership is not only the product of social interaction, but that it actually must be viewed in this way if one is to thrive in increasingly “flat” contexts.

Originally, the idea of shared leadership was introduced by Gibb (1969) under the label of “distributed leadership”. Gibb questioned the traditional assumption that leadership resides in a single leader and argued that such roles should be distributed across a team. In searching the literature for discussion on the very concept of shared leadership, one runs into difficulties, as researchers tend to use different terms, or use the same term with different meanings. Terms such as “democratic” leadership (Bass, 1990a), “collective” leadership (Burns, 1998), “shared” leadership (Judge & Ryman, 2001), “dispersed” leadership (Bryman et al., 1996), “distributive” leadership (Brown & Gioia, 2002) or “distributed” leadership (Brown, 1989; Brown & Hosking, 1986) are used. Although these terms differ in their particulars, the common element in all of them is that leadership is not concentrated in the hands of a single person, but is divided and performed by many if not all organizational members, simultaneously or sequentially (House & Aditya, 1997). Likewise, Yukl (1999a), noted that it, “does not require an individual who can perform all of the essential leadership functions, only a set of people

who can collectively perform them. Some leadership functions (e.g. making important decisions) may be shared by several members of a group, some leadership functions may be allocated to individual members, and a particular leadership function may be performed by different people at different times. The leadership actions of any individual leader are much less important than the collective leadership provided by members of the organization” (pp. 292-293). Another definition of shared leadership was that it “is a dynamic, interactive influence process among individuals in groups for which the objective is to lead one another to the achievement of group or organizational goals or both. This influence process often involves peer, or lateral, influence and at other times involves upward or downward hierarchical influence” (Pearce & Conger, 2003b, p.1). Table 1.2 provides a summary of the development of definitions and understanding of leadership over time.

Table 1-2: Summary of evolution of thinking around leadership

Level of complexity and inclusiveness	Definition of leadership	Illustrative theories of leadership	Levels of analysis
Most basic, least complex and inclusive conceptualization of leadership	Leadership is position-based authority	Trait theory, leader behaviors	Individual level, top-down influence of leader on followers
Mid-level conceptualization of leadership	Leadership is an influence process between individuals	Leader-member exchange	Reciprocal dyadic influence, top-down influence of leader on follower as well as bottom-up effect
Most advanced, complex and inclusive conceptualization of leadership	Leadership is a shared property of a social system including interdependencies among individuals, teams and organizations	Shared leadership, collective leadership, connective leadership	Multi-level approach (included individual, team and organizational level). Includes both contextual influences on team and leadership emergence within a team. Also acknowledges dyadic and individual levels

As highlighted in the first (i.e. left) column in Table 1.2, academic understanding of leadership has increased in terms of complexity and sophistication, progressing from the most basic (least inclusive and complex) to the most advanced thinking on leadership today (greatest sophistication, complexity and inclusiveness). The second column shows the corresponding changes in definitions of leadership, progressing from exclusively position-based authority (most basic) to an influence process that may include “independent” roles (mid-level complexity) to a shared property of a social system that

includes interdependencies of individuals, teams and organizations (most advanced). The two columns on the right specify the corresponding theories and the levels of analysis. The most basic level of analysis is the individual leader; a higher level includes direct interaction with followers (i.e. leader-follower dyad) and the highest level considers the whole organizational system.

Models of shared leadership (Nonaka & Nishiguchi, 2001; Nonaka & Takeuchi, 1995; Pearce & Conger, 2003a) reject understandings on leadership that rest solely upon the concept of top-down (vertical) leadership, and recognize that it will become increasingly important to acknowledge that leadership need not be tied to a particular individual in authority position (Huxham & Vangen, 2000). Schneider (2002) put forward that: “As the organization is primarily organized laterally across a flexible value chain, and the generation of social capital is viewed as critical to knowledge creation and competitive position, its leaders are involved in a multitude of intra- and inter-organizational relationships. Accordingly, the ontological basis for the leader’s role-set, historically the leader’s hierarchical position, should be changed” (p.211). Attention should be paid to the importance of social dimensions, i.e. relationships that exist between people. In an organization with complex webs of interaction, people interact with each other up and down the chain of command, across intra-organizational boundaries.

Exploring the value of shared leadership does not imply that vertical leadership is the way of the past, but rather that future thinking on leadership may need to encompass both vertical and shared facets in order to capture a fuller view of leadership outcomes (Day et al., 2004a; Pearce & Sims, 2002). There is considerable scrutiny over the evidence favoring the blanket replacement of old for new forms of organizing. Recent empirical studies indicated that, while innovative forms of organizing are emerging within organizations, hierarchy and other traditional organizational practices are not easily discarded (O’Reilly 3rd & Tushman, 2004; Palmer & Dunford, 2002; Raynor & Bower, 2001; Volberda, 1998). These studies suggest that high-performing organizations are adopting dual forms of organizing in which the controllability advantages, associated with hierarchical forms of organizing work, complement and support the responsiveness attributes of new forms of organizing (O’Reilly 3rd & Tushman, 2004; Pettigrew, 2003). It is argued that the team is the fastest growing organizational unit today (Pearce & Conger, 2003a, p.xi).

1.5 CONCLUSION

There is a mismatch between the contemporary demand for collective leadership (i.e. the increased importance of developing and employing knowledge and the increased willingness of organizational

members to carry responsibility), and current theorizing on the topic of leadership, which is still largely embedded in the Industrial paradigm focusing on the individual leader (Gronn, 2002). At the heart of this understanding is a strong commitment to the unit of analysis of a solo or stand-alone leader. The “Industrial paradigm of leadership” is based on the tripod ontology of 1) leader, 2) followers, and 3) goals. This ontology suited the hierarchical structures of organizations in the Industrial Era. Yet as organizations, in the face of a globalized, deregulated, highly competitive landscape, are more and more organized horizontally, there is a need to conceptualize leadership as a collective endeavor (on top of the traditional vertical leadership model. One of the primary objectives of this dissertation is to explore the added value of shared leadership in terms of predicting team effectiveness. What distinguishes teams from other traditional organizational forms is often the absence of hierarchical authority. Although a team may have a formally appointed leader, this individual is more commonly treated as a peer, opening the door to shared leadership (Pearce & Conger, 2003a). Before being able to test this proposition, several pre-steps need to be taken. The leadership literature has been dominated by a focus on the dyadic relationship, where leadership effectiveness was measured in terms of subordinate’ job satisfaction. In order to explain team effectiveness, the notion of leadership should be related to organizational strategy. This is a relative recent area of theory development which is elaborated in the next chapter. Finally shared leadership is related to team effectiveness in chapter nine of this dissertation.

2 IN SEARCH FOR STRATEGIC LEADERSHIP

2.1 INTRODUCTION

“Organizations are the common tie that binds management researchers”
(Molloy et al., 2011, p.584).

Podolny et al. (2005) observed that “for at least the past thirty years, the concept of leadership has been subject to criticism and marginalization by the dominant organizational paradigms and perspectives” (p.1). Part of this skepticism has resulted from questions about whether leadership has discernible effects on organizational outcomes (Pfeffer, 1977). Underlying reason may be that leadership theories tend to emphasize interpersonal, face-to-face relationships instead of focusing on organizational problems (Dubin, 1979). Traditional leadership approaches usually start by discussing individuals and what they do (Bass, 1990a; Yukl, 2002) as if they almost exclusively operate in conventional organizations. In contrast, many macro perspectives start with organizations and what they need to do as if average individuals populated them. One might think of these as a slightly less extreme version of the well-known “people without organizations vs. organizations without people” (Osborn et al., 2002, p.799) arguments in the organizational studies’ field.

Leadership is presumed to have an effect not just on individuals but also on teams, and sometimes even on entire organizations (Kaiser et al., 2008). Leadership enables followers to be motivated and perform, but also small teams to synergize, and organizations to accomplish goals through the differentiated yet synchronized efforts of these individuals and teams (DeChurch et al., 2010). As such, leadership is an inherently multilevel phenomenon (Dansereau et al., 1984; Yammarino et al., 2005). Organizational effectiveness hinges on coordinated leadership being enacted from leaders residing within multiple hierarchical levels, whose leadership shapes crucial individual-, team-, and organizational-level outcomes. Despite this reality, research on leadership often seems disconnected (Zaccaro & Klimoski, 2001) owing at least in part to separate disciplinary groups which guide theory and research on leadership at different levels; for example, organizational-level leadership research is generally the province of business scholars, whereas lower-level managerial leadership research has a strong grounding in psychology (DeChurch et al., 2010).

This chapter reviews briefly the two different approaches, i.e. mainstream leadership research (starting in the 1930s) which focuses on the leader-follower dyad and is embedded in the psychology discipline, and the strategic management research, which has relatively recently (in the 1980s) started to consider the role of leadership of top-level managers in formulating and implementing the overall strategy of an organization. The following section (section 2.2) delves into the common elements for both disciplinary streams of research, i.e. leadership and organizations. Section 2.3 describes some of the main differences between the two.

2.2 LEADERSHIP AND ORGANIZATIONS

“A quick perusal of most organizational behavior textbooks shows how leadership processes are typically casted at the small group (micro) level” (Waldman et al., 2004, p.358). House and Aditya (1997) noted that “to this day, the dominant proportion of the more than 3000 studies listed by Bass (1990a) is primarily concerned with the relationship between leaders and their immediate followers, and largely ignores the kind of organization and culture in which leaders function” (p.409). This claim has been repeated often (Antonakis et al., 2004). Leadership theories “do not consider how environmental and organizational context influence the (leadership) process” (Boal & Hooijberg, 2000, p.528). The reasons for the pre-occupation with face-to-face leadership stems from the embedment of leadership studies in the psychology discipline. These models of leadership have typically centered on the impact of leader behavior on his or her group of direct reports (other word for subordinates), while often either discounting or oversimplifying the context in which the behavior is embedded (Bass, 1990a; Capelli & Sherer, 1991; Hunt, 1991; Rousseau, 1985; Salancik et al., 1975; Tosi, 1991; Yammarino & Bass, 1990; Yammarino & Dubinsky, 1992). Primary research in leadership has paid far more attention to the development of theoretical explanations of what constitutes leadership than to defining the types of criteria needed to fully and appropriately evaluate leadership in relation to theoretically relevant criteria (Day, 2000; Kaiser et al., 2008; Zaccaro & Klimoski, 2001).

Very few leadership studies, with the exception of those studies of Bennis and Nanus (1985) and Sashkin and Fulmer (1988), include organizational outcomes in their analyses. Even those researchers who have questioned the role of leadership (Meindl et al., 1985) have focused on the efficacy of the leader and on followers’ attributions about the leader (with no direct link with organizational outcomes). Even those contextual factors that were introduced as substitutes for leadership in organizations (Kerr & Jermier, 1978) were factors that had an impact on follower behavior, disregarding the potential impact of leadership on organizational outcomes.

Some of the leadership processes that are most likely to add significant value at higher organizational levels however, may involve indirect and systems-wide influence. For instance, middle managers are responsible for managing multiple units, and typically providing direction to managers two or more lower levels apart. Top-level leaders provide system-wide direction and influence, and in many cases never meet all of the followers they influence (Hunt, 1991; Jacobs & Jaques, 1987; Zaccaro, 2001). In this respect, leadership can be conceptualized as leading the organization, which has been studied from a different disciplinary perspective, the strategic management perspective.

In the late 1980s, several social science researchers began to question whether leadership actually made a difference in organizations while others suggested that perhaps the study of leadership had reached its culminating point (Boal & Hooijberg, 2000). Despite their value in explaining subordinate affect and team performance, dyadic leadership functions were unable to explain all the effects that have been attributed to the leadership phenomenon (such as organizational outcomes) (Bass & Avolio, 1993). “By the mid-1980s, a metamorphosis away from the study of supervisory leadership (House & Aditya, 1997) toward the study of strategic leadership had begun” (Boal & Hooijberg, 2000, pp. 515-516). With this change in emphasis came a new found sense of excitement initially centering on Upper Echelon theory (Hambrick & Mason, 1984) and the study of Top Management Teams (TMTs). Whereas supervisory leadership theories focus on task- and people-oriented behaviors of leaders as they attempt to provide guidance, support and feedback to subordinates (House & Aditya, 1997), strategic leadership implies behaviors which aim at ensuring the prosperity and survival of the organization (Boal & Hooijberg, 2000).

A valuable direction for future leadership is to more fully integrate the micro-and macro-oriented perspectives of leadership (Hiller et al., 2011). Regarding leadership research, Blair and Hunt (1985) argued, “If future research efforts are to be of greater value than those done up to this point, they must be collectively located within a broader and integrative program of research” (p.273). Their claim was voiced in 1985, however, it still holds today. Ways of understanding leadership have surfaced in different disciplines with limited, if any, cross-fertilization. Psychologists and those trained in micro organizational behavior have taken issues such as job attitudes, work motivation, absenteeism, turnover, and stress as their purview. Strategy researchers and those trained in macro organizational behavior have, in turn, laid claim to issues such as organizational structure, strategy and environment. This micro-macro split has become institutionalized. There are now separate divisions of the American Psychological Association and the Academy of Management, and these separate divisions

have become host to micro and macro researchers. At present, not only do experienced academics readily identify themselves as micro or macro researchers, but graduate students take on this delineation from the outset of their academic careers, choosing sides in the search for data and interpretation of theory. Unfortunately, this division has taken its toll on research. Rarely, do micro and macro experts engage each other in debates or collaboration².

The difference between the perspective on leadership embedded in psychology and the approach embedded in strategic management has also been voiced as the difference between “leadership *in* organizations” and “leadership *of* organizations” (Dubin, 1979) respectively. As was stated earlier, the majority of leadership studies considers “leadership *in* organizations”, i.e. direct leadership – primarily, if not entirely, face-to-face leadership. “Leadership *of* organizations”, defined as dealing with strategy, along with the indirect impact on those deep within the organization, is a very recent topic of study. The latter is termed “strategic leadership” while the former is referred to as “supervisory leadership” (Bedeian & Hunt, 2006, p.202). The diverse priorities of the two leadership functions emerge as follows: strategic leadership focuses on the survival and success of the organization, its critical audience involves the community of employees, and its time horizon is long-term. Supervisory leadership, focuses on the accomplishment of tasks, its critical audience involves individuals, and its time horizon is medium – to short-term (Kur, 1995). Strategic and supervisory leadership differ in *level of analysis* of the outcome variables, strategic leadership is frequently linked to archival sources of tangible organizational performance (Kor, 2006), whereas supervisor approaches to leadership are linked to perceptual variables (subordinate’ job satisfaction and subordinate’ performance) (Judge et al., 2004).

Explicit attention for levels of analysis issues in the leadership literature is relatively new, introduced about two decades ago and considered more seriously over the last decade (Yammarino et al., 2005). Figure 2.1 graphically displays the two different levels of analysis of leadership adopted in this dissertation, i.e. leader-follower dyad and organizational system (in interaction with the environment in which the organization is embedded).

² It is important to note that researchers of management lack a shared conception of the micro-macro divide. For example, researchers drawing on economics may use the term *micro* to refer to firms Barney, J. B. 1986. Strategic factor markets: expectations, luck, and business strategy. *Management Science*, 32(10): 1231-1241., whereas those drawing on psychology may use *micro* to refer to individuals Rousseau, D. M. 2000. Multilevel competencies and missing linkages. In K. Klein & S. Kozlowski (Eds.), *Multilevel theory, research and methods in organizations: Foundations, extensions, and new directions*: 572-582. San Francisco, CA: Jossey-Bass.. In this dissertation the micro-macro divide is perceived at the divide between psychological approach to leadership and a strategic management approach.



Figure 2-1: Levels of analysis

2.3 DIFFERENCES BETWEEN SUPERVISORY AND STRATEGIC LEADERSHIP

Researchers seem to agree on how to distinguish strategic leadership from supervisory leadership, understandings pertaining to the incorporation of external elements, the extent of reach and the link with organizational level.

For a long time it was assumed that the domain of organizational members was largely internal, and that relatively few members were in boundary-spanning roles (Thompson, 1967). Strategic leadership, however involves influencing not merely those elements internal to an organization but external as well (Finkelstein & Hambrick, 1996; Rowe, 2001). A large proportion of leadership responsibilities that strategic leaders take on involves direct boundary management between the external and internal environment (Zaccaro & Klimoski, 2001). This aspect is not included in the concept of supervisory leadership as currently defined and studied.

Moreover, the influence of strategic leadership extends to the whole organization or its major segments, whereas supervisory leaders exert their influence primarily on their immediate subordinates. Unlike supervisory leaders, strategic leaders are expected to influence some, if not many, in their organizations that are not their direct reports.

Lastly, strategic leadership has been considered to be the privilege of the highest echelons in an organization (Cyert & March, 1963). This is in line with traditional thinking, where strategic matters are dealt with at the top of the organization, the middle level translated these matters to operational goals for lower-level managers, and the latter stimulated non-manager employees to fulfill the accompanying tasks. This vertical division of labor suited the way we think in the Western world. The term strategy stems from the Greek language meaning the office of the general (Nurmi, 1984). The main difference between the supervisory and strategic leadership concepts are presented schematically in Table 2.1.

Table 2-1: Preliminary delineation of supervisory & strategic leadership

	Supervisory leadership	Strategic leadership
Orientation	Internal	Internal & External
Levels of analysis	Leader-follower (dyad level)	Organizational system
Organizational level	Lower levels	Top-level

An unsettled concern in the separation of supervisory and strategic leadership is that one no longer knows how the two types of leadership stack up in practice. There is controversy concerning who exercises strategic leadership. While the term strategic leadership emerged as a responsibility of the top management team or dominant coalition (Cyert & March, 1963), some researchers purported that “leaders at all levels of the organization should develop this ability, indicating the fact that strategic leadership can be exercised by first-, middle-, and top-level managers” (Hitt & Ireland, 2002, p.4). These advocates of strategic leadership at all organizational levels argue that the demands of today’s dynamic contexts require a push down for the responsibility of strategic leadership (Crossan et al., 2008). Ireland and Hitt (1999) argued that leaders must provide group members with sufficient flexibility to “take advantage of competitive opportunities that develop rapidly in the new competitive landscape” (p.52). Moreover, preliminary findings hinted that this traditional conception of top-level managers as the primary links to the environment is not supported by empirical studies; for instance researchers have observed no greater overall scanning activity (which is considered to be a strategic leadership activity) by top-level managers than by middle managers (Aguilar, 1967; Hambrick, 1981; Kefalas & Schoderbek, 1973).

Similarly, supervisory leadership may not be the sole domain of managers at lower organizational levels. Arguments have been put forward that top-level managers have direct reports as well and also engage in supervisory leadership (Zaccaro, 2001). Tarabishy et al. (2005) suggest that leaders and

their leadership style influence both their subordinates and organizational outcomes. “The interaction of the two types of leadership (strategic and supervisory) would clearly bear considerable study” (Schendel, 1989, p.2).

2.4 RESEARCH QUESTIONS & RESEARCH STRUCTURE

From the introductory chapters, one can conclude that the primary aspects that will be addressed in this dissertation, is the concept of strategic leadership, to what extent it is different from supervisory leadership in terms of the concept as such, its manifestation and effectiveness across organizational levels and its applicability to team effectiveness.

This dissertation aims to answer four research questions.

I. To what extent are the concepts of supervisory and strategic leadership distinct?

This research question is relevant in order to establish the added value of conceptualizing and operationalizing a new strategic leadership model. Supervisory and strategic leadership are conceptualizations of leadership at different *levels of analysis*. Whereas supervisory leadership is played out at the leader-follower level, strategic leadership is aimed at the level of the organizational system in interaction with its environment. These two conceptualizations of leadership have been kept apart by means of disciplinary boundaries, i.e. supervisory leadership being embedded in the psychology discipline and strategic leadership originating from the field of strategic management. These disciplinary traditions have remained separate; there is however no empirical evidence whether the two concepts can be identified as distinct.

II. Is leadership manifested differentially across organizational levels?

The extent to which organizational level is still an important antecedent for the manifestation and effectiveness of strategic and supervisory leadership is an unsettled concern. The term strategic leadership emerged as the responsibility of the *top* management team. Yet, more and more researchers argue that strategic leadership is an ability which needs to be manifested by members at all organizational levels (normative claim). Likewise, even though evidence on supervisory leadership stems from studies on *lower-level managers*, top-level managers also have subordinates they need to motivate. The topic of how top-level managers motivate their subordinates (which are middle managers) has remained largely unexplored. Moreover, if the manifestation of strategic and supervisory leadership behaviors shows a different relationship with organizational level, this would further support the argument that the concepts are distinct. Moreover, answering this research question

is an important step in bridging the gap between the trend to organize horizontally and the leadership literature holding on to a stark demarcation across organizational levels.

III. To what extent is leadership effectiveness (in terms of subordinate' job satisfaction) moderated by organizational level?

The manifestation of behaviors does not tell us anything about the desirability of those behaviors at different organizational levels. There are two different perspectives on this. The *continuity* perspective posits that skills associated with leadership *effectiveness* at lower organizational levels are also important at higher organizational levels. In contrast, the *discontinuity* perspective theorizes that effective leadership behaviors at a certain organizational level can become ineffective for the next level. Subordinate' job satisfaction is one of the most widely used effectiveness measures in leadership research. A different impact of strategic and supervisory leadership on subordinate' job satisfaction would once again further support the argument that these are two distinct concepts. Even more, a differential impact on subordinate' job satisfaction across levels would be an indication of the relative relevance of strategic and supervisory leadership across different organizational levels.

IV. To what extent does shared strategic leadership predict team effectiveness?

Strategic leadership is aimed at the interaction of the organization with its environment, hence the effectiveness measure cannot be captured merely by the internally oriented effectiveness measure of subordinate' job satisfaction. Strategic leadership does not only surpass supervisory leadership in terms of levels of analysis (having an impact on team effectiveness), but potentially also in terms of unit of analysis. Within teams, there are two potential sources of leadership, which are defined by "who" engages in leadership. The first source, the formal team leader, fits the tripod ontology and has received considerable attention and support in the literature. Leadership performed by the formal team leader has also been labeled vertical leadership, due to the hierarchical relationship between the team leader and the team members. The second source, the team, has been the focus of an emerging stream of research that views the team as a potential source of leadership, also labeled as shared leadership. The leadership literature only recently took this alternative source of leadership seriously. Given the complexity of organizational environments and the burden on single leaders, this notion of shared strategic leadership requires further exploration.

The structure of the research is three-fold. Following the two introductory chapters, chapter 1 (on shared leadership) and chapter 2 (supervisory versus strategic leadership), Part I contains the three conceptual chapters, chapter three covering the relevance of organizational level in leadership

research, chapter four describing the evolution of leadership theory and chapter five presenting a conceptualization of strategic leadership (chapter 5). Part II presents the operationalization (chapter 6) of the strategic leadership model and validation of the measurement instrument (chapter 7). Part III presents two studies of application. In chapter 8, strategic and supervisory leadership are tested against subordinate' job satisfaction at different organizational levels. Chapter nine elaborates on the application of the strategic leadership concept (vertical and shared) in explaining team effectiveness. The function of the final chapter (chapter 10) is to wrap up and look forward. See Figure 2.2 for an overview of the research structure, with a clear demarcation between the theoretical and empirical chapters.

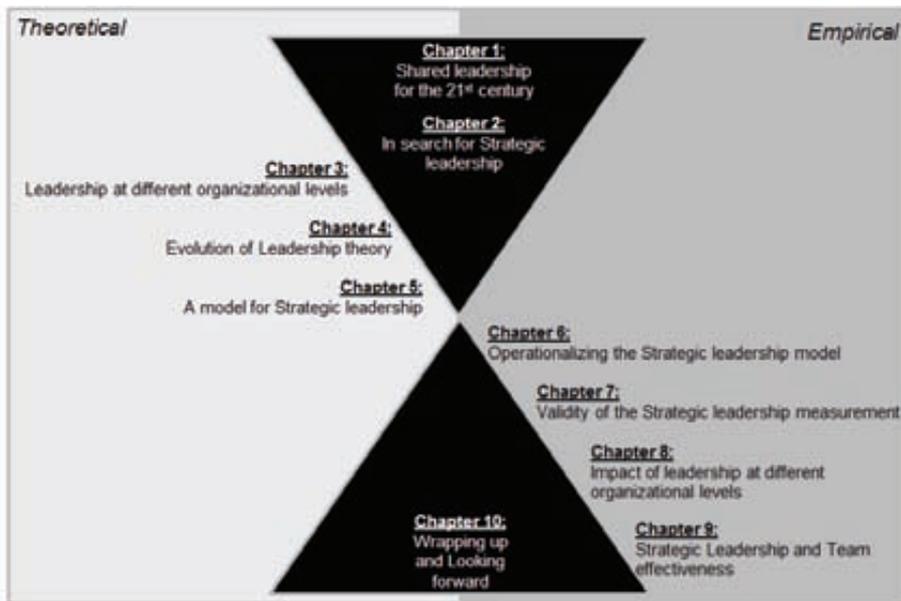


Figure 2-2: Research structure

PART I: CONCEPTUALIZATION

3 LEADERSHIP AT DIFFERENT ORGANIZATIONAL LEVELS

3.1 INTRODUCTION

Zaccaro and Klimoski (2001) argued that the organizational level of the leader matters a lot more as a context variable affecting the manifestation, interpretation and outcomes related to leadership, than the leadership field acknowledges. Few academic leadership models account for instance, for leadership *behaviors* at higher levels of the organization (Zaccaro, 2001), most likely due to the relative inaccessibility of higher organizational levels for research purposes. Whether it is due to the inaccessibility of higher levels or to the current academic neglect of organizational level, leadership theory hardly differentiates on the basis of organizational level. Zaccaro and Klimoski (2001) claimed that the lack of consideration to organizational level has contributed to a dearth of good empirical research on organizational leadership. Most leadership theories have focused on lower-level managers (House & Aditya, 1997). Day and Lord (1988) argued that the common practice of “applying leadership theories developed at lower levels to explain leadership at upper levels assumes isomorphism across levels that is probably not true” (p.212).

The notion of organizational level stems from the idea of hierarchy. Organizational hierarchy is generally understood as the formal, documented system according to which people in an organization are ranked in terms of authority along a vertical axis (Lundholm et al., 2012). For most people, the word hierarchy carries a pejorative connotation (Diefenbach & Sillince, 2011; Dipadova & Faerman, 1993; Gernert, 2011). It conjures up images of unnecessary layers of organizations where decision making is centralized at the top of the organization, and communication must follow a downward chain of command. In response to this image of organizations, as well as to an increasingly turbulent economic-socio-political organizational environment, organizations have begun exploring the benefits of flattening organizations by eliminating layers of hierarchy and instituting alternative ways of organizing people (Barry, 1991; Daft, 2009; Lawler III, 1988; Peters, 1987; Rajan & Wulf, 2006; Ramos, 2011; Semler, 1989; Whitford).

Firms today are claimed to be complex, social systems (Kuhn, 2008) characterized by distributed/collective leadership (Fairhurst, 2008; Gronn, 2002), increasingly intent on creating worker participation (Stohl & Cheney, 2001), teamwork (Cohen & Bailey, 1997), and empowerment (Styhre, 2001). This characterization is particularly relevant with respect to so-called “knowledge

work,” which tends to be non-routinized, thus relying heavily on the expertise and creativity of the employees (Alvesson, 2004). In this type of work, hierarchical management is seen as counter-productive, and new forms of management are suggested that acknowledge complex rather than hierarchical interaction with employees (Uhl-Bien et al., 2007). The manager, in turn, is seen as a coach, teacher, and servant (Senge, 2004), as a social integrator (Alvesson, 1995), and as a manager of meaning (Smircich & Morgan, 1982) rather than as supervisor or boss.

The literature discussed above seems to suggest that there is a shift away from the vertical or bureaucratic organization. Nevertheless, as some commentators have pointed out, this post-bureaucratic argument should not be exaggerated (Alvesson & Thompson, 2004). Many scholars have argued that hierarchies are a universal feature of all human groups, including organizations (Leavitt, 2005; Magee & Galinsky, 2008; Van Vugt et al., 2008). Leavitt (2005) argued that if different forms of social organization were more advantageous, groups would have adopted them a long time ago. As Jaques (1976) observed many years ago “...bureaucratic hierarchies are the only type of human organization so far discovered for bringing large numbers of people to work together in one united enterprise...” (p.127). The pervasiveness of hierarchies alone seems to be evidence of their efficacy.

With a certain size, hierarchy is almost impossible to avoid (Lundholm et al., 2012). It is argued that the formal chain of command is a necessary means to maintain clarity and effectiveness in the organization and while hierarchy may appear in a different shape today than it used to, most researchers agree that it is a persistent feature of contemporary organizations (Diefenbach & Sillince, 2011; Hales, 2002; Hoepfl, 2006). In 2010, O’Toole and Meier wrote a study of the efficacy of bureaucratic structure in difficult economic times which was called “In Defense of Bureaucracy” (2010). The authors concluded that traditional managers in authority positions have the capacity to minimize performance declines when faced with significant budgetary shocks. The condemnation of bureaucracy is short-sighted, they argue, because the existing structure allows organizations to respond to problems as they occur.

Bureaucracy can however, and often has led to organizational dysfunctions including inadequate communication between levels of hierarchy and a magnification of status differences among organizational members to the extent that the value of contributions was not based on merit, but on organizational level. Too often the different organizational levels have come to represent the maintenance of parallel groups of people who work in the same physical and organizational setting – and yet have different perspectives, norms and organizational languages. These layered groups

function in social and organizational worlds which tend to be largely impenetrable and which severely limit the collective (leadership) effort. A potential area of interest for improving the negative connotation of hierarchy, is acknowledging the distinctive added value of each organizational level. This requires first and foremost insight into the manifestation of leadership behavior at different organizational levels.

The sparse literature that exists on this topic, hints at qualitative differences in effective leadership between higher and lower organizational levels (Day & Lord, 1988; Katz & Kahn, 1978). Within an organizational hierarchy, the natural tendency is that people move upwards the corporate ladder. In essence, these are the same people, fulfilling different functions sequentially (Charan et al., 2001; Hurd, 2009). There are different views regarding how change between organizational levels manifests itself. There are two perspectives in the literature that appear to be in direct conflict – the *discontinuous* versus *continuous* required leadership skill transition (De Meuse et al., 2011). The discontinuity perspective posits that the changing skill requirement across organizational levels is discontinuous. Leadership behavior that is positively related to effectiveness at a lower level may become negatively related to effectiveness at higher levels. Consequently, managers need to stop performing those behaviors that are not contributing to effectiveness as they get promoted. The continuity perspective suggests that all levels of effective managers possess about the same behavioral repertoire. Promotion requires managers to perform more of those behaviors that become more important for higher levels and gain skill efficiency on those behaviors. Yet, these individuals do not have to unlearn past behaviors.

This chapter explores both the discontinuity and continuity perspective. Section 3.3 reviews the evidence for the discontinuity perspective, followed by section 3.4 which elaborates the continuity perspective. Before the different perspectives are presented, the way differences across levels have been traditionally conceptualized in the leadership literature, is described (section 3.2).

3.2 LEADERSHIP DIFFERENCES ACROSS ORGANIZATIONAL LEVELS

3.2.1 THREE LEVELS

Much of the earlier work on organizational level culminated in the widely cited systems framework of Katz and Kahn (1978). They presented three different types of leadership based on the different organizational needs at three distinct organizational levels, i.e. “*origination of structure*” (top-level management), “*interpolation of structure*” (middle management), and “*administration of structure*” (lower management).

Jaques' (1976) elaborated this work and developed the stratified systems theory (SST) (Jacobs & Jaques, 1987). The SST highlights the external demands placed on leaders and provided a clear delineation of leadership work and role requirements across organizational levels (Gardner & Schermerhorn Jr, 1992; Zaccaro & Klimoski, 2001). SST states that top-level jobs include setting strategic direction in a long-term context and the coordination of several discrete business units, linking the internal and external environments. Alternatively, lower-level jobs take place within a single business unit and a single functional domain, according to Jaques (1976), and are focused on the local internal environment with activities in the short term. SST adopted seven specific levels to characterize differences in complexity across organizational levels. In turn, these seven narrowly defined levels can be grouped into three higher-order levels: “*systems*”, “*organizational*”, and “*production*”. These distinctions correspond closely to those made by Katz and Kahn (1978) (i.e. “*origination of structure*”, “*interpolation of structure*” and “*administration of structure*”, respectively).

Despite the variety in terms of organizational levels, ranging from three to seven, cumulative empirical evidence supports only three general domains where the nature of work within each level is highly similar but qualitatively distinct between organizational levels (Zaccaro, 2001). Hunt and Ropo (1995) also pointed out that for a specific organization, it may be practical to include more than three levels, but for cross-organizational comparisons, three organizational levels are considered sufficient.

3.2.2 TIME HORIZON

Most theories of organizational level differences involve the concept of complexity. The underlying argument is that job complexity increases with organizational level and managerial success depends on cognitive complexity, based on the notion of requisite variety (Ashby, 1952). Jaques (1994) introduced the notion of ‘time span of discretion’ which implies with more complex jobs there is a larger time lapse between action and feedback on the consequences of that action. Thus, the primary way to distinguish organizational levels in SST is by the time frame in which managers must consider the feedback on their activities. According to Jaques’ theory, the time span for lower-level managers is in the order of days or weeks. Top-level managers, however, may experience a time lapse of years before they receive feedback on their actions. Although there is some disagreement on how adequately time span of discretion represents complexity, empirical studies have identified differences in time span of discretion for the three general organizational levels (Hunt, 1991; Zaccaro, 2001),

three months to two years for lower-level jobs, two to five years (perhaps as high as 10 years) for middle managers, and 10 to 20 years-plus for top-level leaders (Jacobs & Jaques, 1987).

3.2.3 FUNCTIONAL ACTIVITIES

In line with the traditional idea of division of labor and the nature of bureaucracy (Weber, 1946), activities at different organizational levels were thought to be substantively different. Katz and Kahn (1978) defined the functional activities as follows, at the top level, the “origination of structure” which was the determination of organizational structure and policy. More recently, this has been described as setting strategic direction and creating and maintaining organizational culture (Hunt, 1991). At the middle level, the “interpolation of structure” consisted of middle managers translating the bigger picture into operating goals, implementing policy, and execution. At the lowest level, “the administration of structure” was the routine use of operating procedures to deal with problems in execution. A parallel can be drawn with the notion of complexity, origination of structure deals with high levels of complexity in order to identify and define the novel problem of setting direction in an ambiguous context where options are bountiful whereas the administration structure involves the selection from a relatively known set of options to deal with problems in execution that could have been expected. The key activity for lower-level managers was the supervision and direction of the individuals carrying out the core day-to-day work of the organization, distributing resources and assigning specific tasks to the employees who executed the core work.

3.2.4 PRIMARY SKILLS

A somewhat different approach to distinguishing between the three organizational levels involved the identification of the distinct competencies and skills needed at each level. Hodgson et al. (1965) presented a model in which the dimensions of organizational structure, specifically organizational level, moderated the nature of leadership as well as its antecedents and consequences. He argued that performance demands on managers change across organizational levels and hence the critical competencies that form the basis for selection policies and training and development programs, should change as well. While it seems logical that differences in competencies were drawn from the differences in tasks and functional activities, competencies were the firstly discovered distinguishing factor. The skills typology of Katz (1955; Mann, 1965) classified management skills into three general areas: *technical skills* – being at ease with specialized methods, processes, knowledge and techniques (for lower-level managers); *interpersonal skills* –communication, ability to relate, build and maintain relationships, understand feelings and desires of others (for middle managers); and *conceptual skills* – analytic and logical thinking, deductive and inductive reasoning, and mentally representing complex

information and drawing connections between pieces of information to form new concepts and anticipate on events (for top-level managers).

3.2.5 BUSINESS RESPONSIBILITY

A final way to describe organizational level differences was more pragmatic. This approach corresponded most closely to how different organizational levels are distinguished in practice (Charan et al., 2001; Freedman, 1998). The lower level is the first level where individuals have responsibility for the performance of others, typically non-managerial employees. Section managers and department managers are typical first-level managers. They worked within a single functional area (e.g. production, sales, finance) within one and the same organization. The next level was the middle management level. The qualitative distinction was that this position entailed coordination between varied functional units. The individuals who reported to middle managers also tended to be managers themselves or other highly specialized professionals. A key challenge for managers at this level was to manage individuals with expertise in an area of which they knew relatively little about (Freedman, 1998). Middle managers were also likely to have P&L (profit and loss) responsibilities. Middle managers were responsible for the performance of a division of a business unit that produced a particular product or service line. At the top was the executive level. Whereas middle managers coordinated the activities of several different functional areas within one business unit, executives typically were responsible for a portfolio of businesses. Similar to middle managers, top-level managers may have had relatively little prior experience with some aspects of the industries and markets in which their businesses operated. Top-level managers were accountable to key organizational constituents, typically, a board of directors and shareholders in publicly traded firms, owners in the private case, or the government. The differences between the three organizational levels are briefly summarized in Table 3-1.

Table 3-1: Summary of work at three organizational levels

Level	Time span	Responsibilities	Functional activities	Primary skills
Top	Long (10 to 20+ years)	Performance of a corporation or group of businesses	Creation of structure – identify and develop consensus about future, set strategic direction, shape organizational culture to support strategy, coordinate internal and external environment, secure capital resources	Conceptual
Middle	Medium (2 to 5 years)	Performance of multiple functional units or a division	Interpolation of structure – translate strategy and policy into operating goals and timelines, flesh out details of the “big picture”, coordinate diverse functional units, serve as communication nexus throughout organization, allocate resources across functions	Interpersonal
Lower	Short (2 weeks to 2 years)	Performance of small group or team within a single function	Application of structure – assign tasks, execute operating plans, supervise and direct day-to-day production or service work, distribute resources to individuals or teams	Technical

The previous section described the ways in which leadership has been distinguished at different organizational levels. The identification of differences however, does not imply that skills and functions dominant for one level are unimportant for the next level. One may assume that top-level managers were middle managers one day, and on an earlier day they fulfilled the role of lower-level manager. Hence, the question arises, how should the movement up the corporate ladder evolve in terms of leadership behavior, i.e. discontinuously in terms of unlearning skills that were useful for a lower level or continuously in terms of increasing one’s repertoire by adding new leadership functions.

3.3 DISCONTINUITY PERSPECTIVE

Popular books like *The Leadership Pipeline* (Charan et al., 2001) and *What Got You Here Won’t Get You There* (Goldsmith & Reiter, 2007) and earlier theories like Arthur Freedman’s (1998) pathways and crossroads model of managerial careers have emphasized how the competencies and skills needed, change as managers climb the corporate ladder. This has been termed the discontinuity perspective (De Meuse et al., 2011). Freedman (1998) noted that, each upward transition in the organizational hierarchy, presents discontinuous and unprecedented changes for the transitioning individual. At each passage, people are faced by a dual challenge: taking up new perspectives and

skills and simultaneously letting go of established beliefs. Coping with these challenges requires adaptive changes in preferred behavior. Freedman examined the psychological dynamics that prevent individuals from learning and adjusting to the demands of a new job at a higher level. He asserted that most people derive a sense of pride and confidence when they perform their work roles with competence, comfort and certainty. Many people enjoy these good feelings to such an extent that they become addicted to the associated role behaviors. This tendency inhibits their ability to venture outside their comfort zone and adapt their behavior to new challenges. Freedman emphasizes that organizational decision makers tend to neglect these challenges, and consequently, rather than receiving adequate preparation and support, individuals making upward transitions are often asked to “swim or sink” on their own.

The discontinuity perspective of changing leadership skill requirements has received empirical support. Mann (1965) found in a study of hospitals that different leadership styles were required at different organizational levels in order to satisfy subordinates. Nealy and Blood (1968) showed in their study of a Veteran’s Administration that favorable performance required different leadership styles at different organizational levels. Kaiser and Craig (2011) investigated the moderating role of organizational level on the relationship between managerial behavior and overall leadership effectiveness. They found that behaviors associated with effectiveness differed across levels. They observed that some positive predictors of effectiveness at one level became negative predictors at another level. For example, supportive leadership was a negative predictor of leadership effectiveness for lower-level managers, a positive predictor for middle managers, and non-significant for top-level managers. To the contrary, empowering leadership was not a statistically significant predictor for lower-level managers, whereas it was a negative predictor for middle managers and a positive predictor for top-level managers. Brousseau et al. (2006) also found support for the discontinuous changing pattern of leadership behavior. They investigated how managers’ decision making styles evolve during their managerial careers. On the basis of their analysis of the decision profiles of more than 120,000 managers and executives, these authors observed that as individuals advance from lower to higher organizational levels, the decision making profiles do a complete flip. The predominant style for lower-level managers was decisive. In contrast, a flexible decision style became predominant for higher levels of management. Brousseau et al. (2006) compared the profiles of performers in the top 20% with others and found that most successful managers reached and passed the transition point earlier in their careers, whereas the least successful managers (the bottom 20% of performers) started their careers pretty much like the others had, but did not make the transition successfully. Kaplan and Kaiser (2003) reported that in their applied research with top-level managers, they found that many

were criticized for their excessive reliance on the middle and lower-level skills of interpersonal behaviors and tactical involvement in operational matters. They were lacking the higher-level skills of influencing the strategic direction of the organization. Lombardo and Eichinger (2000) drew similar conclusions from their analysis of competency ratings of executives in a range of industries.

3.4 CONTINUITY PERSPECTIVE

Mahoney et al.'s (1965) work represents one of the early examples of the continuity perspective of the leadership skill requirements across organizational levels. They reported that "no noticeable differences were found; the job of top management and those of supervisory management within a given job type appear similar in terms of performance profiles" (p.109). Mumford et al. (2007) proposed the Leadership Skills Strataplex of leadership development. According to this model, jobs at the successively higher strata (i.e., levels in an organized system) require all those skills of the lower strata. Their research showed that top-level jobs require higher levels of all leadership skills. Skills important for lower levels, such as interpersonal skills, were also required at higher levels in the organization. Zaccaro (2001) likewise claimed that managers at all levels must carry out the supervisory leadership roles involved in interpersonal influence as well as the indirect leadership activities such as strategic direction setting. This pattern reflects the continuity perspective of management transition. In comparison with the discontinuity perspective, there is less evidence for the continuity perspective, where leaders increase their behavioral repertoire as they move up through the organizational hierarchy.

3.5 CONCLUSION

The continuity perspective posits that skills associated with leadership effectiveness lower organizational levels are also important at higher organizational levels. In contrast, the discontinuity perspective theorizes that effective leadership behaviors for one organizational level can become ineffective for another level. Consequently, it is necessary that managers abandon these former leadership behaviors that do not work anymore after a management transition. Which perspective is true holds primary value for the relationship between strategic and supervisory leadership. Following the continuity perspective, lower-level managers add strategic leadership behaviors to their behavioral repertoire, which already contains supervisory leadership behaviors. If however, the discontinuous perspective holds, lower-level managers may need to unlearn their supervisory leadership behaviors and replace these with strategic leadership behaviors. On the one hand the pure manifestation of these different behaviors at different organizational levels would bring light one this issue. But even more, the link with effectiveness, allows one to conclude which behaviors should be developed and potentially which behaviors should be unlearned as one moves up the corporate ladder. Chapter seven

delves into the manifestation of strategic and supervisory leadership behaviors across organizational levels, while chapter eight makes the link to the effectiveness of these behaviors across organizational levels in terms of subordinate' job satisfaction.

4 EVOLUTION OF LEADERSHIP THEORY

4.1 INTRODUCTION

A major problem in research and theory on *effective* leadership has been the lack of agreement about which behavior categories are relevant (Yukl, 2002). Traditional leadership theory is characterized by a highly reductionistic approach of cutting the leadership phenomenon into ever smaller and more disparate pieces in order to get ever closer to the ‘essence’ of the phenomenon (Wheatley, 1992). As a result, there has been a bewildering proliferation of taxonomies on leader behavior (Bass, 1990a; Yukl, 2002) and it is very difficult to compare and integrate results from studies that use different sets of behavioral categories. This chapter reviews the evolution of leadership theory, starting with the classic leadership theories (section 4.2), moving on to new leadership theories (section 4.3) and concluding with contemporary leadership theories (section 4.4), to get a good grasp of the state of the art in leadership research, which this dissertation aims to contribute to.

4.2 CLASSIC LEADERSHIP THEORIES

4.2.1 TRAIT THEORIES

Systematic leadership research started in the early 1930s with a focus on the search for individual characteristics that universally differentiate leaders from non-leaders (House & Aditya, 1997). Leaders were identified as managers in positions of authority. A large number of personal characteristics were investigated, such as gender, height, physical energy and appearance as well as psychological traits and motives such as authoritarianism, intelligence, need for achievement, and need for power. The dominant part of this literature was published between 1930 and 1950 (House & Aditya, 1997). Despite considerable efforts, no universal leader characteristics could be identified. It appeared to researchers at the time that there were few, if any, universal traits associated with effective leadership. “Consequently, a near consensus developed among the community of leadership researchers that the search for universal leadership traits was futile” (House & Aditya, 1997, p.410).

4.2.2 BEHAVIORAL THEORIES

Following the disenchantment with traits, a period of almost thirty years ensued during which leaders were studied either by observing their behavior in laboratory settings or by asking individuals in field settings to describe the behavior of individuals in positions of authority. This stream of research concentrated on the different dimensions of leader behavior. Which meaningful categories or factors could be used to describe differences in leader behavior? Three influential groups of investigators pursued the quest for leadership dimensions in this manner. These were Robert Bales and his

associates at Harvard (Bales, 1958), members of the Ohio State Leadership Center (Stogdill & Coons, 1957) and members of the Institute for Social Research at the University of Michigan (Kahn et al., 1960; Likert, 1961). Research conducted within this stream became known as the “behavioral” school of leadership.

One of the major empirical contributions from the behavioral school was the identification of two broad classes of leader behaviors, i.e. *task-oriented* and *people-oriented* behaviors, which were identified by repeated factor analyses conducted by the Ohio State group, interviews by the Michigan group, and observation of emergent leaders in laboratories by the Harvard group. “The fundamental dichotomy between task- and people-oriented behavior has been dominant across multiple interpersonal and social exchange theories of leadership” (Zaccaro & Horn, 2003, p.771). A leader who is high in task-orientation provides goals, standards, directions and schedules for his or her subordinate(s). A leader who is high in people-consideration shows concern and respect for subordinates, looks out for their welfare and expresses appreciation and support (Stogdill, 1950).

4.2.3 CONTINGENCY THEORIES

In an attempt to more precisely define the effects of leadership and account for more variance in empirical studies of leader effectiveness, scholars in the 1960s and 1970s turned to contingency theories that took into account situational factors acting as potential constraints or opportunities for leaders. Fiedler's contingency theory was among the first to attempt to reconcile previous inconsistent findings regarding leader traits and behaviors (Fiedler, 1964, 1967). He posited that leadership effectiveness depends on the interaction of leadership style with features of the situation he referred to as “situational favorableness”. Based on the least preferred co-worker (LPC) score, a person would either be categorized as a task- or relationship-oriented leader. Situational favorableness was considered high when leader–member relations, task structure and/or position power were high. Under these circumstances, a leader presumably is supported by the situation because it provides some influence and potential power. Fiedler argued that task-oriented leaders would be more effective in highly favorable or highly unfavorable situations, while relationship-oriented leaders would be more effective in moderately favorable situations. Thus, rather than arguing that a certain style (e.g., relationship orientation) is better at all times (as in the trait and behavioral theories), Fiedler acknowledged that the effectiveness of certain styles can depend on the environment in which they are embedded.

Similar to Fiedler's work, House's initial statement of path-goal theory focused on situational moderators upon which leaders' effectiveness is contingent (House, 1971; House & Mitchell, 1974). Path-goal theory is grounded in Vroom's expectancy theory of motivation, which at its core suggests that people are more likely to engage in a specific behavior if they perceive a high probability that the behavior will lead to a valued outcome (Vroom, 1964). An effective leader, according to path-goal theory, clarifies employees' paths to work goals and the link between work goals and valued personal outcomes, thus making it explicit what employees need to do. Having a path laid out in front of them that leads to valued personal outcomes (e.g., merit pay, promotion) was posited as a motivator for employees to pursue those outcomes and engage in the desired behaviors. According to path-goal theory, the extent to which certain leadership styles (e.g., directive, supportive, participative, and achievement-oriented leadership) aided in clarifying employees' paths depended on the employees' personal characteristics and on contextual demands with which employees may have to cope.

Hersey and Blanchard (1982) proposed a practitioner-oriented situational leadership theory that placed leader effectiveness squarely in the interaction between leader behaviors and the followers' level of maturity. Specifically, the theory suggests that leaders should match their behaviors with the followers' maturity level by moving through the phases of telling, selling, participating, and delegating to correspond to increased follower readiness. Each phase was categorized via the two dimensions of task and relationship behavior. For example, when followers are not yet willing to assume any responsibility (low maturity), a leader should “tell” them what to do and display high levels of task behaviors while limiting relationship behaviors. As followers become more mature, it is important for a leader to provide additional socio-emotional support while finally, in the delegation phase, task guidance does not need to be provided anymore, because followers are fully aware of their responsibilities and are willing to assume the challenges.

4.2.4 SOCIAL EXCHANGE THEORY

At approximately the same time that contingency theories were becoming prominent in the leadership field, a somewhat separate line of research emerged that focused on the dyadic relationship between leaders and their followers. This research questioned the assumption of an average leadership style that may be equally effective with all followers and advanced the field by shifting attention towards the leader–follower relationship as the primary domain of analysis (Graen & Uhl-Bien, 1995; Schriesheim et al., 1999). Leader Member Exchange (LMX) emphasized how leaders develop two distinct types of relationships with their followers: one based on “influence without authority” and one based on “influence with authority” (Dansereau et al., 1975, p.48). The ability of the leader to

influence without authority was characterized by higher levels of mutual support, trust, loyalty, and latitude given to their followers. Conversely, influence with authority was based primarily on more formal supervisory roles and techniques. The development of such distinct relationships during the initial role making processes was hypothesized to lead to the formation of in-groups and out-groups (Graen & Cashman, 1975). Followers in in-groups enjoy higher job satisfaction and organizational commitment, display higher levels of task and extra-role performance, and are less likely to turn over compared to followers in out-groups (Graen & Uhl-Bien, 1995). Thus, being a member of the leader's in-group has been shown to have a positive effect on many follower outcomes.

4.3 NEW LEADERSHIP THEORIES

Although the contingency theories, developed in the 1960s and '70s, contributed extensively to the leadership literature, some researchers started to question the validity of the elusive and lofty leadership construct, and provided some compelling arguments for looking at leadership through an entirely different lens. Kerr and Jermier (1978) roiled the field by suggesting that certain variables can act as substitutes or neutralizers, rendering leadership unnecessary or ineffective. Drawing from House and Mitchell's path-goal theory, these authors identified a set of characteristics of the follower, the task, and the organization that, if present, would simply make leadership behaviors (task- and relationship-oriented) redundant. Kerr and Jermier's work moved away from focusing on the leader as the locus of leadership, but emphasized instead the followers and the context. In other words, the extent to which leadership is effective could be based simply on certain follower and contextual attributes, almost independent of what the leader actually does. With regards to the mechanisms of leadership, this theory appears to emphasize that certain follower personality characteristics (e.g. need for independence and ability) act as substitutes and certain contextual variables (e.g. standardization of task) lead to the emergence of leadership behaviors (e.g. setting goals).

At about the same time that Kerr and Jermier published their work, Lord et al. (1984) introduced the implicit leadership theory. Implicit leadership theorists posited that followers have preconceived notions (implicit theories) about what a prototypical leader looks like, and when placed within an ambiguous situation, seek confirming evidence of those notions. If cues are found that support the prototype, the person will be perceived as a leader. For example, leader prototypes often include the display of power; if a person does in fact display power, others around them are more likely to perceive him or her as a leader. Unless followers perceive someone as a leader (because he or she provides prototype-confirming cues), leadership is not likely to occur.

Meindl et al. (1985) also followed a nontraditional follower-centered approach for examining leadership, suggesting that the concept of leadership is likely romanticized by followers. Drawing from attribution theory, Meindl et al. (1985) suggested that followers seek to make sense of inherently complex and ambiguous organizational activities and outcomes by attributing them to leadership, because it is an accessible and comprehensible explanation. This romanticized view of leadership is particularly strong when organizational performance is extreme—either very good or very poor. Either case is a salient event that triggers sense-making and attribution processes in followers, which result in them portraying the leader as either the hero or the scapegoat.

4.3.1 NORMATIVE LEADERSHIP THEORIES

Burns (1978) was the first author to contrast “transforming” and transactional leadership. “Transactional leadership involves an exchange relationship between leaders and followers such that followers receive wages or prestige for complying with a leader’s wishes” (Rafferty & Griffin, 2004, p.330). Similar to path-goal theory, transactional leadership was grounded in Vroom's (1964) expectancy theory of motivation as transactional leaders clarify how followers' needs will be fulfilled in exchange for completing their job requirements. In contrast, “transformational leaders motivate followers to achieve performance beyond expectations by transforming followers’ attitudes, beliefs, and values as opposed to simply gaining compliance (Bass, 1985; Yukl, 1999a, 1999b)” (Rafferty & Griffin, 2004, p.330). Although transactional leadership provides an important element of effective leadership, it has been overshadowed by the simultaneous emergence of the more revolutionary theories of transformational leadership.

Bass isolated four sub-dimensions of transformational leadership: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. *Idealized influence* refers to leaders who have high standards of moral and ethical conduct, who are held in high personal regard, and who engender loyalty from followers. *Inspirational motivation* refers to leaders with a strong vision for the future, based on values and ideals. The idealized influence and inspirational motivation dimensions are highly correlated and are sometimes combined to form a measure of charisma (Bass, 1998, p.5). *Intellectual stimulation* refers to leaders who challenge organizational norms, encourage divergent thinking, and who push followers to develop innovative strategies. *Individual consideration* refers to leader behaviors aimed at recognizing the unique growth and developmental needs of followers as well as coaching followers and consulting with them. Bass’ (1985) model of transformational leadership has been embraced by researchers and practitioners alike as the way in

which organizations can encourage employees to perform beyond expectations (Dvir et al., 2002; Spreitzer & Quinn, 1996; Tichy & Ulrich, 1984; Yammarino et al., 1993).

Whereas the more traditional leadership theories emphasized rational decision making, transformational leadership theory emphasize the importance of affect and values (Yukl, 1999). Bass (1985) designated an entire part of his book to the “emotional component” of transformational leadership proposing that inspirational motivation leads to follower emotional arousal, and that leader behaviors, such as instilling enthusiasm through pep talks and making employees feel proud of their accomplishments, are part of the emotional appeal process.

At the same time that Burns’ introduced the notion of transforming leadership, Greenleaf (1977) introduced the notion of servant leadership. Servant leaders lead because they want to serve others. The focus of servant leadership is on others rather than upon self and on understanding of the role of the leader as a servant. Transformational leadership and servant leadership are both normative theories of leadership (Ciulla, 1999). Both emphasize the relationship of leaders and followers to each other and the importance of values on the process of leadership. Servant leadership has not received as much attention as transformational leadership in the literature, but in recent years interest in it by the business community has grown. “Given the ideal of service in servant leadership, the largest difference between these two [transformational and servant] leadership theories is that [...] transformational leaders focus on organizational objectives; they inspire their followers to higher performance for the sake of the organization. Servant-leaders focus more on concern for their followers by creating conditions that enhance followers’ well-being and functioning and thereby facilitate the realization of a shared vision” (van Dierendonck, 2011, p.1235).

On the basis of the evolution of leadership theory up until today, one may draw two main conclusions. First of all, virtually all of the published papers on leadership emphasize the importance of the leader–follower(s) relationship, implicitly assuming leadership as an individual leader endeavor. Second, the common approach for describing leadership has been in terms of a two-factor model (task-oriented and people-oriented leadership, transformational and transactional) (Yukl, 1999b). These two factors are usually formulated and presented as opposites of one another. These dichotomies provide some insights, but they also oversimplify a complex phenomenon and encourage stereotyping of individual leaders (Yukl, 1999b). An alternative way to conceptualizing leadership is to conceive the tension in a multidimensional way, in which interaction between the opposite sets of behaviors is characterized by an “AND” relationship. In contrast to “OR”, the “AND” relationship recognizes the mutual

interdependence of opposing tendencies. In this conceptualization the opposing tendencies not only coexist and interact, but also form a complementary relationship.

4.4 CONTEMPORARY LEADERSHIP THEORIES

4.4.1 COMPLEXITY THEORY

Over the past two decades, more nuanced, complex, and distinct approaches to leadership have emerged in the literature. Based on Quinn's (1984, 1988) competing values framework, the theory of leadership complexity (Denison et al., 1995; Hooijberg et al., 1997) suggested that behavioral complexity is an important concept to study within the realm of managerial leadership. Specifically, they argued that more effective leaders display a variety of different and sometimes contradictory behaviors to react to the wide range of situations they are typically exposed to and required to address. The locus of leadership within the “leaderplex” model lies in the leader and the context. The theory focuses on leaders' ability to integrate and differentiate socially, cognitively, and behaviorally taking into account the context, while adapting their behaviors accordingly. If leaders do not have a particular behavior in their repertoire that matches the demands of the context, then leadership will not arise and the enacted behavior will be ineffective.

4.4.2 SOCIAL NETWORK THEORY

A second recent approach to leadership examines the phenomenon through social network theory. Balkundi and Kilduff (2006) discussed the idea that a leader's cognitive representation of the patterns of relationships within various networks (e.g., ego, organizational, and inter-organizational) is the starting point for the way that the leader initiates and maintains social ties, which in turn influences their leadership effectiveness. Although this theory sees the leader's network acuity as the starting point, the locus of leadership lies within the network of relationships or the collective. These authors argued that it is only through a full understanding of the social networks and one's role within them that leadership can arise. Contrasting the earliest trait theories, Balkundi and Kilduff (2006) stated that their “network approach locates leadership not in the attributes of individuals but in the relationships connecting individuals” (p.420).

While complexity theory takes a more intricate perspective to the notion of opposite behaviors, social network theory allows for conceptualizing leadership as something more than the sum of individuals.

4.5 CONCLUSION

In classical leadership theories and research on effective leadership there was a strong bias toward description of leadership processes at the dyadic level, which involves the interaction between a leader and an individual follower. Key questions at this level were how to develop a cooperative, trusting relationship with a follower, and how to influence a follower to be more motivated and committed (Yukl, 1999b). New leadership theories offered a distinctive approach that tied in with the great appetite for stories about heroic chief executives and with the growing self-awareness of many organizations about their missions. Underneath most theories of charismatic and transformational leadership lies the implicit assumption of the leader as hero. The argument is that an effective leader will influence followers to perform better. This orientation steers research in the direction of identifying the essential traits, skills, and behaviors of individual leaders for motivating subordinates. The research on dyadic processes provides important insights on leadership, but it often underestimates the importance of the context in which a dyadic relationship occurs. Contemporary leadership approaches, in contrast account for a leadership going above the individual and for a more paradoxical perspective on leadership, combining seemingly opposing leadership behaviors. The strategic leadership concept which is elaborated in the next chapter follows a similar line of reasoning.

5 REINVENTING STRATEGIC LEADERSHIP

5.1 INTRODUCTION

The impetus for the concept of “strategic leadership” was given by the publication of the seminal paper by Hambrick and Mason (1984) drawn from the strategic management literature. They argued that people (those belonging to the dominant coalition, alternatively termed the Upper Echelon) should have a more prominent place in theories of organizations. Given the chasm between the strategy content and strategy process literatures (Pettigrew, 1992), insights from the process literature had not seeped into the analytically oriented strategy content literature. As a result, strategic management theory had traditionally been dominated by macro-level theories focusing on understanding the behavior of organizations in relationship to their environments, while the individual was notoriously absent (Ansoff, 1965; Chandler, 1962). The tradition of industrial organization economics was similar: industry structure (e.g. concentration ratio of firms) combined with aggregate firm conduct (i.e. combination of factors of production) to yield some level of industry profitability; without regard for the role of individual behaviors (Bain, 1968; Mason, 1939). The perspective on strategy however changed with the introduction of the notion of “strategic leadership” (Hambrick & Mason, 1984). As Hambrick (1988) observed, “after focusing for twenty years on environments, processes, structures, portfolios and competitive dynamics, strategic management researchers have shown a recent interest in returning to the study of individuals who are formally charged with directing their organizations” (xi).

It is not that a “new” phenomenon of strategic leadership emerged in the mid-1980s. Rather, the unique domain of strategic leadership (different from the traditional supervisory leadership literature) started to become clarified during this time period. Up until the 1980s, the vast majority of leadership research had been focused on lower- and middle-level managers and their relationships with their immediate subordinates (House & Aditya, 1997). At that time, the distinct nature of challenges of managers at the top-level of organizations and the determination of how these challenges should be met, represented fertile ground for academic theory and research. The Asian economic powers such as Japan and the Little Dragons as well as European players like Germany, undermined the market dominance of North-American organizations. This not only had a dramatic impact on American industry, but it in turn influenced research on many fronts within business schools in the USA (i.e. still the primary source of organizational and leadership literature). A more competitive world forced many organizations to radically reinvent themselves after enjoying several decades of what in

hindsight appears to have been relative stability. Research called for organizations to be more flexible, adaptive, entrepreneurial, and innovative to effectively meet the changing demands of today's environment (Orchard, 1998). Many make the point that the rate and complexity of change was rapidly increasing and becoming an *integral* aspect of organizational effectiveness, rather than a *periodic* necessity (Kotter, 1996). Researchers (Judge et al., 2002; Judge & Piccolo, 2004; Keller, 2006; McGrath & MacMillan, 2000) started to explore the strategic role of leadership in improving organizational performance.

While Hitt et al. (2002) referred to strategic leadership as an ability, Hambrick and Mason (1984) conceptualized strategic leadership in terms of characteristics of top-level managers and/or the distribution of top management team members' traits. These researchers inspired many other researchers to empirically investigate the impact of chief executive officer (CEO) characteristics and top management team (TMT) composition with respect to dimensions such as personality, values, tenure, gender, ethnic background and age on a myriad of organizational outcomes (Boerner et al.; Carpenter et al., 2004; Tihanyi et al., 2000). With respect to CEO research, links have been traced between, for instance CEO tenure, locus of control and need for achievement, on the one hand, and firm rigidity, innovative behavior and organizational performance on the other (Boone et al., 1996; Miller, 1991; Miller & Toulouse, 1986; Musteen et al., 2006). With respect to TMT composition research, the focus has generally been on the impact of the mean and the spread (i.e. diversity) of these characteristics (Boone et al., 2005).

Only limited success has been attained using "demographic" variables to predict aspects of strategic decision making and performance. Boal and Hooijberg (2000) went so far as to "call a moratorium on the use of demographic variables such as surrogates for psychosocial constructs" (p.523). Priem, Lyon and Dess (1999) were likewise critical about the use of such data in strategic leadership research, raising questions about their meaning and construct validity. At the outset, Hambrick et al. (1984) recognized the limitations of demographic and background variables in that they "may contain more noise than purer psychological measures" (p.196) that is, "psychological measures were seen as potentially more direct in terms of revealing the types of CEO values, beliefs and behavioral inclinations relevant to strategy formation and performance (i.e. to fill in the "black box" created by an exclusive focus on demographic and background variables)" (Finkelstein & Hambrick, 1996, p.46). Despite of the awareness of limited usability of demographic proxies for strategic leadership, there is still no alternative theoretically derived measure for strategic leadership. The lack of a good measure of strategic leadership has deterred further substantive research in this area.

The lack of progress on the strategic leadership concept may be partly due to the fact that the dependent variable of organizational effectiveness was highly contested. Organizations operate in multiple domains and may perform well only in a limited number of them (Cameron, 1978). To be effective, an organization must possess attributes that are simultaneously contradictory, even mutually exclusive (Cameron, 1986). A review of the effectiveness literature (Cameron, 1978) found that 80% of the criteria used in evaluations of effectiveness did not overlap with those used in other studies. The most frequently used criterion was a single, overall rating of effectiveness given by respondents within the organization. However, if researchers use narrow measures of effectiveness, they may develop narrow normative conclusions (Hitt, 1988). Some authors became so discouraged with the disarray that characterized the effectiveness literature that they advocated a complete abandonment of the term from scientific investigation (Goodman et al., 1983; Hannan & Freeman, 1977). Nonetheless, all theories of organizations rely on some conception of the differences between high quality (effective) performance and poor quality (ineffective) performance (Richard et al., 2009). As Cameron (1986) stated it, effectiveness is inherently tied to all theory on organizations (p.540).

This chapter delves deeper into the notion of strategic leadership. First of all, the concept of strategy (section 5.2) is reviewed briefly, followed by a literature review of the concept of strategic leadership (section 5.3). On the basis thereof, a conceptual model for strategic leadership is presented (section 5.4). Lastly, this model is compared to a widely used alternative model, i.e. the Competing Values Framework of Quinn (section 5.5) (Quinn & Rohrbaugh, 1983)³

5.2 *THE CONCEPT OF STRATEGY*

“Strategy” is an elusive concept. The term is employed in a variety of disciplinary literatures. Pennings (1985) noted that it is used by economists, social psychologists, anthropologists, sociologists and political scientists. The literature abounds with definitions ranging from the general to the specific. Chandler’s (1962) interpretation is typical of early uses in the management literature. “...the determination of the long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals” (Chandler, 1962, p.13). This definition is broad, encompassing both ends, in the sense of objectives and goals, and the means for their achievement, including courses of action and allocations of resources. Subsequent theorists have sought to narrow the concept. Thus, for example, Hofer and Schendel (1978) argue the case for

³ See first pilot application in Appendix II

limiting the definition to means: strategy is “..the fundamental patterns of present and planned resources deployments and environmental interactions that indicates how the organization will achieve its objectives” (p.25). Porter’s (1980, 1985) notion of “competitive strategy” limits the definition further: “competitive strategy is the search for a favorable competitive position in an industry...(It) aims to establish a profitable and sustainable position against the forces that determine industry competition (Porter, 1985, p.1). This is achieved through the creation of unique competitive advantages, and “...strategy is the route to competitive advantage” (Porter, 1985, p.25). A host of other definitions can be recited. But despite their differences, there is a common theme. Strategy is thought to constitute a logic underlying an *organization*’s interactions with its *environment*, and this in turn guides its deployment of resources.

There is something which can be called an organization, only if an organization can be distinguished from its environment (Schreyögg & Sydow, 2010). One has to determine what is inside and what is considered outside of the organization. According to systems theory, the difference between an organization and its environment is the degree of complexity. All social systems lower their level of complexity to a level that they can handle. Hence, systems build an inner world of lower complexity; they build an identity (Seidl, 2005). The outside of the organization is by creation of higher complexity. This differential requires that a *boundary* is drawn and maintained between the organization and its more complex environment. Organizations are boundary-maintaining systems (Aldrich, 1971). If organizations would react to any event in their environment without any notion of continuity or pattern, there would be a blurring of what is inside and outside. These organizations would dissolve in their environment or would not have come to existence in the first place (Schreyögg & Sydow, 2010).

Strategy as a way of linking a firm to its environment is a principal element in many strategy definitions (Jemison, 1981b; Miles et al., 1978; Miller & Friesen, 1982; Mintzberg, 1979). This linking has also been termed organization-environment fit which is considered fundamental to the discipline of strategic management (Chakravarthy, 1982). First, the field of business policy – the initial strategy paradigm (Schendel & Hofer, 1979, p.8) – was rooted in the concept of “matching” or “aligning” organizational resources with environmental opportunities and threats (Andrews, 1971; Chandler, 1962). Second, being a relatively new area of inquiry, strategic management borrowed concepts and research methods from related disciplines – industrial organization (IO) economics (Porter, 1981), administrative behavior (Jemison, 1981a) and marketing (Biggadike, 1981). Because the concept of fit is dominant in the parent disciplines, especially in organization theory and IO

economics, it assumed significance while developing and testing theories of strategy. One of the well-accepted theories in strategic management is that strategy involves the matching or the art of reconciling the various components of the strategy mix (Andrews, 1971). According to this view, the pattern of matching the different elements – some within the organizational boundaries (competences and resources) and others dealing with the environment (opportunities and threats) is viewed as strategy. This classical view of strategy was consistent with the open system perspective in organization theory (Katz & Kahn, 1978; Thompson, 1967). Such a view has led strategy to be conceptualized as a pattern or stream of decisions taken to achieve the most favorable match or alignment between the external environment and the organization's structure and process (Miles et al., 1978; Mintzberg, 1978). Other strategy researchers also subscribed to this view of strategy as the process of matching environment and organization on an ongoing basis (Chakravarthy, 1982; Jauch & Osborn, 1981; Thorelli, 1977).

Within the strategic management literature there has been some disagreement about the nature of the relationship between "organizations" and their "environments". Child (1972) emphasized the importance of strategic choice theory. Child and others (Miles et al., 1978; Montanari, 1978) argued that organizations can select their environmental domains and that environmental forces are not so confining that they cannot be outflanked or sometimes even safely ignored. On the contrary, Aldrich (2007), amongst others (Carroll, 1984; Hannan & Freeman, 1977) maintained that most organizations flounder helplessly in the grip of environmental forces. Aldrich believed that "environments" are relentlessly efficient in weeding out any organization that does not closely align itself with environmental demands. Most researchers seem to place themselves somewhere between these polar views (see Figure 5.1).



Figure 5-1: Organization – Environment dichotomy

Similarly, de Wit & Meyer (2010) described the perspective of managers who argue that market opportunities should be leading, while implying that the organization should adapt itself to the market position as the 'outside-in perspective'. In contrast, they argued that many managers believe that competition eventually revolves around rival resource bases and that firms must focus on the development of unique resources and activity systems. This view was referred to as the 'inside-out perspective' (p.255).

5.3 STRATEGIC LEADERSHIP LITERATURE REVIEW

In order to systematically study the notion of strategic leadership, a literature review was conducted, in which the term “strategic leadership” was used in the title and the notion was described or defined in the article, resulting in 15 articles (the small number demonstrating the relative “newness” of the concept). The articles were found on the basis of a systematic search of ISI Web of Knowledge, Business Source Premier and ProQuest. An overview of the literature review on strategic leadership is presented in Tables 5.1 and 5.2.

Table 5-1: Literature review on strategic leadership

Author(s)	Definition/description of Strategic leadership
Hosmer (1982)	Strategic leadership is a consistent analytical and development approach to strategy, structure and systems of an organization and is the true responsibility of the general manager of that organization.
Schendel (1989)	Mounting evidence suggests operating leadership differs from strategic leadership. The set of responsibilities each term implies differs substantially, in scope of the organization covered, in the kind of choices to be made, the basic irreversibility of these choices, and therefore in the risks incurred, the size of the resources committed, and the overall importance and complexity of the tasks covered. Despite these differences, those who are charged with leading the total organization must see to both operating and strategic leadership responsibilities.
Shrivastava and Nachman (1989)	Strategic leadership of organizations remains an under-researched topic, and a sacred cow restricted predominantly to upper echelons of organizations (Hambrick and Mason, 1984). This study challenges the assumptions that only chief executives provide strategic leadership in organizations. Strategic leadership refers to the creation of an overall sense of purpose and direction which guide integrated strategy formulation and implementation in organizations (Hosmer, 1982). Strategic leadership involves interaction among individuals in dyads, and groups (micro-level variables) and organizations (macro-level variables).
Vicere (1992)	The notion of strategic leadership as a focal point for redefining executive development and organizational competitiveness can help create the dynamic tension essential to learning – the ability to stay the course while “rocking the boat” to enhance organizational readiness and competitiveness in an unpredictable environment.
Hitt et al. (1994)	One of the most critical characteristics of effective downsizing is sustaining strategic leadership. Firms undergoing restructuring and downsizing encounter the paradox of attempting to improve short-term efficiency while maintaining long-term competitiveness. Strategic leadership entails the ability to integrate short- and long-term visions of the firm.
Wilson (1996)	Strategic leadership goes beyond mere managerial competence. Not that we should now embrace leadership at the expense of abandoning management, any successful organization needs both.
Boal and Hoosberg (2001)	Supervisory theories of leadership are about leadership “in” organizations. Strategic theories of leadership are concerned with leadership “of” organizations (Hunt, 1991) and are “marked by a concern for the evolution of the organization as a whole, including its changing aims and capabilities” (Selznick, 1984, p 5). Strategic leadership focuses on the people who have overall responsibility for the organization and includes not only the titular head of the organization but also members of what is referred to as the top management team or dominant coalition (Cyert and March, 1963).
Rowe (2001)	Strategic leadership is the ability to influence others to voluntarily make day-to-day decisions that enhance the long-term viability of the organization, while at the same time maintaining its short-term financial stability. Working through the paradox of leading and managing is demanding and difficult. Executives should start thinking of themselves as strategic leadership who have to accept and merge the visionaries and managerial leaders in their organizations.

Table 5-2: Literature review on strategic leadership

Author(s)	Definition/description of Strategic leadership
Hitt et al. (2002)	A new type of strategic leadership is required to help firms successfully navigate the dynamic and uncertain environment in which they compete today. The strategic leadership needed in 21 st century firms is involved with building company resources and capabilities with an emphasis on intangible human capital and social capital. Strategic leadership is a person's ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organization. Leaders at all levels of the organization should develop this ability, indicating the fact that strategic leadership can be exercised by first-, middle- and top-level managers.
Soaik et al. (2005)	To fully connect people and technology systems requires top executives to display outstanding strategic leadership that focuses on both strategy and people. The phrase "strategic leadership" emerged from work on strategic management and consists of: (1) determining strategic direction; (2) exploring and maintaining unique core competencies; (3) developing human capital; (4) sustaining an effective organizational culture; (5) emphasizing ethical practices; and (6) establishing balanced organizational controls.
Taylor-Bianco and Schermerhorn (2006)	Strategic leadership involves activating agendas that infuse organizations not just with change visions, but also with sustained capacity for change implementation. Therefore, the leadership needs to accept the change/stability paradox in order to understand the complexity of change as a collective and multi-level organizational competency (Denis et al., 2001).
Boal and Schultz (2007)	Strategic leadership pushes organizations to the "edge of chaos" and "out of stasis"; without it no significant change can emerge. Strategic leadership promotes "strange attraction" in organizations, providing balance between the inertia of Weberian-style bureaucracy and anarchy. To appreciate the ways in which strategic leadership impacts organizations, it is useful to discuss organizations as complex adaptive systems with strategic leadership providing the balance between complete stability and unmanageable disorder.
Crossan et al. (2008)	More research is needed on what leaders do to deal with the unique challenges posed by highly dynamic contexts. Adopting a cross-level mixed effect model, this study proposes transcendent leadership as a framework for the key responsibilities of strategic leaders in today's dynamic contexts. A transcendent leader is a strategic leader who leads within and amongst the levels of self, other and organization.
Rowe and Nejad (2009)	The ability to influence others in the organization to voluntarily make day-to-day decisions that lead to the organization's long-term growth and survival and maintain its short-term financial health.
Jansen et al. (2009)	Strategic leadership is important in pursuing exploration and exploitation, by means of influencing organizational learning and innovation.

From the literature review on strategic leadership, one can deduce that:

- There is controversy concerning who exercises strategic leadership. Whereas some scholars purport that "leaders at all levels of the organization should develop this ability, indicating the fact that strategic leadership can be exercised by first-, middle, and top-level managers" (Hitt & Ireland, 2002, p.4). Others focus on the people who have overall responsibility for the organization and includes not only the titular head of the organization but also members of what is referred to as the top management team or dominant coalition (Cyert & March, 1963).
- Effective strategic leadership revolves around the tension between short-term and long-term, change and stability, bureaucracy and anarchy.

- “Strategic leadership entails the ability to integrate short- and long-term visions of the firm” (Hitt et al., 1994, p.30).
- “Strategic leadership is the ability to influence others to voluntarily make day-to-day decisions that enhance the long-term viability of the organization, while at the same time maintaining its short-term financial stability” (Rowe, 2001, p.81-82).
- “Strategic leadership involves activating agendas that infuse organizations not just with change visions, but also with sustained capacity for change implementation. Therefore, the leadership needs to accept the change / stability paradox in order to understand the complexity of change as a collective and multi-level organizational competency” (Taylor-Bianco & Schermerhorn, 2006, p.459).
- “Strategic leadership promotes “strange attraction” in organizations, providing balance between the inertia of Weberian-style bureaucracy and anarchy. To appreciate the ways in which strategic leadership impacts organizations, it is useful to discuss organizations as complex adaptive systems with strategic leadership providing the balance between complete stability and unmanageable disorder” (Boal & Schultz, 2007, p.412).

These descriptions point to the enduring and overarching issue in the management sciences that an organization’s long-term success depends on its ability to *exploit* its current capabilities while simultaneously *exploring* fundamentally new competencies (Levinthal & March, 1993; March, 1991) (see Figure 5.2 for a graphic display).



Figure 5-2: Exploration - Exploitation dichotomy

Although the importance of strategic leadership in pursuing exploration and exploitation has been acknowledged (Smith & Tushman, 2005; Tushman & O'Reilly, 1996), the specific *means* through which leaders influence exploitation and exploration are still under-developed.

5.3.1 EXPLOITATION VERSUS EXPLORATION

Earlier research has often claimed that organizational practices that simultaneously address efficient exploitation and effective exploration are impossible to achieve (Hannan & Freeman, 1977; McGill & Slocum, 1992). Much of contemporary management theory present organizational phenomena in terms of discrete, contrasting categories, forcing firms to focus on either exploitation or exploration (Burns & Stalker, 1961; Ghemawat & Costa, 1993). In his 1991 article, March (1991) argues that exploitation and exploration are two fundamentally different learning activities. Whereas exploitation is associated with activities such as “refinement, efficiency, selection and implementation,” exploration refers to notions such as “search, variation, experimentation and discovery” (p.102). Exploitation and exploration may therefore require fundamentally different organizational structures, strategies and contexts. Nonetheless, a myopic focus on either exploration or exploitation can have detrimental consequences for the organization.

5.3.1.1 *Exploration*

Extensive research has shown that, “An organization that engages exclusively in exploitation will suffer from obsolescence” (Levinthal & March, 1993, p.105). If investing in new technologies seems uncertain, firms seem to prefer to stick to already established routines. Asymmetric preference for exploitation may enhance short-term performance, but at the expense of flexibility (Volberda, 1996). It can crowd out exploration (Benner & Tushman, 2002) which then leads to competency traps (Herriott et al., 1985; Levitt & March, 1988) and core competencies become core rigidities instead (Leonard-Barton, 1992). Corporate icons such as General Motors (GM), International Business Machines (IBM), Xerox and Digital Equipment Corporation (DEC) have encountered these traps. They became ‘prisoners’ of their deeply ingrained routines and seemingly irreversible, fixed assets, turning their formerly distinctive competencies into obstacles to changing direction. As Lou Gertsner stated in IBM’s 1993 annual report, IBM had become “too preoccupied with [its] own view of the world”.

5.3.1.2 *Exploitation*

On the other hand, an exclusive focus on exploration can lead to failure if firms never reap the profits of their investments (Chesbrough & Rosenbloom, 2002). Focusing solely on exploration can lead firms to neglect improvement and adaptation of existing routines (March, 1991), and may prevent the organization from benefiting from economies of scale. Too much exploration may enhance a firm’s ability to renew its knowledge base but can trap organizations in an endless cycle of search and unrewarding change (Volberda & Lewin, 2003). 3M, a company with a superior track record in emergent exploration for new opportunities, has discovered the limits to overemphasizing a single

approach to emergent innovation (i.e. exploration): the 3M way (Stewart, 1996). The overemphasis on an exploration strategy creates instability as the organization exaggerates the importance of its emergent innovation strategy. The resulting chaotic organization cannot retain a sense of continuity over time (Weick, 1979). Random and chronic exploration creates a vicious circle that results in a renewal trap characterized by conflict about authority, unclear responsibilities, inadequate controls, lack of direction and shared ideology. One of the primary dangers is the fact that the purely explorative organization undervalues institutionalization, the process whereby “organizations attempt to capture the patterns of interaction by formalizing them” (Crossan et al., 1999, p.529). This process embeds learning in the “systems, structures, strategy, routines, [and] prescribed practices of the organization” (Crossan et al., 1999, p.529). In doing so, the organization, as an entity, learns and maintains its “organizational memory” (Crossan et al., 1999, p.529). Researchers such as Van de Ven and Poole (1988) and Fry and Srivastva (1992) argue that many of the theories that are used to better understand the nature of change emphasize either continuity or change. Srivastva and Fry (1992) argue that while “novelty and transition are two key agendas of today’s social systems, managing continuity is an emerging and critical third agenda. They define continuity as “the connectedness over time among organizational efforts and a sense or experience of ongoingness that links the past to the present and the present to future hopes and ideals” (p.2). Managing and/or leading change and continuity is about reinforcing stabilizing forces while anticipating on a changing environment.

It is because of the exploitation of core competencies that firms maintain their trajectory and thus achieve a sense of continuity in the mists of change (Fox-Wolfgramm et al., 1998). And it is in the exploration for new opportunities that firms overcome the related problems of competency traps or core rigidities (Leonard-Barton, 1992). The capacity to simultaneously stimulate long-term adaptability (i.e. exploration) and ensure short-term continuity (i.e. exploitation) is termed *ambidexterity*, referring to the human ability to use both hands at the same time (Duncan, 1976; Tushman & O'Reilly, 1996). Many scholars have labeled this tension as a paradox (Atuahene-Gima, 2005; Gibson & Birkinshaw, 2004; Leonard-Barton, 1992; Raisch & Birkinshaw, 2008; Smith & Tushman, 2005). There is a general agreement that achieving both exploitation and exploration can be beneficial in terms of financial performance (He & Wong, 2004; Kristal et al.; Lubatkin et al., 2006; Morgan & Berthon, 2008) and increased organizational durability (O'Reilly III & Tushman, 2011). Examples from a wide variety of industries and locations highlight the benefits of ambidexterity at the firm level. These include Canadian international new ventures (Han & Celly, 2008), high-tech firms in Taiwan (Li et al., 2008), Indian pharmaceutical firms (Kale & Wield, 2008), German high-tech start-

ups (Kuckertz et al., 2010) and Spanish SMEs in the optometry and telecoms businesses (Cegarra-Navarro & Dewhurst, 2007).

The term paradox has been used as a metaphor or an analytical tool to explain findings from Peters and Waterman's (1982) study, who found that on a long-term basis, those organizations which were capable of reconciling tensions were most successful (van de Ven & Poole, 1988). Following a symposium at the Academy of Management conference in 1985, Cameron (1986) published a journal paper on "Effectiveness as paradox", and Quinn and Cameron (1988) edited a volume on "Paradox and transformation". Paradox was introduced to challenge linear cause-and-effect thinking and the assumption of equilibrium (Quinn and Cameron, 1988). This first collection of ideas and possibilities on what paradox is and how to thrive on paradox in organization theory was followed by a number of publications such as "Paradox and performance" (Denison et al., 1995), complemented by practitioner-directed books such as "The age of paradox" (Handy, 1994). Reviewing studies from 1990 to 1997, Davis et al. (1997) found that the term was used in over 300 major publications. Smith and Lewis (2011) argued that paradox is becoming a more paramount lens, given the contemporary context of globalization, innovation, hypercompetition and intricate environments. Smith and Lewis (2011) define paradox as contradictory yet interrelated elements that exist simultaneously and persist over time. This definition highlights two components of paradox: (1) underlying tensions, elements that seem logical individually but inconsistent and even absurd when juxtaposed and (2) responses that embrace tensions simultaneously (p.382).

In dealing with paradoxes "absolute reconciliation is unwarranted and counterproductive" (Graetz & Smith, 2007, p.13). Individuals apply formal logic based on internal consistency, polarizing the elements to stress distinctions rather than interdependencies. Most thinking has been shaped through formal education systems that have been geared toward teaching people the "one right answer" (Von Oech, 1983). However, stressing one polarity exacerbates the need for the other, often sparking defenses, and engendering counterproductive reinforcing cycles. "Staying with the paradox makes it possible to discover a link between opposing forces and opens up the framework that gives meaning to the apparent contradiction" (Vince & Broussine, 1996, p.4). In that sense, managers can take paradoxes as their guiding principle by avoiding a decision between the two opposite poles. Instead, the simultaneous pursuit of both extremes is regarded as the most suitable way for an organization to deal with its environment. Thus the "either-or" develops towards a paradox in the sense as an "as-well-as". Each pole is opposite to the other but regarding their quality (and often also their existence) they are dependent on each other. Therefore both solutions can be regarded as complementary.

Without the tension that exists between simultaneous opposites in organizations, unproductive "schismogenesis" may occur (Bateson, 1936; Morgan, 1981). Schismogenesis is a process of self-reinforcement where one action or attribute in the organization perpetuates itself until it becomes extreme and therefore dysfunctional.

5.3.2 AMBIDEXTERITY

Although the idea that organizations must perform both exploratory and exploitative tasks if they are to survive is neither new nor surprising, how organizations should pursue both development modes is still a major point of discussion (Gupta et al., 2006). "Organizational ambidexterity remains an undertheorized, underconceptualized and, therefore, poorly understood phenomenon" (Simsek, 2009, p.598). This is captured by O'Reilly and Tushman (2011) as follows "what is missing is a clear articulation of those specific managerial actions that facilitate the simultaneous pursuit of exploitation and exploration . . . what is needed is greater insight into the specific micro mechanisms required for a manager to implement and operate an ambidextrous strategy" (p.8). The ambidexterity approach demonstrates two alternatives, i.e. structural ambidexterity and contextual ambidexterity (Gibson & Birkinshaw, 2004). With structural ambidexterity (Benner & Tushman, 2003; O'Reilly 3rd & Tushman, 2004), it is proposed that agile firms develop specific structures that are dedicated to either exploration or exploitation. The coherence and coordination of the overall firm is ensured by top management that arbitrates between the exploration and exploitation units. Smith and Tushman (2005) explored the integrative mechanisms by which top management teams might successfully manage the contradictions that arise from structural separation in ambidextrous organizations, and Volberda et al. (2001) noted that "Top management explicitly manages the balance of exploration and exploitation by bringing in new competencies to some units while utilizing well-developed competencies in others" (p.165). O'Reilly and Tushman (2004) emphasized the role of ambidextrous top-level managers with "the ability to understand and be sensitive to the needs of very different kinds of businesses" (p.81).

Tushman and O'Reilly (1996) concluded however, that "one of the most important lessons is that ambidextrous organizations need ambidextrous senior teams and managers" (p.81). Ambidextrous managers must manage contradictions and conflicting goals (Smith & Tushman, 2005), engage in paradoxical thinking (Gibson & Birkinshaw, 2004), and fulfill multiple roles (Floyd & Lane, 2000). The latter refers to contextual ambidexterity, which purports that ambidexterity is not so much realized at the structural level, but at the level of individuals within the organization (Gibson & Birkinshaw, 2004; Hargadon & Fanelli, 2002).

The level of analysis (i.e. the level of the organization, the team or the individual) is vitally important in the conceptualization of contextual ambidexterity. In that sense, the focus on top management team characteristics as the antecedents of the development of organizational capabilities in ambidexterity is not matched by studies on the role of individual managers' characteristics or on their ability to perform exploring and exploiting leadership roles simultaneously (Turner et al., 2012). Vera and Crossan (2004) have made a first attempt. They proposed that transformational leadership encourages exploration and transactional leadership engenders exploitation. However, transformational leadership is primarily conceptualized and studied at the level of the leader-follower dyad (Yukl, 1999a). Yet there is a need for more comprehensive models accounting for the influence of leadership on exploration and exploitation (Yukl, 2009). Each type of transformational behavior can influence both exploration and exploitation. Intellectual stimulation can be used not only to encourage people to find new products and markets, but also to encourage people to improve existing products or processes. Inspirational communication can be used not only to build commitment to a new vision or strategy, but also to strengthen loyalty to an existing vision and confidence in established practices (Yukl, 2009). Supportive leadership includes the development of subordinate skills, but the skills may be ones needed to carry out existing practices effectively rather than ones needed to enhance innovation (Yukl, 2009). A more comprehensive and accurate model to explain leader influence on the two processes of exploration and exploitation needs to emphasize specific types of leadership behaviors that appear relevant (Yukl, 2009). This model should not only include leadership behaviors that provide direct forms of influence, but also indirect forms of influence derived from implementing programs and systems that encourage, facilitate, and reward collective learning.

5.4 STRATEGIC LEADERSHIP CONCEPTUAL MODEL

From the literature review on strategic leadership, it can be concluded that strategic leadership deals with the paradox between exploration and exploitation. In turn, the strategic management discipline revolves around the organization-environment paradox. Bringing these two paradoxes together (i.e. between exploration- exploitation and between organization-environment) results in a four quadrant framework (see Figure 5.3).

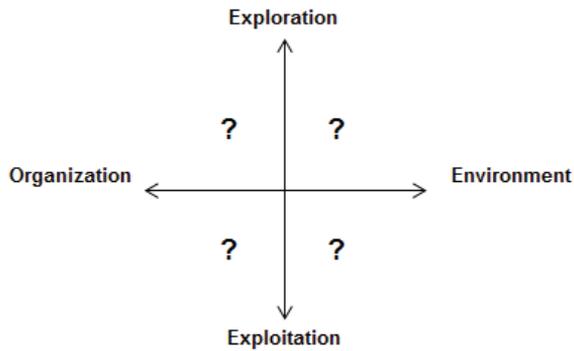


Figure 5-3: Strategic leadership quadrants

The following four sections (5.4.1 till 5.4.4) aim to give content to the four quadrants between the two axes (Exploration-Exploitation and Organization-Environment).

5.4.1 ENVIRONMENT - EXPLOITATION = CLIENT CENTRICITY

In a highly competitive environment, one of the most crucial business tenets is customer retention (Colgate & Danaher, 2000). Researchers purported that without senior leadership support, a customer orientation is unlikely to take root (Day, 1994; Jaworski & Kohli, 1993; Liao & Subramony, 2008; Narver & Slater, 1990; Slater & Narver, 1995). As Webster (1988) stated: “[C]ustomer-oriented values and beliefs are uniquely the responsibility of top management. Only the CEO can take responsibility for defining customer- and market-orientation as the driving forces” (p.37). Transformations to a customer-orientation are distinctive in that top-level managers must articulate organizational aims in terms that are harmonious with customer satisfaction (Senge, 1990), and their behavior must be consistent with customer-oriented mandates (Day, 1994; House & Podsakoff, 1994; Kotter & Heskett, 1992). Schneider and Bowen (1992) argued that a positive climate for customer well-being and a positive climate for employee well-being are distinct, and further suggested that “an organization may have policies and practices that are positive in the sense that employees feel well-treated, but this would have little relationship to the service customers experience unless the organization also has policies and practices that promote service excellence” (p.8).

The concept of *Client centrality* entails strategic leadership behavior which stimulates an organizational culture which places the customer at the center of the firm's while thinking about strategy and operations (Deshpande & Webster Jr, 1989; Kumar et al., 2002). Hence, this concept is focused on the environment and deals with the exploitation of current client accounts. A paradoxical

finding in the strategic management literature is that myopically focusing on current customers' wishes contributes to several problems that ultimately can lead firms to poorer performance and reduced competitiveness (Bodlaj, 2011; Christensen, 1997; Theoharakis & Hooley, 2008). Hamel and Prahalad (1991) discussed similar problems resulting from the "tyranny of the served market" (p.83). This challenge is covered in the next section.

5.4.2 ENVIRONMENT - EXPLORATION = BUSINESS DEVELOPMENT

Several strategic management researchers have suggested that being customer-oriented locks a firm to miss out on the wave of new technologies and emerging customer needs (Christensen & Bower, 1996; Hamel & Prahalad, 1991). Christensen and Bower (1996) concluded from their analysis of the hard disk drive industry that "firms lose their position of industry leadership...because they listen too carefully to their customers" (p.198) or may lead managers to interpret the world only through current clients' eye (Hamel & Prahalad, 1996). Slater and Narver (1998) warned that being client-led is but a short-term strategy. Day (1999) warned against firms becoming "customer compelled" and stated that the "concern about becoming more market-driven is the fear that it might focus inordinate attention on current markets so that the company will fail to see emerging markets." Probably, the most extreme assertion was made in a *Fortune* article entitled "Ignore Your Customer" (Martin, 1995). Researchers have divided the market orientation construct into two complementary approaches, the "responsive" and the "proactive" market approach (Narver et al., 2004). In the case of responsive market orientation, the company puts its effort into understanding and serving the current and expressed needs of its customers. In contrast, the focus of proactive market orientation is on potential customers' needs (Narver et al., 2004). The same suggestion is also embedded in the works of Jaworski et al. (2000), Hills and Sarin (2003) and Kumar et al. (2000), used the concepts of market – driven (current needs) and market-driving (future needs) activity. The latter may be labeled *Business development*.

Business development, is similar to Client centricity focused on the environment, but with a focus on exploration. Business development is based on the gathering and interpretation of information about the unknown environment (Yukl, 1999a). A number of empirical studies have found support for the notion that the capacity to recognize, value, assimilate, and apply new external knowledge is a significant predictor of successful organizational functioning (Arora & Gambardella, 1994; Helfat, 1997; Kaplan et al., 2003). Grinyer, Mayes and McKiernan (1990) found that the leaders of high-performing companies did more external monitoring (e.g. environmental scanning) than leaders of low-performing companies and were quicker to recognize and exploit opportunities revealed by it. Effective scanning remains a prerequisite to successful organizational adaptation. The bulk of research

has proved the positive correlation between the organization's performance and its ability to scan the environment (Beal, 2000; Garg et al., 2003; Howell & Sheab, 2001; Kumar et al., 2001; McGee & Sawyerr, 2003; Suh et al., 2004). Over time, existing norms become so embedded within policies and processes that they create a distinct organizational myopia (Huber & Daft, 1987; Ouchi & Wilkins, 1985). Consequently, the organization's perceptual filter becomes impervious to external change (Lorsch, 1985; O'Reilly, 1983; Reimann & Wiener, 1988; Sathe, 1983). Thus, it is critical that an organization be aware of the nature of the environment that it currently faces or anticipates facing. Most researchers agree that environmental analysis should be an independent staff function in the top levels of an organization's hierarchy (Smeltzer et al., 1988). As Hambrick (1981) has noted, an "organization's executives can only act on those phenomena to which their attention is drawn" (p.299). Hence, the strategy literature considers scanning as the very stimulus that initiates the organizational adaptation process (Hambrick, 1981; Pfeffer & Salancik, 1978).

Kohli and Jaworski (1990) found that the role of senior management emerged as one of the most important factors in fostering a market orientation. The critical role of *top* managers in fostering a market orientation is also reflected in the literature. For example, Webster (1988) asserted that a market orientation originates with top management and that "customer-oriented values and beliefs are uniquely the responsibility of top management" (p.37). Likewise, Felton (1969) argued that the most important ingredient of a market orientation is an appropriate state of mind, and that it is attainable only if "the board of directors, chief executive, and top-echelon executives appreciate the need to develop this marketing state of mind" (p.55). In other words, the commitment of top managers is an essential prerequisite to a market orientation.

5.4.3 ORGANIZATION- EXPLORATION = ORGANIZATIONAL CREATIVITY

It has been suggested that being market-oriented (focusing on current clients and identifying potential new opportunities) may detract from innovativeness (Berthon et al., 2004). "As important as market orientation and entrepreneurship are, they must be complemented by an appropriate climate to produce a learning organization" (Slater & Narver, 1995, p.63). Frosch (1996) has shown that excessive client orientation leads to shortsighted research and development, and Bennett and Cooper (1979) have criticized client orientation for leading to incremental and trivial new product development. Jaworski and Kohli (1996) noted that "there is little in the literature on the effects of a market orientation on the metrics related to innovation" (p.129). They also cautioned that an overemphasis on customers may hamper innovation and research and development activities and damage a firm's ability to introduce innovative products in the market (Zhou et al., 2005). The

rationale for the Organizational creativity orientation is that it has the potential to *create* markets and customers. It is not that the Organizational creativity orientation completely ignores customers; it is just that firms following this course believe that existing (and potential) customers may not know what they need and want. Hence, *Organizational creativity* is focused on exploration, with an (internal) organization focus.

According to Mumford et al. (2002), organizational climate and culture represent collective social constructions, over which leaders have substantial control and influence. In turn, several empirical studies have provided evidence that an organization's or group's climate for innovation is an important determinant of innovation. For example, Bain et al. (2001) studied a group of research scientists and technologists in four Australian companies with substantial R&D operations. They found a positive relationship between a team's climate for innovation and six indicators of innovation. At the organizational level, Scott and Bruce (1994) found that a climate that strongly supported innovation increased innovative behavior among research scientists and engineers in a large U.S. company's R&D center.

5.4.4 ORGANIZATION- EXPLOITATION = OPERATIONAL EFFICIENCY

Many business leaders seem to believe that, instead of thinking about reliability and efficiency, they should spend all their time formulating an exciting vision, negotiating acquisitions, or reinventing the company. Maintaining reliable, efficient processes that minimize costs and ensure high quality of products or services has increasingly been viewed as a responsibility that can be delegated to lower-level managers. Yet cost leadership has always been a crucial element in strategy definitions. In 1980, Porter defined the generic strategic types "cost leadership" and "product differentiation". Treacy and Wiersema (1993) adopted a typology of "operational excellence", "product leadership" and "customer intimacy". Generally the generic strategy typologies developed by strategy researchers have broad similarities (Campbell-Hunt, 2000). While there is less convergence on the key attributes of the other dimensions of strategy (i.e. product leadership, customer intimacy and differentiation), all include cost and efficiency as a key strategy.

Operational efficiency is characterized by an emphasis on controlling costs and standardization of procedures. The operational efficiency perspective draws heavily on the economics discipline. Due to scarcity of resources and time, organizations need to allocate resources efficiently and maximize the output received from those inputs. The process of routinization and repetition promotes efficiencies (Day & Montgomery, 1983; Levitt & March, 1988). These, in turn, lead to higher profits (Porter,

1980). Operational efficiency refers to competing on the basis of efficient utilization of existing resources in direct contrast to business development where the primary competitive emphasis is prospecting and exploring new opportunities. Kotterman (2006) argues that a CEO “should take care of stability, routine, clarity, risk minimization, control and predictability as well as take care of change and follow up on new opportunities” (p.15). This is also in line with Rowe’s (2001) description of leaders who combine managerial leadership, focused on the past with visionary leadership focused on the future.

Organizational efficiency is often measured by meeting budget and time constraints. A culture that stimulates efficiency and productivity emphasizes the importance of getting things done, on-time delivery of products and services, and maintaining a pace faster than that of competitors, while simultaneously controlling operation costs (Amabile et al., 2002; Lewis et al., 2002). Trade-offs have been identified between operational efficiency and organizational creativity and client centricity, respectively. The postulate of a trade-off between efficiency and creativity is one of the more enduring ideas in organizational theory (Edwards, 2001; Hindo, 2007b; Kratzer et al., 2008; Magnusson et al., 2009). Thompson (1967) described it as a central "paradox of administration" (p.15).

Moreover, there is an old established trade-off within the strategic management field between operational efficiency and client centricity (Groenroos, 1994; Radnor & Johnston, 2012). Organizations that aim for both efficient use of resources and customer retention have conflicting strategic goals (Bateson, 1985). This is the case at least for service organizations.

Anderson et al. (1997) for instance found that service organizations had a negative correlation between productivity and client satisfaction, in contrast to product organizations (.30 vs. .15). Moreover they found that the profitability of service organizations was affected negatively when those organizations pursued both productivity and satisfaction (cf. (Singh, 2000). Grönroos and Ojasalo (2004) were likewise attuned to what they called the “service productivity dilemma” (p.415). Becoming more cost effective and more and more productive may lead to decreased service quality. There are many examples of service organizations that face this dilemma (Hindo, 2007a; Singh, 2000). Starbucks for instance experienced that their drive for growth and efficiency was negatively impacting the customer experience, which was the very reason Starbucks was successful in the first place (Adamy, 2007). Despite the potential trade-off between quality and productivity, both are necessary, especially in service organizations with a large human factor, such as health care, entertainment, banking, education and consultancy (Mittal et al., 2005). The health care industry for

instance focused for years on quality without regard for productivity; now due to financial constraints the sector is increasingly focused on efficiency. The challenge is to implement efficient processes without sacrificing quality.

5.5 RELATEDNESS WITH OTHER MODELS

The Competing Values Framework (CVF) (Quinn, 1984, 1988; Quinn & Rohrbaugh, 1983) is a widely used framework, developed by Quinn and Rohrbaugh (1983), based on paradoxical tensions in organizations. The methodology has been elaborated by Quinn (1988), Quinn and Spreitzer (1991) and Howard (1998). The CVF includes competing values that exist in any human system, in particular the tension between stability and change and, between an internal and external focus (Denison & Spreitzer, 1991). This model highlights contradictory yet complementary elements that must be balanced in order to enhance organizational effectiveness. The CVF model sheds light on differences along the dimensions of flexibility versus control and internal versus external focus. Four quadrants and eight leadership roles are represented in a circular pattern based on the two underlying dimensions (Quinn, 1988) (see Figure 5.4).

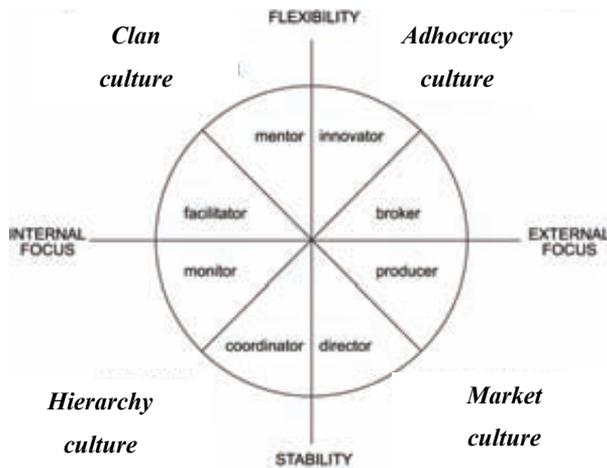


Figure 5-4: Competing Values Framework (Quinn, 1988)

The research testing the validity of the Quinn’s original CVF offers some support for the model (Belasen & Frank, 2008; Hartnell et al., 2011). Denison et al. (1995), using multidimensional scaling, reported strong support for a four-quadrant model, but found that the location of the eight roles was

different from the original hypothesis when they used a test of convergent-discriminant validity. From their circumplex model they reported that for more effective managers the facilitator and mentor needed to exchange places, as did the coordinator and monitor. That is, the monitor was found to fall closer to the stability axis than did the coordinator and the mentor was found to fall closer to the internal focus axis than did the facilitator (see Table 5.3 for the behavioral items corresponding to the eight roles (Quinn, 1988)).

Table 5-3: Roles and behavioral items of Competing Values Framework (Quinn, 1988)

Role	Behavioral item
Innovator	Is creative
	Encourages and facilitates change
	Envisions changes
Broker	Develops, scans and maintains networks
	Acquires needed resources
	Is politically astute
Producer	Completes tasks and is work focused
	Motivates behavior
	Seeks closure
Director	Sets goals
	Clarifies roles
	Establishes clear expectations
Coordinator	Maintains structure
	Does scheduling coordination and problem-solving
	Sees rules and standards are met
Monitor	Collects and distributes information
	Checks on performance
	Provides a sense of continuity and stability
Facilitator	Expresses opinions
	Seeks consensus
	Negotiates compromise
Mentor	Is aware of individual needs and facilitates development
	Listens actively
	Is fair

Clients are missing

The CVF did not fully fit the strategic leadership model as conceptualized based on the literature review. At first instance, the Exploitation- Environment quadrant seemed to fit the CVF quadrant “maximization of output”. Yet, the roles included in the “maximization of output” quadrant, producer and director, reflect more internally focused behaviors. The producer role comprises the behaviors “completes tasks and is work focused”, “motivates behavior” and seeks closure”. The director role includes the behaviors “sets goals, clarifies roles and establishes clear expectations”. These behaviors

are aimed at members inside the organization. There is no mentioning of clients in this quadrant. Likewise, Hooijberg and Choi (2000), using a 360-degree feedback approach with 252 managers and their staff from public utilities, argued that there are six rather than eight roles. Using confirmatory factor analysis, they found that high intercorrelations existed among producer, director and coordinator. This suggested to them the existence of a second-order factor, underlying these three roles, which they labeled “goal achievement”.

Yet, in the competitive landscape of today customer sovereignty (Bishop & Hoel, 2008; Harris & Ogbonna, 1999) is increasingly important. The long-term success of organizations depends on whether organizations deliver client-perceived value. The required external orientation to deliver client value, however might interfere with the focus on the internal organization. This might be the reason why organizations have so much difficulty to do both (Paulin et al., 2000).

Innovation at different levels of analysis

It seems that the CVF is mixing levels of analysis. Whereas the mentor role is aimed at follower behavior (“is aware of individual needs and facilitates development”, “listens actively” and “is fair”), the facilitator role (“expresses opinions”, “seeks consensus”, and “negotiates compromise” may influence the organizational climate. Hartnell et al.’s (2011) meta-analysis demonstrated a positive relationship between the human commitment quadrant with employee attitudes. Conceptually, managers can affect employee behavior and organizational innovation in several different ways. Leaders can direct employees’ individual and joint efforts towards innovative work processes and outcomes (Amabile, 1996). And leaders can significantly boost organizational creativity, by creating and sustaining an organizational climate and culture that nurtures creative efforts and facilitates diffusion of learning (Yukl, 2002). These behaviors are aimed at different levels of analysis. The CVF models seems to implicitly combine these.

Despite its reported content validity and widespread use in research and practice, there has been little thorough assessment of the theoretical foundation of the CVF (Hartnell et al., 2011). In general, empirical results provide support for the two-dimensional model (flexibility versus stability and internal versus external focus) (Buenger et al., 1996; Kalliath et al., 1999; Lawrence et al., 2009). Given the objective of this research to clearly identify differences of leadership aimed at different levels of analysis and the misfit (of roles and content of the quadrants) of the CVF and the strategic model as conceptualized earlier, a new model has been developed to conceptualize strategic leadership. In this model the axes are similar to the CVF (with slightly different names), yet the

quadrants are labelled differently. The model for strategic leadership to be tested in this dissertation consists of four quadrants along the dimensions, Organization-Environment and Exploration-Exploitation, i.e. Client centricity (Environment Exploitation), Operational efficiency (Organization Exploitation), Organizational creativity (Organization Exploration) and Business development (Environment Exploration) (see Figure 5.5).

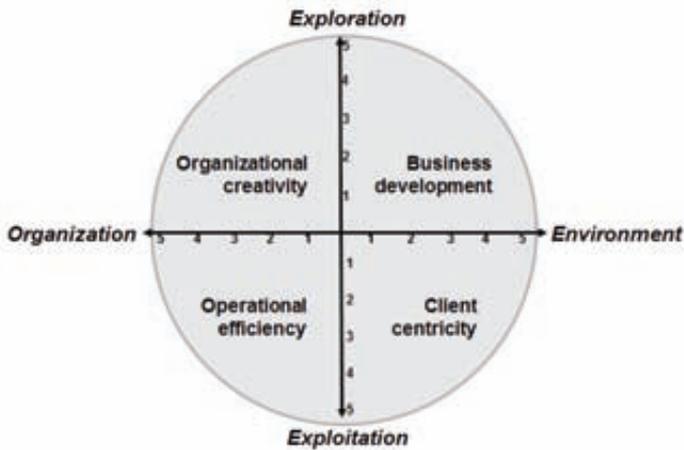


Figure 5-5: Strategic leadership model

5.6 CONCLUSION

This chapter presented a strategic leadership model on the basis of two paradoxes, i.e. the paradox paramount in the strategy literature between the organization and the environment and the paradox in the strategic leadership literature between exploration and exploitation. The strategic leadership model as conceptualized in this chapter is composed of four quadrants, i.e. Client centricity, Business development, Organizational creativity and Operational efficiency along the two dimensions Exploration-Exploitation and Organization-Environment, where the diagonal quadrants (Business development versus Operational efficiency and Client centricity versus Organizational creativity) are in a paradoxical relationship and bear antithetical features to one another. Solely, focusing on one of the dimensions exacerbates the need for the other, often sparking defenses, and engendering counterproductive reinforcing cycles. In that sense, the strategic leadership model may function as a guiding principle for tailoring opposite needs while avoiding a choice between opposite objectives.

The basic structure of the two axes (Exploration-Exploitation and Organization-Environment) is similar to the structure of the Competing Values Framework of opposing Change- Continuity and

Internal -External focus. Yet the four resulting quadrants are largely distinct. Client centrality is added as a new relevant leadership dimension (where Environment and Exploitation are combined) and Organizational creativity is introduced as the quadrant between Exploration and Organization, focusing on the level of the organizational system, instead of the leader-follower dyad level.

In that sense, strategic leadership is different from the classical and new leadership theories as it focuses on leading the organizational system, while the classical leadership theories have been primarily focused on the leader-follower dyad. Moreover, strategic leadership originates from what an organization requires, hence its starting point is the organizational context, instead of the heroic leader figure. This approach fits the contemporary leadership approaches where the emphasis is expanding to include the context as important leadership variable. Given that the focus is less on the individual leader, the strategic leadership model opens up the possibility of different individuals fulfilling different leadership roles concomitantly in order to reach seemingly contradictory goals, so-called shared strategic leadership.

PART II: OPERATIONALIZATION & VALIDATION

6 OPERATIONALIZING STRATEGIC LEADERSHIP

6.1 INTRODUCTION

This chapter describes the development and internal validation of an instrument to measure strategic leadership. The following sections outline the undertaken steps of development of the scale (DeVellis, 1991), consisting of item generation, content expert validation, and a pilot study in order to test the factorial structure of the measurement instrument, a sequence which is often used when developing and constructing items (e.g. (MacKenzie et al., 1991; Mayfield et al., 1995; Podsakoff et al., 1990). The following contains a sequential elaboration of the methodologies that have been used and the resulting findings. An exploratory factor analysis was used to establish the factorial structure of the measurement instrument. The last two analytical steps included in this study, were testing the interrater agreement amongst ratees and the internal reliability of the multi-item scales. On the basis of these three tests (factorial structure, interrater agreement and internal reliability), one could conclude whether the instrument was reliable and valid (enough) to proceed and to be used in subsequent studies.

6.2 METHOD

6.2.1 SAMPLE

The sample for this study consisted of 80 focal managers drawn from an international engineering organization. The object of study was the focal manager working in an engineering organization, for whom “leadership had become a normative expectation, demand or practice” (Carroll & Levy, 2008, p.77; Sveningsson & Larsson, 2006). According to the logic of 360-degree feedback, the 80 focal managers were asked to distribute a survey amongst their superior, peers and subordinates. Confidentiality was assured for peer and subordinate raters. The response rate was 100%. As a result, the survey included 513 raters on 80 focal managers. The total rater group consisted of 82 superiors, 202 peers and 229 subordinates. Hence the focal managers were rated on average by 6.41 raters, i.e. 1.03 superior, 2.53 peers and 2.86 subordinates.

Regretfully, demographic data was only collected from the focal managers. The typical profile of the 80 focal managers was male, having a Master’s degree, having studied Engineering, Economics or Business Administration, having between 4 to 19 years of management experience and organizational tenure. As for organizational level, the sample was spread over organizational levels, i.e. 9 top-level managers (11%), 16 middle-level managers (20%), 35 lower-level managers (44%) and 20 staff members (25%).

Data was collected by means of an online questionnaire (survey) asking participants to rate the degree to which a set of behavioral strategic leadership statements suited the focal manager's behavior. The behavioral items were scored along a continuous 5-step Likert scale. The number of scale steps for continuous scales is generally recommended from five to seven (Pett et al., 2003). Fewer choices of scale steps (e.g. two, three or four) restrict the item's variance. Even numbers of scale steps force the rater to either agree or disagree. The problem is that the subject may, in reality, be undecided. An odd number allows for the middle scale step to be the neutral, or indifferent point. The response options were worded as such that there were approximately equal intervals of agreement between them ("totally disagree", "disagree", "in-between", "agree", "totally agree" (DeVellis, 1991).

6.2.2 MEASURES

Based on the literature review (chapter 5), 24 items were formulated, which were considered to best fit the four strategic leadership dimensions. The next step in the scale development consisted of content expert validation, which is a method to guarantee the content validity of the measurement instrument (Grant & Davis, 1997). It is essentially used to identify which items are incoherent (Hinkin, 1995). The Standard for Educational and Psychological Testing (American Educational Research Association, 1985) hold two criteria to determine who to include in an expert panel, namely relevant training experience, and qualifications. With these criteria in mind, the content experts were sourced from top levels in organizations. The sampling technique was purposive and resulted in a selection of interview participants that were leaders with relevant experience with the research topic (Minichiello et al., 1995). Five senior executives have been consulted, which made the sample size for the content analysis relatively small. Yet, as "the validity, meaningfulness, and insights generated from qualitative inquiry have more to do with the information-richness and the observational/analytical capabilities of the researcher than with the sample size" (Patton, 1990, p.185), this small sample for expert validation was considered acceptable. All the interview participants were senior executives that had on average 10 years of management experience. The sample for the content validation was completely male and 40 years and older. All had a post-graduate degree. A semi-structured interview method was used and considered appropriate given that the limited existing information on strategic leadership did not allow for rigidly structured interview schedules (Crabtree & Miller, 1999).

The content experts were asked to consider representativeness and clarity (Grant & Davis, 1997) when scrutinizing the leadership measurement instrument. Representativeness meant the degree to which each item was a reflection and operationalized the category to which it belonged (for instance whether

an item indeed reflected Client centricity). The content experts were asked to cluster the items along the four domains, Client centricity, Business development, Operational efficiency and Organizational creativity. Second, the content experts were asked to identify the clarity of the wording of the items to make sure items could not be misinterpreted. DeVellis (1991) suggested that items should be strongly worded without ambiguity. Relatively mild statements may result in too much respondent agreement with little variability among the responses. Items that the content experts found redundant, meaningless, or confusing have been discarded. This process resulted in 16 remaining items describing strategic leadership behavior (see Table 6.1). The measurement consisted of four items per quadrant, i.e. Organizational creativity (i.e. Organization Exploration), Business development (i.e. Environment Exploration), Operational efficiency (i.e. Organization Exploitation) and Client centricity (i.e. Environment Exploitation) (in line with the strategic leadership model as presented in chapter five).

Table 6-1: Strategic leadership behavioral items

Exploration		
Organizational creativity	Organization	Consciously makes room for creativity
		Stimulates thinking outside of the box
		Engenders proactive behavior
		Facilitates the experimentation with new ideas
Business development	Environment	Actively explores new markets
		Recognizes potential new clients
		Seeks entrance at new potential clients
		Makes innovative proposals to penetrate new markets
Exploitation		
Operational efficiency	Organization	Works according to a structured system in order to ensure an optimal service offering
		Checks work progress against agreed-upon objectives
		Formulates clear objectives
		Reassures time schedules and deadlines
Client centricity	Environment	Listens attentively to the client
		Maintains a good relationship with the client
		Actively evaluates whether client's expectation have been met
		Is attentive to client need

6.3 RESULTS

In order to establish the dimensionality of the strategic leadership model, the factor structure was assessed by using exploratory factor analysis (EFA) (Gorsuch, 1997). Factor analysis represents a complex array of structure-analyzing procedures used to identify the interrelationships among a large set of observed variables and then, through data reduction, to group a smaller set of these variables into factors that have common characteristics (Nunnally & Bernstein, 1994). As is common practice,

when undertaking a factor analysis using EFA, this study made use of a traditional statistical computer package (e.g. SPSS) for the statistical analyses (Pett et al., 2003). A Varimax rotation with Kaiser Normalization was used to identify the items with strong and unique loadings to components identified in the analysis (Anderson et al., 1995). Simple statistics (means and standard deviations) were calculated for all subscales. The subscales were assessed for their internal reliability using the SPSS scale internal reliability (alpha) function. Lastly, the scales were correlated in order to demonstrate potential strong relationships between the identified strategic leadership dimensions.

6.3.1 FACTORIAL STRUCTURE

A first step consisted of testing the data on criteria to conduct a factor analysis. For instance, the number of subjects needed to undertake a factor analysis depends on the number of items that are initially included. There is, very little agreement among the authorities on factor analysis regarding acceptable sample size. A frequently used criteria is the relative number indicated by the subjects-to-variables ratio. Recommendations for the subject-to-variable ratio range from 2:1 to 10:1. The generally accepted minimum for reaching a stable factor structure is 5:1 (Ferguson & Cox, 1993). The validation of this instrument containing 16 items was performed by using data from 513 individuals about 80 managers. Hence the subject-to-variable ratio (32:1) for this study largely surpassed the most stringent criteria of 10:1

The distribution of the 16 items was checked for range restriction and multivariate normality. The descriptive statistics confirmed a normal distribution. Multivariate normality implies that all of the items being considered and the linear combinations of those items are normally distributed, which is an assumption underlying exploratory factor analysis (Pett et al., 2003). The correlation matrix was examined in order to identify items that were either too highly correlated ($\rho \geq .80$) or not correlated ($\rho < .30$) with one another. If items were too highly correlated, there was a problem of multicollinearity and one or more of the highly correlated items needed to be dropped from the analysis. If the items were not correlated strong enough, there was not much shared common variance, thus potentially yielding as many factors as items. The correlation matrix was examined carefully and items that were insufficiently correlated with any of the other items in the matrix (i.e. $\rho < .30$) were to be eliminated. Table 6.2 shows the correlation matrix, with the items with an $\rho < .30$ colored grey and the items with an $\rho \geq .80$ colored red. It can be concluded that there were no items too highly correlated with each other (i.e. no red items). Nor was there an item that did not correlate with any of the other items (meaning the whole row would be grey).

Table 6-2: Correlation matrix of strategic leadership items

Strategic leadership behavioral items	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1 (consciously makes room for creativity)	40**															
2 (stimulates thinking outside of the box)	31**	43**														
3 (facilitates the experimentation with new ideas)	31**	38**	39**													
4 (actively explores new markets)	24**	27**	22**	23**												
5 (recognizes potential new clients)	24**	22**	18**	23**	54**											
6 (seeks structure at new potential clients)	48**	38**	29**	31**	41**	44**										
7 (seeks activities (projects) to provide new markets)	48**	38**	29**	31**	41**	57**	38**									
8 (works actively to establish systems in order to ensure an optimal service level)	33**	32**	13**	15**	08	06	12**	13**								
9 (works with partners to ensure agreed upon objectives)	22**	23**	30**	22**	10	07	08	17**	42**							
10 (formulates clear objectives and outcomes)	15**	14**	19**	14**	12**	01	08	17**	40**	41**						
11 (measures team structure and outcomes)	21**	20**	19**	14**	12**	01	08	17**	40**	41**	48**					
12 (measures a good relationship with the client)	17**	24**	29**	21**	24**	29**	22**	23**	19**	24**	48**	48**				
13 (measures whether client's expectations have been met)	16**	24**	29**	19**	24**	29**	22**	23**	19**	24**	48**	48**	48**			
14 (activity satisfies whether client's expectations have been met)	20**	29**	28**	19**	27**	31**	31**	33**	08	28**	48**	48**	48**	48**		
15 (is attentive to client need)	20**	29**	28**	21**	29**	34**	30**	29**	08	28**	48**	48**	48**	48**	48**	
16	20**	29**	18**	22**	28**	28**	30**	21**	18**	21**	48**	48**	48**	48**	48**	48**

** Correlation is significant at the 0.01 level (2-tailed).
 * Correlation is significant at the 0.05 level (2-tailed).

Two other tests were undertaken to ascertain that it was judicious to proceed with the exploratory factor analysis. These tests were the Bartlett's test of sphericity and the Kaiser-Meyer-Olkin test. Bartlett's test of sphericity (1950) tests the null hypothesis that the correlation matrix is an identity matrix (i.e. that there is no relationship among the items). The null hypothesis states that there are all 1's on the diagonal of the matrix and 0's on the off-diagonal. Larger values of Bartlett's test indicate a greater likelihood that the correlation matrix is not an identity matrix and that the null hypothesis can be rejected. The Kaiser-Meyer-Olkin (KMO) test (Blackmore & Blackwell, 2006) is a measure of sampling adequacy that compares the magnitudes of the calculated correlation coefficients to the magnitudes of the partial correlation coefficients. If the items share common factors, then it would be reasonable to expect that the partial correlation coefficients between the pairs of items would be small when the linear effects of other items have been removed. The KMO measure can range between 0 and 1, with smaller values indicating that the correlation coefficient is small relative to the partial correlation coefficient, and therefore a factor analysis may be unwise. When evaluating the size of the overall KMO, Kaiser (1974), suggested to use the following criteria for these values: above .90 is "marvellous", in the .80s is "meritorious", in the .70s is just "middling", less than .60 is "mediocre", "miserable", or "unacceptable" (p.35).

This study showed the following statistics: KMO=.854 and Bartlett statistic $\alpha=.000$. Hence, it was concluded that the correlation matrix was factorable.

6.3.2 NUMBER OF FACTORS

Based on the Kaiser criteria (eigenvalues > 1), the data showed four distinct factors, explaining 62.4 % of the total variance. The Scree plot likewise hinted at a four-factor structure. Table 6.3 shows the factor pattern matrix.

Table 6-3: Pattern matrix with Varimax rotation of strategic leadership

	Business development	Operational efficiency	Client centricity	Organizational creativity
recognizes potential new clients	.66			
seeks entrance at new potential clients	.57			
actively explores new markets	.80			
makes innovative proposals to generate new markets	.80			
checks work progress against agreed-upon objectives		.64		
formulates clear objectives		.74		
works according to a structured system in order to ensure an optimal service level		.83		
reassures time schedules and deadlines		.84		
actively evaluates whether client's expectations have been met			.51	
maintains a good relationship with the client			.68	
is attentive to client need			.68	
listens attentively to the client			.71	
facilitates the experimentation with new ideas				.65
engenders proactive behavior				.72
stimulates thinking outside of the box				.73
consciously makes room for creativity	.52			.58

From the factor pattern matrix it can be concluded that the data shows a four-factor structure, i.e. 1) Business development, 2) Operational efficiency 3) Client centricity, 4) Organizational creativity. One item (“consciously makes room for creativity”) loads on two factors, however the highest loading is on the factor on which it was supposed to load following the item generation method, i.e. Organizational creativity.

6.3.3 AGGREGATION, INTERNAL RELIABILITY AND CORRELATIONS

Before internal reliability of the four dimensions and the intercorrelations between these four dimensions were calculated, the scores were aggregated for individuals. That is, different raters scored one and the same individual. In order to obtain single ratings for the focal manager, the scores were averaged across raters (of a focal managers). Prior to aggregating rater' scores, Interrater agreement, Rwg (James, 1982; James et al., 1984) was assessed using the multiple-item estimator for within-group agreement (Rwg) as proposed by James et al. (1984) and group reliability (ICC(1) and ICC(2))⁴ (Bliese, 2000) (see Table 6.4).

⁴ The formulae for ICC(1) and ICC(2) are based on Bartko, J. J. 1976. On various intraclass correlation reliability coefficients. *Psychological Bulletin*, 83(5): 762-765, Newman, D. A. & Sin, H. P. 2009. How Do Missing Data Bias Estimates of Within-Group Agreement? Sensitivity of SD WG, CVWG, rWG (J), rWG (J)*, and ICC to Systematic Nonresponse. *Organizational Research Methods*, 12(1): 113-147. ICC(1) = one-way ANOVA intraclass correlation and is interpreted as the proportion of total variance that can be explained by group membership. 1-ICC(1) ≥ 0 is interpreted as the %age of variance due to the disagreement among raters. ICC(2) = intraclass correlation for the reliability of average ratings. For example, if another random sample of raters rate the same subjects, ICC(2) is approximately the correlation between the averaged ratings from the two sets of raters. High values indicate that aggregate measures of a group-level construct are reasonably free of idiosyncratic rater error (have relatively low within-groups variance).

Table 6-4: Intraclass correlations and interrater agreement

Variable	ICC(1)	ICC(2)	Rwg
Organizational creativity	.17 (F=2.339, $p < .01$)	.57	.83
Business development	.25 (F=3.187, $p < .01$)	.69	.84
Client centrality	.20 (F=2.576, $p < .01$)	.61	.87
Operational efficiency	.33 (F=4.240, $p < .01$)	.76	.85

Table 6.4 shows good Rwg scores that range from .83 to .87 and being above the threshold of .70 (James et al., 1993), support aggregation. Likewise, the ICC(1) range from .17 to .33. There are no definitive guidelines on acceptable values ICC(1) (Ostroff & Schmitt, 1993). In past research, ICC(1) values have ranged from 0 to .50 with a median of .12 (James, 1982). Hence, one may conclude that the ICC(1) scores equally support aggregation. As for the ICC(2) scores, Ostroff and Schmitt (1993) mention that ICC(2) values should be .60 or higher to conclude that acceptable levels of mean score reliability exist. Three of the four dimensions satisfy this criteria. ICC(2) for Organizational creativity is .57. Other studies however, have shown the a ICC(2) of $>.40$ is acceptable for aggregation (de Hoogh et al., 2004; Schneider et al., 1998; Simsek et al., 2010). Overall, the indicators support aggregation for these dimensions.

All ratings (except self-scores) were averaged across the four items of each dimension and then aggregated across raters for each focal leader. There are several statistical approaches that have been developed to determine the internal reliability of an instrument or its subscales. These include the split-half technique and Cronbach's alpha. Today, Cronbach's (1951) alpha coefficient is the preferred approach for estimating internal reliability. This measure of reliability represents the proportion of total variance in a given scale that can be attributed to a common source (DeVellis, 1991). It is also defined as the estimated correlation of the given scale with another scale of the same length from the universe of possible items (Kline, 1986). An alpha of .70 or higher is generally considered to be acceptable. The results of the internal reliability analysis (as well as the descriptive statistics and intercorrelations between the dimensions) are shown in Table 6.5.

Table 6-5: Descriptive statistics, Cronbach alpha coefficients and intercorrelations

	# items	M	SD	1	2	3	4
1 Business development	4	13.39	2.00	.88			
2 Operational efficiency	4	13.89	1.98	-.12	.89		
3 Client centricity	4	14.47	1.55	.51**	.18	.82	
4 Organizational creativity	4	13.53	1.54	.43**	.17	.37**	.79

Coefficient alphas along diagonal

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

The correlation matrix shows significant positive correlations between Business development and Client centricity ($\rho=.51, p<.01$) and between Business development and Organizational creativity ($\rho=.43, p<.01$) (Aun et al., 2011). Client centricity was also positively correlated with Organizational creativity (albeit to a lesser extent than the former mentioned correlations, $\rho=.37, p<.01$). From the Cronbach Alpha reliability analysis, one may deduce that the scales for Business development ($\alpha=.88$), Operational efficiency ($\alpha=.89$), Client centricity ($\alpha=.82$) and Organizational creativity ($\alpha=.79$) were internally reliable (all above the $\alpha=.70$ threshold).

6.4 DISCUSSION

This chapter described the initial phase of scale development based on an exploratory factor analysis in order to establish the structure of the strategic leadership instrument. Four valid and internally reliable factors were identified. The correlations among the dimensions fitted relatively well with the expected relationships. What was striking was that Client centricity was positively related to Organizational creativity. That implies that managers can and do combine these roles. This may be due to the increased importance of consumer collaboration for the purposes of innovation (Malerba, 2006). The most frequently cited term to define this process has been co-creation between a firm and its consumers. As described by Prahalad and Ramaswamy (2004) it involves four factors: (1) a deep dialogue with customers that involves interactivity, engagement, and a propensity to act on both sides, (2) access to tools and information to create, (3) risk assessment that leads to informed choice, especially by consumers, and (4) transparency of information on both sides. The authors argue that combining these four factors in creative ways can lead to new forms of value. So, one may argue that Organizational creativity and Client centricity are not mutually exclusive, but if not considered together may lead to extremes leading to claims such as “ignore your customer” (Martin, 1995) and “It’s the customer, stupid” (Aun et al., 2011). Given that these findings are based on a first-time measurement, the validity of the instrument needs to be increased, in particular construct and concurrent validity.

Construct validity indicates what meaning can be attached to the scores from an instrument, in other words does it really measure what it says it measures. Even though the 16 items are well spread across the four strategic leadership dimensions, it does not necessarily imply that these items fully capture the content of the corresponding dimensions. Hence, the following chapter (chapter seven) includes an expert panel test on the 16 items that resulted from this study. The next chapter also takes up the challenge of determining whether the factor structure is sensitive to sample characteristics (Kerlinger, 1986). A possible shortcoming of this preliminary study is that the validation of the instrument was done within one engineering firm. This focus helped to control for corporate-, industry- and country-specific differences that might have otherwise masked certain effects. Yet this focus raises questions about the generalizability of the findings to other industry settings.

Additionally, part of the construct validity of the strategic leadership model is the extent to which it is distinct from supervisory leadership. In order to demonstrate whether the strategic leadership measure was distinct from previous supervisory leadership measures, the discriminant validity of the model needs to be tested against a frequently used measure of transformational leadership.

Concurrent validity in turn, deals with the relationship between scores of a measurement instrument and performance or effectiveness measured at approximately the same time the instrument was completed. The relevant question is: How accurate is the strategic leadership assessment of current performance or effectiveness? This topic is taken up in chapter eight, where both strategic and supervisory leadership are related to the internally-oriented effectiveness measure, subordinate' job satisfaction and in chapter nine where strategic leadership is related to the criterion of team effectiveness (including externally-oriented measures).

7 VALIDATION OF STRATEGIC LEADERSHIP MEASUREMENT

7.1 INTRODUCTION

The previous chapter resulted in a measurement for strategic leadership. Nonetheless, several questions still remain, like how stable is the strategic leadership model when using a different sample and how distinct is strategic leadership from supervisory leadership. The purpose of this chapter is three-fold. The first objective was to increase the content validity of the strategic leadership measurement by increasing the number of items and confirming the four-factor structure within a different sample. The second objective was to show the discriminant validity of strategic leadership vis-à-vis a widely-used supervisory leadership concept, i.e. transformational leadership. Supervisory and strategic leadership are conceptualizations of leadership at different *levels of analysis*. Whereas supervisory leadership is played out at the leader-follower level, strategic leadership is aimed at the level of the organizational system in interaction with its environment. These two conceptualizations of leadership have been kept apart by means of disciplinary boundaries, i.e. supervisory leadership being embedded in the psychology discipline and strategic leadership originating from the field of strategic management. These disciplinary traditions have remained separate; there is however no empirical evidence whether the two concepts can be identified as distinct. And the third objective was to assess the relevance of organizational level for the manifestation of strategic and supervisory leadership. The extent to which organizational level is still an important antecedent for the manifestation and effectiveness of strategic and supervisory leadership is an unsettled concern. The term strategic leadership emerged as the responsibility of the *top* management team. Yet, more and more researchers argue that strategic leadership is an ability which needs to be manifested by members at all organizational levels (normative claim). Likewise, even though evidence on supervisory leadership stems from studies on *lower-level managers*, top-level managers also have subordinates they need to motivate. The topic of how top-level managers motivate their subordinates (which are middle managers) has remained largely unexplored. Moreover, if the manifestation of strategic and supervisory leadership behaviors shows a different relationship with organizational level, this would further support the argument that the concepts are distinct. Additionally, answering this research question is an important step in bridging the gap between the trend to organize horizontally and the leadership literature holding on to a stark demarcation between organizational levels.

Purpose 1:

First and foremost, this study aimed at expanding the strategic leadership measurement on the basis of an expert panel and subsequently confirming the factors as identified in the previous explorative study, i.e. the factors 1) Business development, 2) Operational efficiency 3) Client centricity, 4) Organizational creativity (section 7.2). An expert panel was employed in order to test whether the 16 items (identified in the previous chapter) fully covered the four strategic leadership dimensions. On the basis of their feedback the model was expanded. Subsequently, confirmatory factor analysis (CFA) was used in order to test the fit of the hypothesized factor structure to the observed covariance structure (Henson & Roberts, 2006). CFA is the preferred analysis method if theory underlies the measured constructs (Thompson, 2004), which was the case in this study. The sample used (which was a different sample than used in the previous chapter) consisted of 158 focal managers across organizational levels. These focal managers were drawn from different industries ranging from hi-tech to public sector organizations.

Purpose 2:

Second, while the shift from supervisory to strategic leadership has been occasionally described as a move to transformational leadership (Alimo-Metcalfe & Alban-Metcalfe, 2001), the primary level of analysis of transformational leadership is the leader-follower dyad, considering downward influence of the manager in authority (Yukl, 1999a). Strategic leadership, in contrast is conceptualized as leadership of organizational processes. This theoretical difference needs to be confirmed empirically, hence an exploratory analysis was conducted in order to determine whether the items underlying transformational leadership load on different factors than the items underlying strategic leadership.

Purpose 3:

And thirdly, an aim of this study was to gain insight into the manifestation of leadership behavior across different organizational levels. Strategic leadership has been considered the responsibility of top-level managers. However, authors such as Mintzberg (1980) and Huy (2002) emphasized the essential role of middle managers connecting executives at the top with customers, markets and operational realities. Other authors likewise advocate the need for strategic leadership at all organizational levels (Hitt & Ireland, 2002, p.4) hinting at the contemporary normative expectation that lower-level managers should manifest strategic leadership behavior. Including organizational level as an antecedent of strategic leadership was not only warranted from the perspective of contemporary normative expectations. Another reason was the expectation that the relationship between leadership and organizational level was different for strategic leadership than for

transformational leadership. Due to the recent changes in organizations' environment, structure and technology, it has been argued that transformational leadership is, increasingly demanded from all leaders throughout the organization (Spreitzer & Quinn, 1996).

Most of the research on transformational leadership however, has emerged from the observation of top managers in organizations, rather than middle and lower level managers (Bryman, 1996). Bass (1997), for example, reported that his initial assumption that transformational leadership was limited to the upper echelons of organizations, led him to collect the first interview and survey data "from and about senior executives and US Army colonels describing their leaders". Avolio et al. (1984) also argued that the behaviors of transformational leadership was more prevalent at higher organizational levels. Bass, subsequently found evidence of transformational leadership at every level in organizations, formal and informal, including, for example, among 'housewives active in the community'. It is worthy of comment that some of the "new leadership models" have been based on data collected by researchers interviewing chief executives and senior managers, rather than data collected directly from subordinates of managers. Nonetheless, the results over a decade of using MLQ scales (Lowe et al., 1996) show that transformational leadership behaviors were much more common among lower-level managers. Lower-level leaders were rated higher than top-level leaders on all transformational leadership scales. Hence, there is controversy on the manifestation of both strategic and transformational leadership across organizational levels. This study includes an ANOVA test in order to examine whether the differences in means of the focal managers at different organizational levels were significant for both the strategic leadership and transformational dimensions.

7.2 METHOD

7.2.1 SAMPLE

Similar to the previous study, the study was conducted online as a leadership survey. The sample described in this chapter is a composite sample, which is used in subsets for the different studies described in this chapter and in the subsequent chapters eight and nine. As a result the sample collection was multi-purpose.

In order to obtain a broad and representative sample, 7 industries were selected. From these 7 industries, 35 teams were recruited consisting of 232 managers. 158 focal managers participated (response rate=68%).

- 7 teams (20%) from consultancy services (33 focal managers)
- 7 teams (20%) from the fast moving consumer goods industry (35 focal managers)
- 6 teams (17%) from tertiary education and research industry (27 focal managers)
- 5 teams (14%) from the hi-tech industry (20 focal managers)
- 4 teams (11%) from the public sector (17 focal managers)
- 4 teams (11%) from financial service industry (19 focal managers)
- 2 teams (6%) from the health care industry (7 focal managers)

Average team size was 5 team members ($\mu=4.89$, $SD=1.92$) Recognizing that teams can and do sometimes have fuzzy boundaries (Mortensen & Hinds, 2002), the teams were screened for consistency with the conceptualization of Guzzo and Dickson (1996), who defined teams as being “made up of individuals who see themselves and who are seen by others as a social entity, who are interdependent because of the tasks they perform as members of a group, who are embedded in one or more larger social systems (e.g. organization) and who perform tasks that affect others (such as customers or co-workers)” (p.308).

The 158 focal managers rated their own leadership behavior and received 360-degree feedback on their leadership behavior from a boss, peers and subordinates. In total, 565 raters were invited of which 486 raters have participated (response rate=86 %).

- 124 superiors invited – 108 participated (response rate superiors=87%)
- 230 peers invited – 196 participated (response rate peers=85%)
- 211 subordinates invited – 182 subordinates participated (response rate subordinates=86%).

With 158 focal managers the average rater group consisted of .78 (108/158) superior, 1.24 (196/158) peer and 1.15 (182/158) subordinate. The reason underlying the relative small number of subordinates was due to the negative connotation of the term subordinate, where the emphasis is on a hierarchical structure. Focal managers stated to prefer to label individuals as peers (even though a hierarchical relationship could be at play). This was not considered a limitation, as the ratings from superiors, peers and subordinates on a focal manager were averaged. However, it did influence the sample size for the study of subordinate’ job satisfaction described in chapter eight.

61% of the focal managers was male. The average age of the “focal manager” was 42 years ($SD=9.83$). 71% was Dutch. 14% held a function in General management, 11% in Finance, 11% in

R&D, 8% in Strategy, 7% in HR, 6% in Operations & Logistics, 5% in ICT and 5% in Marketing & Sales (33% reported other on this criteria). 46% was in his/her current position between 1 and 3 years. 47% % worked in organizations with more than 500 FTE.

An important antecedent considered in the studies described in this and subsequent chapters concerns the organizational level of the focal managers. The focal managers were asked to select the number of subordinates that were reporting to them. Of the 158 focal managers, 65 managers did not report this criteria. Of the 93 remaining set 17 focal managers (11%) reported to lead more than 50 subordinates, 26 focal managers (28%) reported to lead 11 to 49 subordinates and 50 focal managers (55%) reported to lead 1 to 10 subordinates.

For the study on the validity of the strategic leadership model, as described in this chapter, the sample composition is highlighted in Figure 7.1.



Figure 7-1: Sample for validation strategic leadership model

7.2.2 MEASURES

Strategic Leadership

In order to improve the content validity of the strategic leadership measurement, an expert panel was organized, whom were asked to evaluate to what extent the 16 items fitted the four strategic leadership concepts. The expert panellists were drawn from the sample of 80 managers who participated in the previous study (after they had filled in the measurement). These experts were instructed to keep in mind the definition of the four concepts, and the fact that these concepts were drawn from the distinction between Exploration-Exploitation and Organization-Environment. The feedback from the expert panellists resulted in one additional item for Business development and Organizational creativity. In order to obtain a measurement with an equal number of items per dimension, two more

items were generated. Hence, in total the strategic leadership measurement was expanded with four items, including one extra item per dimension. The items added were the following:

- *Business development*: makes clients aware of other company products and services on offer.
- *Operational efficiency*: plans in detail how to accomplish an important task.
- *Client centricity*: creates trust with clients and partners.
- *Organizational creativity*: persuasively sells new ideas in the organization.

In turn, the strategic leadership measurement instrument used in this chapter (and the following chapters) included 20 items (5 items per dimension) (for the items included in the online survey see Appendix I).

Transformational Leadership

In the conceptual part of this dissertation, strategic leadership was presented as distinct from supervisory leadership. In order to test this proposition, the strategic leadership model was tested against transformational leadership. A commonly used scale to measure transformational leadership is the scale developed by Rafferty and Griffin (2004). This scale consists of five 3-item subscales: Vision ($\alpha=.78$), Inspirational communication ($\alpha=.75$), Intellectual stimulation ($\alpha=.79$), Supportive leadership ($\alpha=.82$) and personal recognition ($\alpha=.79$). Two exemplary descriptions are “has a clear understanding of where the organization is going” (Vision) and “Personally compliments me when I do outstanding work” (Personal recognition).

Organizational Level

Although there is consistency in the use of three organizational levels (Hunt & Ropo, 1995; Zaccaro, 2001), researchers do not agree on a common definition for organizational level (Hunt, 1991; Jaques, 1976). The operational definition of lower-level, middle and top-level management varies considerably across organizational settings (Dutton & Ashford, 1993; Floyd & Wooldridge, 1992). The proxy that has been adopted in this study has been used in previous studies in order to identify organizational levels (Finkelstein, 1992; Frey & Kucher, 2002). The focal managers were asked to select an option for the number of subordinates that were reporting to them, choosing amongst the options 1 to 10, 11 to 49 and ≥ 50 subordinates. A deliberate choice was made to ask for the number of subordinates, instead of the number of direct reports. Although top-level managers may have plenty of subordinates (that is organizational members, working at a lower level in the organizational hierarchy, these top-level managers may only have a few direct reports. Next to this precaution, the self-given

scores for number of subordinates were checked on the basis of the authors' knowledge of the respective functions and locations in the organizational hierarchy of the focal managers.

7.3 RESULTS

7.3.1 FACTORIAL STRUCTURE

In order to evaluate the validity of the four strategic leadership factors, a confirmatory factor analysis was conducted using Mplus 6.0 (Muthen & Muthen, 2007). A first step was testing whether all items would load on one strategic leadership factor. Next, a three factor solution was tested – combining items underlying Client centricity and Business development (on the basis of the highest correlations between these factors/dimensions). Lastly, the four factor model as derived from the analysis of the exploratory study (chapter six) was tested. The four factor structure with the 20 items was compared to the four factor structure with the 16 strategic leadership items from the previous chapter. The results were controlled for the fact that several leaders were rated more than once, i.e. the analysis accounted for cluster sampling (Muthen & Muthen, 2007). In this manner, the non-independence of the sample did not influence the results. A comparison of the results is shown in Table 7.1.

Table 7-1: Comparison of factor solutions

	1 factor	3 factors	4 factors (16 items)	4 factors (20 items)
chi square	1765.272	1180.329	316.071	450.549
df	170	167	98	164
p	<.00	<.00	<.00	<.00
CFI	.55	.71	.92	.92
TLI	.49	.67	.90	.91
SRMR	.11	.09	.05	.05
AIC	26382.367	25816.816	21505.089	25192.419
RMSEA	.14	.11	.07	.06

Table 7.1 shows a good model fit for the four-factor solution (Fan & Sivo, 2007; Hu & Bentler, 1998), with the best fit for the four-structure solution considering all 20 items, including the four items that were added in this chapter to the 16 items which were drawn from the previous chapter. The four-factor model (including 20 items) held a chi-square of 450.549, df=164, CFI=.92, TLI=.91, SRMR=.05, AIC=25192.419, RMSEA=.06, which confirmed a good model fit.

The internal reliability analysis of the four dimensions (each including five items) resulted in acceptable Cronbach alpha scores for Organizational creativity ($\alpha=.80$), Business development ($\alpha=.85$), Client centricity ($\alpha=.86$), Operational efficiency ($\alpha=.84$). Similar to the previous chapter, it

was necessary to test the interrater agreement and intraclass correlations before averaging across rater groups (i.e. bosses, peers and subordinates) in order to obtain the scores for the focal managers on both the strategic leadership and transformational leadership dimensions (see Table 7.2).

Table 7-2: Intraclass correlations and interrater agreement

Variable	ICC(1)	ICC(2)	Rwg
Organizational creativity	.32 (F=2.444, $p < .01$)	.59	.93
Business development	.38 (F=2.875, $p < .01$)	.65	.91
Client centrality	.30 (F=2.291, $p < .01$)	.56	.95
Operational efficiency	.42 (F=3.216, $p < .01$)	.69	.91
Vision	.49 (F=3.974, $p < .01$)	.75	.90
Inspirational communication	.49 (F=2.219, $p < .01$)	.75	.90
Intellectual stimulation	.24 (F=1.953, $p < .01$)	.49	.86
Supportive leadership	.18 (F=1.687, $p < .01$)	.41	.88
Personal recognition	.33 (F=2.526, $p < .01$)	.60	.94

Similar to the findings in the previous chapter, Table 7-2 shows high interrater agreement scores (ranging from .95 to .86) and acceptable intraclass correlation (ICC(I) scores (ranging from .18 to .49. For 5 out of 9 dimensions the ICC(2) score did not reach the commonly mentioned criteria of $\geq .60$ (Ostroff & Schmitt, 1993). However given the acceptable scores for Rwg and ICC(1) and the fact that previous studies (de Hoogh et al., 2004; Simsek et al., 2010) have accepted ICC of .40, these results can be considered as sufficient to aggregate.

7.3.2 COMPARING STRATEGIC LEADERSHIP WITH TRANSFORMATIONAL LEADERSHIP

In order to determine whether strategic leadership was different from transformational leadership an exploratory factor analysis was conducted on the behavioral items underlying both strategic leadership and transformational leadership. The exploratory factor analysis was conducted based on principal component for extraction method and Varimax with Kaiser Normalization for rotation method. Similar to the method adopted in the previous chapter, the first stage in analyzing the data with exploratory factor analysis was checking the conditions for a stable factor structure (Ferguson & Cox, 1993). This required that the sample size was large enough. With 486 raters for 20 items, the subject-to-variable ratio was 24:1, being significantly higher than the generally accepted minimum ratio (i.e. 5:1) (Ferguson & Cox, 1993).

The next step was to check whether the items were multivariate normally distributed by examining their skewness and kurtosis. Following Ferguson and Cox (1993), the data was checked for whether

no more than 25% exceeded the range of +/- 2.0. None of the fell outside this range (for both skewness and kurtosis). Then the Kaiser-Meyer-Olkin test and the Bartlett's test of sphericity was applied to make sure that the correlation matrix was appropriate to produce a factor structure which would not occur just because of chance (Hair et al., 1998; Tabachnick & Fidell, 2007). The Kaiser-Meyer-Olkin test was .923, well above the required minimum value of .50. The approximate chi-square of the Bartlett's test of sphericity was significant (8446.683, $df=595$, $p<.001$), indicating a discoverable factor structure in the data. Therefore, it was concluded that the necessary conditions for finding a stable factor structure were met.

In stage two, the number of factors to be extracted from the data was determined. The Kaiser 1 rule was used to determine the maximum number of factors. Seven factors were found with an Eigenvalue higher than 1, explaining 63 % of the variance. The Eigenvalues were 10.953, 3.418, 2.200, 1.763, 1.294, 1.244, 1.124. In stage 3, the items that best fitted the seven factors were selected. Items had to have a minimum factor loading of .40 (Ferguson & Cox, 1993) (see Table 7-3).

Table 7-3: Factor solution of strategic & transformational leadership items

	Organizational creativity & intellectual stimulation	Operational efficiency	Business development	Client communication & vision	Inspirational & Vision	Supportive leadership	Personal recognition
stimulates thinking outside of the box	.78						
persuasively sells new ideas inside the organization	.42						
facilitates the experimentation with new ideas	.39						
engenders proactive behavior	.60						
consciously makes room for creativity	.60						
has challenged me to rethink some of the basic assumptions about my work	.66						
has ideas that have forced me to rethink some things that I have never questioned before	.70						
challenges me to think about old problems in new ways	.74						
encourages me to see changing environments as situations full of opportunities	.48						
formulates clear objectives		.56					
reassures time schedules and deadlines		.74					
checks work progress against agreed-upon objectives		.74					
works according to a structured system in order to ensure an optimal service level		.78					
plans in detail how to accomplish an important task		.84					
makes innovative proposals to penetrate new markets			.61				
makes clients aware of other company products and services on offer			.64				
actively explores new markets			.72				
recognizes potential new clients			.74				
seeks entrance at new potential clients			.82				
actively evaluates whether clients' expectations have been met				.35			
creates trust with clients and partners				.71			
is attentive to client need				.74			
listens attentively to the client				.78			
maintains a good relationship with the client				.78			
has no idea where the organization is going					.61		
says things that makes me proud to be part					.51		
says positive things about the work unit					.52		
has a clear sense of where he/she wants our team/unit to be in 5 years					.68		
has a clear understanding of where the organization is going					.72		
believes that my interests are given due consideration						.69	
behaves in a manner which is thoughtful of my personal needs						.80	
considers my personal feelings before acting						.81	
acknowledges improvement in my quality of work							.56
personally compliments me when I do outstanding work							.71
commends me when I do a better than average job							.73

It can be concluded from Table 7-3 that the strategic leadership dimensions were distinct from the sub-dimensions of transformational leadership. There was a slight overlap between the items of a sub-dimension of transformational leadership, Intellectual stimulation, loading on the same factor as a sub-dimension of strategic leadership, Organizational creativity. Moreover, the sub-dimensions Vision and Inspirational communication loaded on one and the same factor. This was in line with the suggestion of Bass (1998) to combine idealized influence (which is similar to the Vision dimension from the Rafferty & Griffin’s scale) and Inspirational motivation (similar to the Inspirational communication dimension from the Rafferty & Griffin’s scale) to form a single measure of charisma due to high intercorrelations. The item “says positive things about the work unit” belonging to the dimension Inspirational communication also loaded on the Personal recognition factor. Nonetheless, as the aim of this dissertation was not to improve the transformational leadership scale, the 5 dimensions (i.e. Vision, Inspirational Communication, Intellectual stimulation, Supportive leadership and Personal recognition) were used as computed in earlier studies (maintaining the original items).

A second-order factor analysis was conducted for the four strategic leadership dimensions and the five transformational leadership dimensions (see Table 7-4).

Table 7-4: Second-order factor analysis

	Exploration	Exploitation
Strategic leadership		
Organizational creativity	.83	
Business development	.73	
Client centricity		.73
Operational efficiency		.72
Transformational leadership		
Vision	.68	
Inspirational communication	.64	.50
Intellectual stimulation	.79	
Supportive leadership		.79
Personal recognition	.46	.63

The second –order factor analysis showed that the sub-dimensions for strategic leadership fell apart in two components in line with the Exploration – Exploitation division. The transformational leadership dimensions likewise fell apart along this division (except for Inspirational communication and Personal recognition). Whereas Vision and Intellectual stimulation loaded on the Exploration factor, Supportive leadership loaded on the Exploitation factor. Inspirational communication and Personal recognition loaded on both factors.

Table 7-5 reports the descriptive statistics and intercorrelations between the four strategic leadership dimensions and the transformational dimensions. Two correlation matrices are shown, one (lower table) based on the data set of all raters scoring the focal manager and one (upper table) based on the data set after aggregating across the raters, resulting in a single score per focal manager.

Table 7-5: Descriptive statistics, Cronbach alpha's and intercorrelations

		Focal managers									
		M	SD	1	2	3	4	5	6	7	8
1	Organizational creativity	19.18	2.51								
2	Business development	17.92	2.65	.60**							
3	Client centrality	20.47	2.23	.17**	.46**						
4	Operational efficiency	18.71	2.56	.17*	.11	.56**					
5	Vision	11.07	2.07	-.59**	-.51**	.47**	.56**				
6	Inspirational communication	11.65	1.52	.64**	.59**	.55**	.40**	.66**			
7	Intellectual stimulation	11.13	1.53	.64**	.51**	.25**	.17*	.53**	.26**		
8	Supportive leadership	11.56	1.45	-.26**	.18*	.55**	.45**	.25**	.45**	.45**	
9	Personal recognition	11.76	1.17	-.52**	-.43**	.60**	.42**	.50**	.50**	.68**	.39**
Coefficient alphas along diagonal											
**. Correlation is significant at the 0.01 level (2-tailed).											
*. Correlation is significant at the 0.05 level (2-tailed).											
		Raters									
		M	SD	1	2	3	4	5	6	7	8
1	Organizational creativity	19.33	3.03								
2	Business development	18.12	3.30	.58**							
3	Client centrality	20.62	2.77	-.38**	.47**						
4	Operational efficiency	28.96	3.46	.25**	.19**	.49**					
5	Vision	11.34	2.21	.52**	-.46**	.38**	.41**				
6	Inspirational communication	11.83	1.92	.56**	.53**	.51**	.32**	.57**			
7	Intellectual stimulation	11.48	2.00	.59**	.41**	.37**	.35**	.47**	.44**		
8	Supportive leadership	11.57	1.99	-.28**	.24**	.46**	.35**	.24**	.44**	.14**	
9	Personal recognition	11.53	1.71	.45**	-.40**	.49**	.41**	.43**	.43**	.61**	.430**
Coefficient alphas along diagonal											
**. Correlation is significant at the 0.01 level (2-tailed).											
*. Correlation is significant at the 0.05 level (2-tailed).											

The common elements in both correlation matrices in Table 7.5 show (when considering significant correlations above .50) that Organizational creativity was strongly positively correlated with Business development and positively correlated with three transformational leadership dimensions, i.e. Vision, Inspirational communication, Intellectual stimulation. Business development and Client centrality were also strongly positively correlated with Inspirational communication. Operational efficiency was strongly positively related to Client centrality. Of the transformational leadership dimensions, Vision was strongly positively related to Inspirational communication. Inspirational communication was also strongly related to Personal recognition. Similar to the two-factor solution, a distinction can be made between exploration-related dimensions (Organizational creativity, Business development, Vision, Intellectual stimulation) and exploitation-related dimensions (Client centrality, Operational efficiency, Supportive leadership). Inspirational communication seemed to correlate equally with exploration-related and exploitation-related dimensions.

7.3.3 ORGANIZATIONAL LEVEL AS ANTECEDENT

Next to the factorial validity and discriminant validity of the model this study aimed to explore the differences per organizational level in terms of the manifestation of leadership behaviors (of the four strategic leadership dimensions and the transformational sub-dimensions). ANOVA was performed to compare the difference in mean scores of each strategic leadership and transformational leadership variable for each organizational level (top-level, middle-level and lower-level). Table 7.6 reports the respective means and ANOVA statistics.

Table 7-6: Organizational level as antecedent for leadership behavior

	Lower-level managers N=50		Middle managers N=26		Top-level managers N=17		F	df between groups	df within groups	Sig.
	II	SD	II	SD	II	SD				
Organizational creativity	3.84	.40	4.02	.42	4.21	.39	4.792	2	90	.011
Business development	3.65	.43	3.87	.46	4.03	.51	4.273	2	90	.017
Client centrality	4.13	.43	3.95	.37	4.34	.57	4.084	2	90	.020
Operational efficiency	3.70	.22	3.59	.34	4.16	.57	5.565	2	90	.005
Vision	3.68	.50	3.82	.57	4.31	.57	9.289	2	90	.000
Inspirational communication	3.92	.41	3.99	.53	4.19	.62	1.588	2	90	.210
Intellectual stimulation	3.65	.40	3.91	.42	4.09	.47	1.819	2	90	.168
Supportive leadership	3.88	.47	3.72	.39	4.00	.44	2.304	2	90	.106
Personal recognition	3.95	.43	3.97	.40	4.23	.48	2.736	2	90	.070

Organizational level was a significant predictor ($p<.05$) for all strategic leadership dimensions (Organizational creativity: $F=4.792$, $p=.011$; Business development: $F=4.273$, $p=.017$; Client centrality: $F=4.084$, $p=.017$; Operational efficiency: $F=5.565$, $p=.005$) and for the transformational sub-dimension Vision ($F=9.289$, $p=.000$). Yet, organizational level was not a significant predictor for the other four transformational leadership dimensions, Inspirational communication ($F=1.588$, $p=.210$), Intellectual stimulation ($F=1.819$, $p=.168$), Supportive leadership ($F=2.304$, $p=.106$) and Personal recognition ($F=2.736$, $p=.070$). The general pattern (for the significant relationships) was the higher the organizational level, the higher the leadership scores. There were two exceptions for Client

centricity ($F=4.084, p=.020$) and Operational efficiency ($F=5.565, p=.005$). For these dimensions, the middle managers scored lowest, followed by lower-level managers and top-level managers scored highest.

A series of Bonferroni post hoc tests clarified the location of significant differences in mean scores per organizational level. Table 7.7 reports the significant differences at $p<.05$ found through the Bonferroni post hoc tests.

Table 7-7: Bonferroni post hoc significant differences by organizational level

Leadership dimension	Number of subordinates	Number of subordinates	Mean Difference	Sig.
Organizational creativity	Top-level	Lower-level	.37	.011
Business development	Top-level	Middle	.37	.048
	Top-level	Lower-level	.38	.018
Client centricity	Top-level	Middle	.39	.017
Operational efficiency	Top-level	Middle	.58	.006
	Top-level	Lower-level	.47	.016
Vision	Top-level	Middle	.49	.011
	Top-level	Lower-level	.64	.000

Table 7.7 shows that significant differences are found between organizational levels for all four strategic leadership dimensions and for Vision (sub-dimension of transformational leadership). There were significant differences between focal top-level managers (more than 50 subordinates) and focal middle managers (between 11 and 49 subordinates). This was the case for Business development, Client centricity, Operational efficiency and Vision. And there were significant differences between focal top-level managers (more than 50 subordinates) and focal lower-level managers (between 1 and 10 subordinates). This was the case for Organizational creativity, Business development, Operational efficiency and Vision. Whereas the differences for Business development, Operational efficiency and Vision were significant between all three levels, Client centricity showed to be a dimension primarily distinguishing middle from top-level management, while Organizational creativity distinguished top-level and lower-level management.

7.4 DISCUSSION

Given the fact that the confirmatory analysis showed satisfactory model fit scores, it can be said that the model increased in construct validity showing that the strategic leadership factor structure was stable across different samples and contextual characteristics (Kerlinger, 1986). The best model fit

was for the four-factor structure including 20 items, hence including the four items added on the basis of the feedback of an expert panel. Moreover, strategic leadership dimensions showed to load on different factors than the sub-dimensions of transformational leadership, hence supporting the discriminant validity of the strategic leadership model.

Organizational creativity was partly overlapping with Intellectual stimulation. This result fits the line of reasoning that the two behaviors play at different levels of analysis yet influence a similar outcome, organizational innovation (Jung, 2001; Mumford & Gustafson, 1988). Organizational creativity behaviors establish an organizational climate and culture that nurtures creative efforts and facilitates diffusion of learning (Yukl, 2002), a work environment that encourages employees to try out different approaches (Amabile et al., 1996; Yukl, 2002) and intellectually stimulating behaviors directly stimulate people to challenge the status quo and encourage new and novel ways of doing things. Mumford and Gustafson (1988) have argued that next to directly stimulating follower's creativity, organizational innovation also depends on whether the organization has a climate that supports innovation: "Even when individuals have developed the capacity for innovation, their willingness to undertake productive efforts may be conditioned by beliefs concerning the consequences of such actions in a given environment" (p.37). When an organization's culture emphasizes reliable and efficient operations without making any mistakes or is not highly concerned with innovation, employees will be discouraged from taking initiative in their work even if they are given autonomy (Yukl, 2002). Organizational culture has been conceptualized as a mediator of the relationship between transformational leadership and organizational innovation (Amabile et al., 1996; Deshpandé et al., 1993). In a study of Taiwanese firms, for example, the positive relationship between CEO transformational leadership and firm patent awards was partially mediated by cultural characteristics of support for innovation and empowerment (Jung et al., 2003). Hence, the finding that items underlying Organizational creativity and Intellectual stimulation load on one and the same factor is in the line of expectations. Nonetheless, the two are conceptually different for operating at different organizational levels.

The second-factor analysis of the four strategic leadership and five transformational leadership sub-dimensions resulted in two factors which may be described as Exploration and Exploitation. For transformational leadership, Yukl (1998) had already concluded that, "A variety of different influence processes may be involved in transformational leadership" (p.328). It may be argued that transformational leadership can be defined in terms of behaviors which stimulate subordinates to be explorative and behaviors which stimulate subordinates to be more exploitative. Those individuals

showing high Supportive leadership and Personal recognition behaviors tend to show high Client centricity and Operational efficiency behaviors. And in contrast, those individuals showing high Vision and Intellectual stimulation tended to show high degrees of Organizational creativity and Business development behaviors. In line with the second-factor analysis, Organizational creativity, Business development, Vision and Intellectual stimulation correlated highly with one another and so did Client centricity and Operational efficiency.

Organizational level was a significant predictor for all strategic leadership dimensions and for Vision. Regarding the latter, Antonakis and Atwater (2002) argued, “the role of top-level leaders is to use their vision and values to ensure that organizational resources are used to achieve the organization’s intended objectives....At lower hierarchical levels, values and vision also play a role, but different instrumental leader behaviors....will contribute to organizational performance” (p.697). Organizational level, however was no strong predictor for the other four transformational sub-dimensions in contrast to the findings of Antonakis and Atwater (2002). In line with Zaccaro (2001) who pleaded that managers at all levels must carry out the direct leadership roles involved in interpersonal influence, the manifestation of Inspirational communication, Intellectual stimulation, Supportive leadership and Personal recognition behaviors did not differ across organizational levels. These findings are similar to the findings of Bruch and Walter (2007). They hypothesized and found that visionary behaviors were more prominently displayed by top-level managers than middle managers. Although they had expected top-level managers to also perform intellectually stimulating behaviors to a greater extent than middle managers they found no significant hierarchical differences in the occurrence of intellectual stimulation. Nor did they find significant differences for individualized consideration and recognition (yet this was in line with their expectations). Middle and top-level managers seemed to be able to perform such leadership behaviors to a similar extent. Likewise the findings of this study demonstrate that the manifestation of supervisory leadership is independent of organizational level.

The results for strategic leadership largely supported the continuity perspective where top-level managers expand their behavioral repertoire when moving from middle management to top-level management and the same holds for middle managers who move up from lower-level management to middle management. Especially in terms of Organizational creativity behavior, there is a significant difference between top-level managers and lower-level managers. One may assume that managers adopt these behaviors more and more as they climb the corporate ladder. Hence, despite the plea that leaders at all levels of the organization should develop strategic leadership (Hitt & Ireland, 2002), this

sample showed that top-level leaders demonstrated the exploration-oriented strategic leadership behaviors to a significant larger extent than lower level managers. This linear reasoning did not hold for the Exploitation dimensions, Client centrality and Operational efficiency. On these dimensions middle managers scored lowest. In other words, whereas these behaviors were shown by lower-level managers, these behaviors were manifested to a lesser degree by middle managers and manifested mostly by top-level managers. For Client centrality, it may be argued that lower-level managers rely on their frontline employees to implement a market oriented strategy and ensure customer satisfaction (Hartline et al., 2000). Moreover, lower-level managers are usually responsible for daily operations and interact closely and often with their subordinates (Den Hartog et al., 1999). Traditionally, middle managers have been seen as part of an organization's control system. Middle management translated strategies defined at higher levels into actions at operating levels. This involved: (1) defining tactics and developing budgets for achieving a strategy; (2) monitoring the performance of individuals and subunits; and (3) taking corrective action when behavior falls outside expectations. This description, or major elements of it, has been applied for decades. In the language of strategic management, their role has been defined as "implementation." In the reengineered organization, however, senior managers rely less and less on middle managers. Information and communications technologies make it easier for those at the top to monitor and control activities directly (Jackson & Humble, 1994). These descriptive findings do not imply that lower-level and top-level managers were more effective. The link with effectiveness is the topic of the following chapter (linking strategic and supervisory leadership to subordinate' job satisfaction).

PART III: APPLICATIONS

8 IMPACT OF LEADERSHIP ON SUBORDINATE' JOB SATISFACTION

8.1 INTRODUCTION

Leadership effectiveness is a contested area of research. Nonetheless, “Mainstream leadership scholars most consistently agree upon one thing: leaders are supposed “to motivate subordinates to accomplish organizational goals” (Barker, 2001, p.473). While managers at lower and higher levels in the organization may have different responsibilities, their roles share one common property. All managers, regardless of level, have subordinates reporting to them and their effectiveness as managers is to some degree dependent on the extent to which their leadership style mobilizes the energy of these subordinates toward the goals of the organization (Jago & Vroom, 1977).

The association between job satisfaction and individual performance is frequently accounted for by assuming that satisfied subordinates feel obliged to do their supervisor a favor by working hard. This idea stems from Adam's (1963) equity theory, proposing that people both “invest” in their relationships with other actors and receive benefits from that relationship. This reasoning implies that primarily affective phenomena such as subordinate' job satisfaction also have activating and motivational potential; high (or low) levels of satisfaction (or, more generally, well-being) would trigger high (or low) levels of motivation to perform well. The management literature has provided accumulating evidence that human resource outcomes (individual-level performance) and organizational performance are related, suggesting that “the proper use of people enhances organizational effectiveness” (Koys, 2001, p.102). Heskett et al. (2002) examined this relationship in terms of value profit chain theory. Again, this approach considered job satisfaction as a motivational force, in that high levels of individual-level satisfaction will lead to higher employee loyalty and increased effort, thus leading to higher individual productivity and better product quality.

The potential linkage between employee attitudes and organizational performance was considered in earnest in the 1930s, coinciding with (and as a result of) the Hawthorne studies and the ensuing human relations movement (Roethlisberger & Dickson, 1939). Together with the Harvard Committee on Industrial Psychology, Elton Mayo began to explore the relationship between physical conditions and worker productivity at the Hawthorne plant (Mayo, 1933). They became aware that there was a “human relations” factor that influenced the output of the relay assembly test room workers, independent of any physical conditions or psychological attributes. The Hawthorne studies led

researchers to consider the factory as a *social* system, and recognize that informal organization, social norms, acceptance, and sentiments of the group determined individual work behavior. In contrast to scientific management theory, the human relations approach pointed out the importance of leadership in the organization and of emotional communication and participation.

The fundamental principle of scientific management was that all work could be scientifically studied, and that optimal routines and regulations could be developed to ensure maximum efficiency. While scientific management was developed in the United States, two Europeans also made noteworthy and thought-provoking contributions to the formal study of management. First, Henry Fayol (1849–1930), from France, introduced the notion of “systematic management theory”. As executive and mining engineer, Fayol played an important role in the field of management from 1888 until the time of his death in 1930. According to Fayol, the basic functions of any manager involved planning, organizing, commanding, coordinating and controlling.

Second, Max Weber (1864–1920), from Germany, derived both a theory of organizational structure – bureaucracy – and a theory of authority, based on charisma. Although the term bureaucracy was not invented by him, Weber was the first to codify and then slightly modify the system of organization which is as old as history. Weber examined and analyzed in detail, the complex, fairly efficient and very stable bureaucracy that had been the basis of the Chinese civilization for over 3000 years. He also studied other bureaucratic systems that seemed to have been effective in terms of organizational survival and goal attainment, including the Catholic church and the Prussian army. Weber’s analysis of the bureaucratic form, was the first clear statement of organizational structure. Although today people often react negatively to the term “bureaucracy”, when reading Weber, one becomes aware that bureaucracy was a valuable invention. According to Weber (1946) “The decisive reason for the advance of bureaucratic organization has always been its purely technical superiority over any other form of organization” (p.214).

This “rational-legal” form of organization was based on rules, separation of position from person, specific work standards, and documented work performance. These principles were translated into dimensions of bureaucracy, including formalization of procedures, specialization of work, standardized practices, and centralization of decision making (Perrow, 1986). Early applications of the bureaucratic model to the topic of effectiveness proposed that efficiency was the appropriate measure of performance – i.e. avoidance of uncoordinated, wasteful, ambiguous activities. That is, the more

nearly an organization approached this ideal bureaucratic characteristic, the more efficient it was. The more specialized, formalized, standardized, and centralized, the better.

It was not until the 1920's to 1930's, during the infamous studies at the Hawthorne plant of Western Electric, that it became evident that workers are not isolated machines, but social animals, and should be treated as such. Shortly after the Hawthorne studies, researchers began taking a critical look at the notion that a "happy worker is a productive worker" (Taris & Schreurs, 2009). The satisfaction-performance relationship, also known the 'Holy Grail' of Industrial and Organizational Psychology (Landy, 1989) has been the subject of hundreds of studies, and a number of meta-analyses have summarized the results of these studies (Bowling, 2007; Iaffaldano & Muchinsky, 1985; Judge et al., 2001; Petty et al., 1984). New impetus for research on the role of job satisfaction in job performance has been provided by a review by Judge et al. (2001). Whereas Iaffaldano and Muchinsky's (1985) highly influential meta-analysis led to the conclusion that job satisfaction is hardly related to job performance (average corrected correlation = .17), Judge et al.'s (2001) meta-analysis revealed a substantial relationship between job satisfaction and job performance (average corrected correlation = .30).

Among factors that may affect subordinate' job satisfaction, leadership is considered to play a central role. Many of the studies conducted in different countries showed a positive relationship between the leadership behavior of the supervisor and subordinate' job satisfaction (Berson & Linton, 2005; Chiok Foong Loke, 2001; Dunham-Taylor, 2000; Seo et al., 2004; Stordeur et al., 2000; Vance & Larson, 2002). In particular, a positive relationship has been found between transformational leadership and subordinate' job satisfaction (Avolio & Bass, 1988; Bass et al., 1987; Conger & Kanungo, 1988; Judge & Piccolo, 2004). Studies revealed that transformational leadership styles functioned better than other types of leadership (transactional and laissez-faire) in terms of subordinate' job satisfaction (Bass & Avolio, 1990; Dvir et al., 2002; Waldman et al., 2001).

Introducing the concept of transformational leadership, Burns (1978) stated "the essence of the leader's power is [...] the extent to which they can satisfy – or appear to satisfy – specific needs and engage the full potential of the follower" (p.4). In a similar vein, Bass (1990b) described the fulfillment of followers' emotional needs as a central aspect of transformational leadership. Transformational leaders go beyond social exchange and involve higher psychological needs including needs for competence and affection. By appreciating and addressing these needs, they develop the potential of their followers and foster their commitment to and effort for the collective.

This, in turn, is seen as key for the effectiveness of transformational leaders (Bass, 1985; Burns, 1978). Indeed, the focus on followers' psychological needs seems to be a central aspect that differentiates transformational leadership from transactional leadership styles (Bono & Judge, 2003).

8.2 ORGANIZATIONAL LEVEL AS A MODERATING VARIABLE

The positive effect of transformational leadership on subordinate' job satisfaction may be contingent on subordinates' hierarchical positioning. Kumar et al. (2012) argued that "Different motivation strategies must be devised and implemented for the people at different levels of organizational hierarchy i.e. junior, middle and senior levels" (p.27). Hence, organizational level may be considered a contingency variable, which is also termed a moderator (Howell et al., 1986). James and Brett (1984) defined moderators as follows, "a variable z is a moderator if the relationship between two (or more) other variables, say x and y, is a function of the level of z" (p.310) (see Figure 8.1 for a graphic display of the moderating variable, organizational level, influencing the relationship between leadership behavior of the superior and subordinate' job satisfaction).

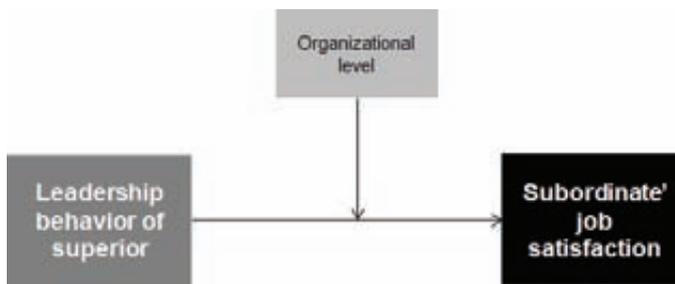


Figure 8-1: Organizational level as moderating variable

The previous chapter showed that transformational leadership was manifested at all organizational levels to largely the same degree. As for strategic leadership, the previous results showed that the higher the manager was located within the organizational hierarchy, the greater the extent to which he/she displayed the Exploration-oriented behaviors, Organizational creativity and Business development, hence confirming the continuity perspective. Likewise, top-level managers also performed the Exploitation-oriented behaviors, Operational efficiency and Client centricity, to the largest extent. Yet, for these dimensions there was no linear relationship, but a u-shaped pattern. Lower-level managers were in fact more involved in these Exploitation-oriented behaviors than their middle manager counterparts. The previous studies were solely descriptive of nature, and held no implications for the effectiveness of these behaviors.

The study described in this chapter aims to explore whether the relationship between transformational and strategic leadership with subordinate' job satisfaction is different depending on the organizational level of the respective subordinate. The next section reviews transformational leadership and strategic leadership in the light of organizational level. Section 8.3 describes the method used to explore the above-mentioned relationship. First of all, a confirmatory study was conducted to check the factor structure of the different leadership behaviors. Moreover the intercorrelations between the leadership dimensions and job satisfaction were explored. Second, the correlations were studied per organizational level to identify possible differences between the levels. And finally, using a regression analysis, the moderating role of organizational level on the relationship between leadership of the superior on subordinate' job satisfaction was tested. Sections 8.4 and 8.5 present the results and provide in a discussion, respectively.

8.2.1 TRANSFORMATIONAL LEADERSHIP AND ORGANIZATIONAL LEVEL

There have been a number of studies that have investigated transformational leadership across organizational levels (Bass et al., 1987; Bruch & Walter, 2007; Densten, 2003; Lowe et al., 1996; Oshagbemi & Gill, 2004; Stordeur et al., 2000; Yammarino & Bass, 1990). Kovjanic et al. (2012) proposed that there are three types of subordinate' basic needs, the satisfaction of which mediates the relationship between transformational leadership and employee outcomes (e.g. job satisfaction), "need for autonomy", "need for competence" and "need for relatedness". Autonomy refers to being able to self-organize one's behavior. It involves a sense of choice and a feeling of not being controlled by forces alien to the self. Competence concerns feelings of mastery and effectiveness, which originate from opportunities to apply and expand one's capabilities. Relatedness refers to a feeling of connectedness and association and involves a sense of being significant to others. Kovjanic et al.'s (2012) exploration of subordinate needs was based on self-determination theory (SDT) (Deci & Ryan, 2000; Gagne & Deci, 2005) which can be regarded as one of the most detailed and best validated frameworks of psychological needs (Greguras & Diefendorff, 2009). In applying SDT to the work context, Gagné and Deci (2005) proposed that the fulfillment of basic psychological needs foster well-being and optimal functioning (Deci & Ryan, 2008). Likewise, Lynch et al. (2005) found that the fulfillment of basic psychological needs was positively related to employees' satisfaction with their job tasks. Their results also demonstrated that each of the three needs had a unique effect on job satisfaction.

This distinction in subordinate' needs that are satisfied by means of transformational leadership is very valuable to gain insight into why this leadership style can be linked to such a wide variety of desirable outcomes. However, the above-mentioned studies treated the concept as a singular concept, whereas according to Yukl (1998) amongst others concluded, "A variety of different influence processes may be involved in transformational leadership" (p.328). When recalling the finding from the previous chapter drawn from the second-order factor analysis, where Supportive leadership loaded on a different factor than Vision and Intellectual stimulation, one may argue that the former plays into the "need for relatedness and competence" and the latter into the "need for autonomy".

In this respect, there is evidence that direct subordinates of lower-level managers, such as clerical staff and front-line employees tend to place more emphasis on the quality of relationships with colleagues and supervisors (Kalleberg & Griffin, 1978; Ronen et al., 1979; Ronen & Sadan, 1984). Specifically, Wall et al. (2002) have proposed that because the work processes of managerial jobs are less routine and that the outcomes are less predictable, the occupants would need more autonomy and discretion. There is early empirical evidence that work satisfaction of managers is more dependent on empowering rewards, such as task autonomy, task involvement, and task significance than is the case for lower-level employees (Kalleberg & Griffin, 1978; Ronen et al., 1979; Ronen & Sadan, 1984). Moreover, Sashkin and Williams (1990) reported that while middle managers expressed stronger needs for autonomy and influence, non-supervisory staff tended to pay more attention to relational aspects of work. Whereas most early studies have focused on the difference between supervisory and non-supervisory (employees without subordinates) levels, more recent studies have focused on the difference between managerial levels. Zaccaro (2001) claims that managers at all levels must carry out the direct leadership roles involved in interpersonal influence as well as the indirect leadership activities of strategic direction setting and implementation. Likewise, Wang et al. (2011) showed that behaviors of the CEO did not only influence firm performance, but also the middle managers' attitudinal responses.

There have been a number of studies that have investigated transformational leadership across organizational levels (Bass et al., 1987; Bruch & Walter, 2007; Densten, 2003; Lowe et al., 1996; Oshagbemi & Gill, 2004; Stordeur et al., 2000; Yammarino & Bass, 1990). They examined whether transformational behaviors differentially influenced the job satisfaction of top-level and middle managers' direct subordinates. Their results suggested that hierarchy constitutes a boundary condition for the effectiveness of such behaviors in strengthening followers' job satisfaction. Idealized influence (similar to the "Vision" dimension of Rafferty and Griffin (2004)), inspirational motivation (similar to

the “Inspirational communication” dimension), and intellectual stimulation were found to be more effective in strengthening subordinates’ job satisfaction when directed by top-level managers towards middle managers than when directed by middle managers towards lower-level supervisors. Middle managers’ hierarchical context seemed to be more conducive to the effectiveness of their leaders’ visionary, inspirational and intellectually challenging behaviors. No such difference occurred, however, for individualized consideration (similar to the “Supportive leadership” dimension of Rafferty and Griffin (2004)). Offering individualized support seemed to similarly enhance subordinate satisfaction irrespective of hierarchical differences. Hence, there is significant evidence that transformational leadership has a positive relationship with subordinate job satisfaction, yet this relationship is different depending on the underlying transformational leadership variable considered. It may be argued that the need for competence and relatedness is highest for subordinates of lower-level managers and the need for autonomy is higher for subordinates of top-level managers. Hence, one may hypothesize that in general, transformational leadership is positively related to subordinate’ job satisfaction, yet that the supervisory behaviors Vision, Inspirational communication and Intellectual stimulation are more important predictors for the job satisfaction of middle managers and the supervisory behavior, Supportive leadership is more important for non-manager employees.

H1: Visionary, Inspirational communication and Intellectual stimulation behaviors of top-level managers are the most significant predictors for job satisfaction of their direct subordinates.

H2: Supportive leadership behaviors of lower-level managers is the most significant predictor for job satisfaction of their subordinates (non-manager employees).

8.2.2 STRATEGIC LEADERSHIP AND ORGANIZATIONAL LEVEL

Strategic leadership is nowadays expected from all organizational levels (Hitt & Ireland, 2002). Upson et al. (2007), however proposed that when the details of a strategy are left to middle-level managers and lower-level employees, this may cause role ambiguity. Especially when asked to think strategically and act entrepreneurially, role ambiguity may be created to the extent that the “employee feels ill equipped to resolve the situation” (Upson et al., 2007, p.82).

Since the seminal study on organizational stress in role dynamics (Kahn et al., 1964), role stress has attained substantial research attention (Brown & Peterson, 1993; Jackson & Schuler, 1985; Oertqvist & Wincent, 2006). Numerous studies using role theory have demonstrated counterproductive consequences of role stress, which include low satisfaction, high turnover intentions, low commitment

and poor performance (Oertqvist & Wincent, 2006). Conceptually, role stress is thought to be derived from role conflict as well as role ambiguity. Whereas, role conflict is “the degree of incongruity or incompatibility of expectations associated with a role” (Miles & Perreault, 1976, p.2), role ambiguity reflects an employee's uncertainty about others' expectation of the employee's job due to lack of information (Behrman & Perreault, 1984).

Kahn et al (1964) suggested that role conflict and role ambiguity were probably greater at the middle management level than at either the top-level or lower-level. Sinha and Subramanian (2012) likewise reported that middle managers felt the greatest stress, they felt that their role offered them a very low or no level of personal and professional growth. While Chandler (1977) emphasized in the 1970s that middle managers' jobs covered exclusively the supervision of the lower hierarchical levels, the realization of organizational strategies is often fueled by the agency of non-senior managers, which has given rise to a literature focusing on the impact of middle manager agency on the organizational strategy process (Balogun & Johnson, 2004; Burgelman, 1983; Floyd & Lane, 2000; Floyd & Wooldridge, 2000; Wooldridge & Floyd, 1990). Many results have been published that show that middle managers can be the drivers of organizational strategy. Consider, for instance, Burgelman's (1983) classic account of Intel's business exit where middle managers played a key role in transforming from the memory business into the processor business. Hence, middle managers are therefore expected to play both a supervisory and strategic leadership role. In fact, previous studies investigating middle managers can be divided into two categories. One of them examined the top-level manager- middle manager relationship (Dutton et al., 1997; Nonaka, 1988; Pappas et al., 2003; Schilit, 1987) while the others dealt with the middle-level manager – lower-level manager relationship (Crouch & Yetton, 1988; Glasoe & Einarsen, 2006; Xin & Pelled, 2003). Illustratively, Ireland (1992) provided a definition of middle managers where he described them as employees working between an organization's lower-level and top-level managers. According to Ireland a middle-manager contained the integration of “the intentions of top-level managers with the day-to-day operational realities experienced by first-level managers” (Ireland, 1992, p.18). Hence, to fulfill their tasks, a middle manager must be capable of quickly switching from attending to one relationship to another (Uyterhoeven, 1972). From the above, one may conclude that especially middle managers' job satisfaction is strongly related to the strategic leadership behavior of their respective top-level manager, for it determines the strategic leadership role to be played out by the middle manager.

H3: Strategic leadership of top-level managers is the most significant predictor for the job satisfaction of middle managers.

8.3 METHOD

8.3.1 SAMPLE

The sample used for this study is a subset of the sample used for the previous study. For this study, as the primary interest was subordinate' job satisfaction, only those managers were included that had been rated by their subordinates. Managers that were rated only by peers and/or superiors, were discarded from the sample. Wherry and Bartlett's (1982) theory of rating indicates that there are three broad types of factors that influence performance ratings: the ratee's actual job performance, various rater biases in the perception and recall of that performance, and measurement error. The second, rater bias, refers to the systematic variance in performance ratings that is associated in some way with the rater and not with the actual performance of the ratee. Important type of rater bias concerns the effects associated with the rater's organizational perspective (i.e. self, direct report, peer or boss). Borman (1997) advanced three reasons why it is plausible to hypothesize that perspective-related biases affect performance ratings. First, raters from different organizational perspectives might focus their attention on different aspects of the ratee's performance. Second, raters from different perspectives might attend to the same aspects of performance but attach different weights to them. Third, raters from different perspectives may observe different samples of a ratee's behavior. When interested in the relationship between subordinate' job satisfaction and leadership behavior of the superior, it is most appropriate to base both these scores on the ratings of the subordinates themselves.

The sample for this study included 182 supervisor-subordinate pairs. This number surpasses the total number of managers in the sample, due to the fact that some managers have been rated by more than one subordinate and hence count for more than one supervisor-subordinate pair. See Figure 8.2 for a graphic display the nested sample.

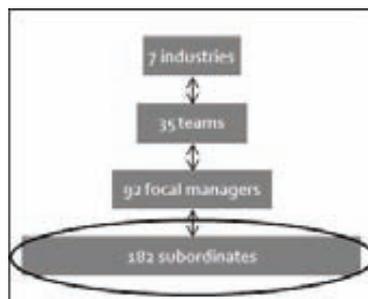


Figure 8-2: Nested structure of sample

The sample of 182 subordinates consisted of 39 subordinates of top-level managers (with 50 or more subordinates), 51 subordinates of middle managers (between 11 and 49 subordinates) and 70 subordinates of lower-level managers) between 1 and 10 subordinates (22 focal managers did not report on this criteria). 55.5 % was male. The average age was 43.3 (SD=16.02). 54.9 % was Dutch. In terms of highest degree achieved, 17.0 % received a secondary school degree, 20.9 % received a Bachelor's degree, 45.7 % received a Master's degree and 6 % received a PhD degree (10.4 % did not report on this criteria). 37.9 % was in his/her current position between 1 and 3 years.

8.3.2 MEASURES

Leadership behaviors

Klein et al. (1994; Kozlowski & Klein, 2000) have pointed out the importance of specifying the level of analysis at which variables and associations are conceptualized. In this study, transformational leadership and job satisfaction were examined at the individual level (on the basis of subordinate scores). Although job satisfaction is clearly an individual-level variable, transformational leadership has been conceptualized at both the individual and group level (Bass, 1998). Leaders can exhibit a similar style of behavior toward an entire group of followers resulting in comparable or identical relationships with each follower in the group (Schriesheim & Kerr, 1974). This model of leader-follower interactions is referred to as the Average Leadership Style (ALS) approach (Dansereau et al., 1984). In this case, there is a lack of differences within groups in leader-follower interactions (homogeneous leader-follower interactions). However, there is empirical evidence that leader-follower relationships differ across followers. This approach has generally been labeled the *Leader-Member Exchange* (LMX) approach. In this case, there are distinct differences in leader-follower relationships (heterogeneous leader-follower interactions) (Dansereau et al., 1984). This study uses the strategic and transformational measures as used before (chapter eight). Yet this time the scores are based on subordinate ratings (excluding the ratings of superiors and peers). Although, this may cause a common-method bias, this approach fitted best with the LMX approach.

Subordinate' job satisfaction

Subordinate' job satisfaction was measured by means of a single item, "overall, I am satisfied with my job". Subordinates scored this item on a five-step Likert scale ranging from "totally disagree" to "totally agree". Wanous et al. (1997) published a paper demonstrating that single-item measures of overall job satisfaction correlated quite highly with multiple-item (or scale measures) of overall job satisfaction (correlation of $\rho=.63$). Moreover, they concluded that single-item measures of overall satisfaction "are more robust than the scale measures of overall job satisfaction" (Wanous et al., 1997, p.250). Wanous et al. (1997) listed several arguments why a single-item measure of overall satisfaction may be preferable to multi-item scale measures of overall job satisfaction, i.e. (1) single item measures usually take less space than scale measures, (2) single-item measures may be more cost-effective, (3) single-item measures may contain more face validity, especially when an organization has poor employee relations (due to negative reactions to perceived repetitious questions from scale measures), and (4) single-item measures may be better to measure changes in job satisfaction. In a review of overall measures of job satisfaction, Scarpello and Campbell (1983) luded

that the best global rating of job satisfaction is a one-item, 5-point scale that simply asks, “Overall, how satisfied are you with your job?”

Organizational level

Organizational level is measured, similar to the previous chapter, by means of the number of subordinates reporting to the respective leader. Supervisors with between 1 and 10 subordinates were labeled lower-level managers, supervisors with between 11 and 49 subordinates were considered middle managers and supervisors with 50 or more subordinates were considered top-level managers. The assignment of the focal managers across organizational levels was cross-checked on the basis of the authors’ knowledge of the function and position of the focal manager within his or her respective organization.

8.4 RESULTS

A confirmatory factor analysis, considering a four-factor structure for strategic leadership and a five-factor structure for transformational leadership resulted in an acceptable fit. $\chi^2 = 839.799$, $df = 524$, $p < .001$, RMSEA = .058, AIC = -12081.301, SRMR = .058. The descriptive statistics, internal reliability and intercorrelations are shown in Table 8.1.

Table 8-1: Descriptive statistics, Cronbach alpha’s and intercorrelations

	N=182	#Items	M	SD	1	2	3	4	5	6	7	8	9	10
1	Organizational creativity	5	20.28	2.85	.78									
2	Business development	5	18.66	3.42	.58**	.88								
3	Client centrality	5	20.41	2.89	.60**	.59**	.86							
4	Operational efficiency	5	18.34	3.76	.38**	.25**	.59**	.87						
5	Vision	3	11.82	2.34	.49**	.42**	.47**	.56**	.80					
6	Inspirational communication	3	12.00	2.10	.66*	.54**	.63**	.43**	.53**	.81				
7	Intellectual stimulation	3	12.03	1.99	.56**	.41**	.41**	.40**	.56**	.50**	.79			
8	Supportive leadership	3	11.38	2.13	.50**	.31**	.54**	.38**	.28**	.53**	.32**	.85		
9	Personal recognition	3	12.10	1.83	.56**	.38**	.60**	.51**	.43**	.65**	.50**	.51**	.83	
10	Job satisfaction	1	4.36	0.55	.34**	.28**	.29**	.29**	.30**	.37**	.31**	.24**	.22**	NA
Coefficient alphas along diagonal														
**. Correlation is significant at the 0.01 level (2-tailed).														

Table 8.1 shows transformational leadership and strategic leadership were largely related to subordinate’ job satisfaction, largely to the same extent. Organizational creativity, Vision, Inspirational communication and Intellectual stimulation show the highest correlations with subordinate’ job satisfaction.

In order to determine which leadership dimension added most predictive value, all 9 variables (4 strategic leadership and 5 transformational leadership) variables were added into a regression using the stepwise method. The results are presented in Table 8.2, showing only those variables that would improve prediction of job satisfaction at an appropriate F-ratio level (F to enter equal to or greater than 3.96).

Table 8-2: Regression analysis on job satisfaction

	1	2
Inspirational communication	.37**	.28**
Intellectual stimulation		.18*
R-square	.13**	.16**
Δ R-square		.024
F-change (df1/df2)	27.301 (1/178)	4.981 (1/177)
Significance F change	.000	.027

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

* . Correlation is significant at the 0.05 level (2-tailed).

From Table 8-2 one can draw that only two variables held significant predictive value for subordinate' job satisfaction, namely Inspirational communication and Intellectual stimulation. Inspirational communication explained 13.3% of the variance in subordinate' job satisfaction and Intellectual stimulation added 2.4% to this variance. All strategic leadership dimensions were not of significant predictive value.

In order to determine to what extent organizational level was relevant for the relationship between leadership behaviors and subordinate' job satisfaction, a correlation was run for separate samples of lower-level managers, middle-managers and top-level managers. Table 8.3 presents the results.

Table 8-3: Correlations subordinate' job satisfaction & supervisor leadership

Variables	Job satisfaction		
	Lower level	Middle	Top-level
Organizational creativity	.33**	.26	.38*
Business development	.31*	.23	.28
Client centricity	.23	.24	.27
Operational efficiency	.14	.21	.34*
Vision	.16	.12	.40*
Inspirational communication	.36**	.15	.48**
Intellectual stimulation	.33**	.11	.27
Supportive leadership	.35**	-.08	.40*
Personal recognition	.17	.21	.24

** . Correlation is significant at the 0.01 level (2-tailed).
* . Correlation is significant at the 0.05 level (2-tailed).

Table 8.3 shows that the job satisfaction of subordinates of lower-level managers was significantly positively correlated with the Organizational creativity ($\rho=.33, p<.01$), Business development ($\rho=.31, p<.05$), Inspirational communication ($\rho=.36, p<.01$), Intellectual stimulation ($\rho=.33, p<.01$), and Supportive leadership ($\rho=.35, p<.01$) behaviors of their superior. Job satisfaction of lower-level managers (subordinates of middle managers) was unrelated to the leadership behaviors (considered in this study) of their superior (i.e. middle managers). Job satisfaction of middle managers (subordinates of top-level managers) was significantly positively related to Organizational creativity ($\rho=.38, p<.05$), Operational efficiency ($\rho=.34, p<.05$), Vision ($\rho=.40, p<.05$), Inspirational communication ($\rho=.48, p<.01$), and Supportive leadership ($\rho=.40, p<.05$) behaviors of their supervisor.

These results hint at a moderator role for organizational level for the relationship between supervisor' leadership behavior and subordinate' job satisfaction. In order to determine whether organizational level moderated the relationship between supervisor' leadership behavior and subordinate' job satisfaction, and leadership behavior an enter regression procedure was undertaken for both the strategic and transformational leadership dimensions, including 3 steps, first of all adding the leadership dimensions, then adding the dummies for organizational level (Orglevel1: distinguishing top-level managers from lower-level and middle level managers and Orglevel2: distinguishing middle managers from their lower-level and top-level counterparts) and lastly adding the interaction terms (leadership dimensions x 2 dummy variables) (see Table 8.4).

Table 8-4: Hierarchical regression model job satisfaction

	1	2	3	1	2	3
Orglevel1		.19*	.40		.168	.38
Orglevel2		-.06	.78		-.057	.06
Vision	.11	-.00	-.09			
Inspirational communication	.27*	.30	.38*			
Intellectual stimulation	.13	.14	.29*			
Supportive leadership	.12	.12	.32*			
Personal recognition	-.11	-.13	-.35			
Vision x Orglevel1			.95			
Inspirational communication x Orglevel1			.84			
Intellectual stimulation x Orglevel1			-.91			
Supportive leadership x Orglevel1			-.39			
Personal recognition x Orglevel1			.12			
Vision x Orglevel2			.44			
Inspirational communication x Orglevel2			-.85			
Intellectual stimulation x Orglevel2			-1.01			
Supportive leadership x Orglevel2			-1.13*			
Personal recognition x Orglevel2			1.69*			
Organizational creativity				.18	.21*	.26
Business development				.20	.15	.19
Client centrity				-.07	-.06	-.00
Operational efficiency				.23	.14	.03
Organizational creativity x Orglevel1						-.06
Business development x Orglevel1						-.18
Client centrity x Orglevel1						-.62
Operational efficiency x Orglevel1						.65
Organizational creativity x Orglevel2						-.58
Business development x Orglevel2						-.02
Client centrity x Orglevel2						.07
Operational efficiency x Orglevel2						.42
R-square	.18**	.22**	.29**	.17**	.20**	.22**
Δ R-square		.041*	.071		.031	.012
F-change (df1/df2)	6.619 (5/152)	3.935 (2/150)	1.396 (10/140)	7.915 (4/153)	2.974 (2/151)	.262 (8/143)
Significance F change		.022	.168		.054	.971

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

* Correlation is significant at the 0.05 level (2-tailed)

Table 8.4 shows that the interaction terms with both dummy variables for organization level did not explain significant extra variance (step 3). Hence, one may conclude that for this sample, organizational level did not serve as a general moderator variable for the relationship between strategic and transformational leadership and subordinate' job satisfaction. But, it could be that organizational level has a moderating role for several sub-dimensions. In order to test for this, a similar regression procedure was conducted for the four strategic and five transformational leadership variables separately.

Therefrom, only Supportive leadership showed significant results. Table 8.5 shows the extra variance in job satisfaction explained by means of the dummy variables, Orglevel1 (distinguishing top-level managers from lower and middle managers and Orglevel2, distinguishing middle managers from top-level and lower-level managers).

Table 8-5: Regression analysis of supportive leadership on job satisfaction

	1	2	3
Orglevel1		.27**	.42
Orglevel2		-.02	1.15*
Supportive leadership	.27**	.25**	.41**
Supportive leadership x Orglevel1			-.16
Supportive leadership x Orglevel2			-1.17*
R-square	.07**	.15**	.19**
Δ R-square		.073	.040
F-change (df1/df2)	12.017 (1/156)	6.608 (2/154)	3.767 (2/152)
Significance F change	.001	.002	.025

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

* Correlation is significant at the 0.05 level (2-tailed).

Table 8.5 demonstrates that the interaction term Supportive leadership with Orglevel2 adds significant extra variance. Moreover, the negative value of the interaction term, hints that there is a negative relationship. Hence, one may conclude that the relationship between Supportive leadership of middle managers and subordinate' (lower-level managers) job satisfaction is significantly different, in comparison to the other organizational levels. This finding is supported by the correlations found per organizational level (Table 8.2), where the correlation between subordinate' job satisfaction and Supportive leadership by middle managers is negative, yet positive for Supportive leadership by top-level managers and lower-level managers.

8.5 DISCUSSION

The results from the regression analysis showed that only Inspirational communication and Intellectual stimulation held significant predictive value for subordinate' job satisfaction. In other words, only transformational leadership sub-dimensions showed to be an important predictor for job satisfaction.

The relationship between leadership and subordinate' job satisfaction was not moderated by organizational level, except for the transformational leadership sub-dimension, Supportive leadership. For this dimension, middle managers showed a significant different relationship than lower- and top-level managers. Supportive leadership behaviors displayed by middle managers were negatively correlated with the job satisfaction of their subordinates (lower-level managers). For both lower-level and top-level managers this relationship was positive. The job satisfaction of non-manager employees and middle managers was equally affected by the Supportive leadership behaviors of their superiors (hence rejecting H2).

Despite the fact that organizational level did not fulfil the role of moderator, a different pattern could be observed across organizational levels. In terms of the correlation of transformational leadership dimensions on subordinate' job satisfaction, the most important differential between the organizational levels was that Intellectual stimulation was important for the job satisfaction of non-manager employees (partially rejecting H1), whereas Vision was considered important for the job satisfaction of middle managers (partially confirming H1). The latter is in line with the expectations, visionary aspirations may be less directly relevant for subordinates of lower-level managers. Organizational visions that focus on overarching goals may have limited relevance for the day-to-day work of these employees and may appear abstract, unrealistic, and unconnected to their actual tasks. The finding regarding Intellectual stimulation was, however unexpected. This surprising finding may be due to the fact that the sample included highly educated subordinates in knowledge-intensive industries. For these individuals, Intellectual stimulation may enhance their job satisfaction by strengthening their sense of significance and autonomy and enhancing their task variety (Bass, 1985; Judge et al., 2001). Likewise, non-manager employees were largely motivated by externally oriented strategic leadership behaviors, Organizational creativity and Business development of their superiors.

An important finding was that the job satisfaction of lower-level managers was unrelated to the leadership behaviors of middle managers. When considering the ambivalent role of middle managers between top-level managers and lower-level managers, holding both prominent strategic leadership and supervisory leadership roles, one may argue that middle managers overemphasize their strategic leadership role, neglecting their supervisory role. Moreover, middle managers seemed to be more in need of structure (in terms of Operational efficiency) (partially confirming H3). One may argue that this is due to the role-stress middle managers experience. Middle managers have been portrayed as de-energized and emotionally stricken in the face of the overwhelming power and drive of turnaround executives (O'Neill et al., 1995). Most normative models of strategy tend to accord middle management a supporting role at best (Shrivastava, 1986); executives are advised to reduce equivocality so that middle managers can act on clear instructions. Next to the 'need for relatedness', 'need for competence' and 'need for autonomy' (Kovjanic et al., 2012), one may add the 'need for clarity', especially applicable to middle managers in the current time frame.

In conclusion when considering organizational level, it can be said that both strategic leadership and transformational leadership are important for subordinate' job satisfaction. If the aim is to increase subordinate' job satisfaction, top-level managers should perform Visionary behaviors and Operational efficiency behaviors, middle managers should not perform Supportive leadership behaviors and lower-

level managers should perform Intellectual stimulation, Organizational creativity and Business development behaviors.

As was mentioned in the introductory chapters, subordinate' job satisfaction cannot explain team or organizational outcomes, given the present-day dynamic interaction between organizations and their environments. Therefore, the next chapter delves into the predictor variables for team effectiveness.

9 IMPACT OF SHARED STRATEGIC LEADERSHIP ON TEAM EFFECTIVENESS

9.1 INTRODUCTION

As was mentioned in the introductory chapter, the last two and a half decades has witnessed a remarkable transformation of organizational structures worldwide. One of its more compelling aspects has been the on-going shift from work organized around individual jobs to team-based work structures (Erhardt et al., 2009; Lawler et al., 1995). Increasing global competition, consolidation and innovation have created pressures, such as the need for diverse skills, expertise and experience, and the need for more rapid, flexible, adaptive responses that trigger the emergence of teams as basic building blocks of organizations. Organizational outcomes therefore depend to a large extent on the appropriate design and the proper functioning of work units and teams.

Leadership within teams can come from two different sources depending on “who” performs leadership. The first source which has been the primary focus in the leadership literature is the formal team leader (Burke et al., 2006; Gerstner & Day, 1997; Schriesheim et al., 1994). Given that there is a hierarchical relationship between the team leader and the team members, leadership performed by the team leader has also been labeled vertical leadership. The second source of leadership is the team, where leadership is distributed among team members, also known as shared leadership (Burke et al., 2003; Pearce & Conger, 2003a). The underlying notion is that team performance may be improved if the team takes advantage of different leadership strengths of all team members. With the first source, vertical leadership the influence is top-down, whereas the second source, shared leadership involves a collaborative process (Ensley et al., 2006).

According to Pearce (2004) and Pearce and Manz (2005), with the greater prevalence of knowledge-based organizations characterized by task complexity and highly qualified employees, shared leadership has become a common source of leadership rather than the exception. While the increasingly challenging organizational context makes vertical leaders want to share leadership (Martin et al., 2007), highly skilled knowledge workers are also more inclined to take charge of leadership roles and responsibilities (Lawler & Finegold, 2000). Shared leadership is thus both a deliberate and an emergent phenomenon. This chapter elaborates the impact of both shared and vertical leadership on team effectiveness.

Section 9.2 reviews briefly the notion of shared leadership, followed by section 9.3 which elaborates the topic of team effectiveness. Section 9.4 describes the method used to study the relationship between vertical and shared leadership and team effectiveness. Drawing a distinction between vertical leadership and shared leadership does not imply a value judgment on the superiority of one approach over the other. Instead, what is needed is greater clarity on the appropriate level of analysis. When the focal topic of study is leadership in teams, it is important to distinguish the level at which leadership is conceptualized.

The sample used in this study is a subset of the sample used in the earlier presented confirmatory study (chapter 7). This study described in this chapter starts by checking whether the factor structure for the leadership dimensions is stable, given that the sample is different from chapter seven. Next, the intraclass correlations and interrater agreements were calculated for each leadership dimension, before aggregating to the level of the focal managers. In turn, the sample of focal managers was divided into formal team leaders and team members, in order to be able to study shared leadership (the average of the team members) as separate from vertical leadership (the formal team leader). A correlation matrix was generated to unveil the interrelationships between the shared and vertical leadership dimensions.

A following step was calculating the team effectiveness scores. First, a confirmatory analysis was conducted in order to confirm the factor structure (as the team effectiveness dimensions were drawn from different previous studies and taken together for the first time), then the intraclass correlations and interrater agreement were calculated before aggregating the scores given by the focal managers themselves on team effectiveness into average team scores.

Lastly, section 9.6 presents a multiple regression analysis to gain insight into the absolute value of both the vertical and shared leadership dimensions in terms of explaining the team effectiveness scores. In order to test the relative value of shared leadership vis-à-vis vertical leadership, two hierarchical regression analyses were conducted while employing a different order, first regressing vertical leadership and then adding shared leadership and vice versa. On the basis thereof, one can draw inferences as to whether shared or vertical leadership holds the largest explanatory value for the respective team effectiveness scores.

9.2 *SHARED LEADERSHIP*

The topic of shared leadership has received a great deal of attention (Pearce & Conger, 2003a; Pearce & Sims, 2002). Besides the notion of shared leadership, there are approaches emphasizing connective

(Lipman-Blumen, 2000) and distributed (Brown & Gioia, 2002; Gronn, 2002) leadership, social network forces for leadership (Balkundi & Kilduff, 2006), as well as aggregates of leadership capacity (Day et al., 2004a). These are just a few example approaches that attempt to go beyond the individual leader in better understanding and studying leadership in teams and organizations. A deeper investigation further reveals that although there are some central tendencies surrounding the meaning of these terms, there is also a good deal of inconsistency, with some scholars using different terms loosely and interchangeably and others adhering to narrower definitions (see (Bolden, 2011). Shared and distributed are the most widely used adjectives describing this type of leadership (Fitzsimons et al., 2011).

There are a few research partnership that dominate the domain of shared leadership (with a focus on teams), namely between Manz and Sims (1987, 1991; 1980), Pearce and Sims (2002; 2000), Pearce and Manz (2005) and Pearce et al. (2008; 2009). A review of the literature revealed six seminal empirical studies (Avolio et al., 1996; Carson et al., 2007; Ensley et al., 2006; Mehra et al., 2006; Pearce & Sims, 2002; Sivasubramaniam et al., 2002) (see Table 9.1 for the primary research question, methodology employed and the reported findings).

Table 9-1: Review of empirical studies on (shared) leadership in teams

Author(s)	Research question	Methodology	Findings
Avolio et al. (1996)	What is the relationship between leadership behavior from the team and measures of high team functioning?	Bass and Avolio's Team Multi-factor Leadership Questionnaire	Shared leadership in undergraduate students doing community volunteer work was positively correlated with self-reported ratings of effectiveness
Pearce & Sims (2002)	What are the roles of vertical and shared leadership in team performance?	Survey of 236 teams at time 1 for leadership measures and at time 2 for team effectiveness measures	Shared leadership appears to be stronger determinant of team effectiveness than vertical leadership. Specific behaviors of leaders influence the potential of vertical and shared leadership.
Sivasubramaniam et al. (2002)	How does team leadership predict levels of group potency and performance over time?	Longitudinal survey including 2 phases and 155 students	Team-level leadership leads to higher team potency beliefs and higher project grades.
Ensley et al. (2006)	What are the roles of vertical and shared leadership in the performance of new ventures?	Survey of managers among two samples of new venture firms (500 firms for each sample)	Shared leadership has a stronger influence on firm performance than vertical leadership. Specific behaviors of leaders influence the potential of vertical and shared leadership. Vertical leadership behavior impact leadership behaviors of the team.
Mehra et al. (2005)	What is the impact of the social structure of teams on team performance	Use of social network data on 28 sales teams to delineate the leadership structure of groups	Characteristics of leadership structure have an impact on team performance. Distributed leadership by itself is not necessarily correlated with higher team performance.
Carson et al. (2007)	What are the determinants of shared leadership in teams? How do they impact performance	Survey of 59 consulting teams in an MBA program. Use of social network analysis to assess shared leadership	Internal team environment (shared purpose, social support, and voice) has a positive impact on shared leadership. External coaching may compensate for deficiencies in internal team environment. Shared leadership is positively associated with performance

Avolio et al. (1996) studied the relationship between leadership behavior performed by the team as a whole and team effectiveness. Later studies (Ensley et al., 2006; Pearce & Sims, 2002; Pearce et al., 2003; Sivasubramaniam et al., 2002) applied similar research designs. Most studies used survey methods to measure leadership behaviors at the level of the team. The primary aim was to differentiate the impact of vertical and shared leadership on team effectiveness. Pearce and Sims (2002) for instance, found that for teams, dealing with change management, shared leadership held more explanatory value than vertical leadership. They defined vertical leadership as leadership behavior performed by the formal team leader. Shared leadership was defined as a form of distributed leadership that emerges from team dynamics. The empirical findings showed that shared leadership had a strong impact on perceived team effectiveness. Moreover, vertical leadership also played an important role, suggesting that these two alternate sources of leadership are not mutually exclusive but rather can be perceived as complementary. Ensley et al. (2006) analyzed the role of vertical and shared leadership within two different samples of startup firms. Their results showed that shared leadership among top management team members held more explanatory variance for performance

than vertical leadership. Carson et al. (2007) argued that external coaching may compensate for deficiencies in internal team environment. Since these seminal studies, several noteworthy adjoining studies on shared leadership have been published (Erkutlu, 2012; Harris, 2008; Hoch et al., 2010; Solansky, 2008; Zhang et al., 2012). See Table 9.2 for a brief overview.

Table 9-2: Further studies into shared leadership

Author(s)	Research question	Methodology	Findings
Solansky (2008)	What is the impact of team leadership on team development and performance?	A laboratory study of 20 work teams	Teams with shared leadership have motivational and cognitive advantages over teams that took the traditional approach of relying on single leader
Hoch et al. (2010)	What is the moderating effect of age diversity and team coordination on the relationship between shared leadership and team performance?	Team members assessed their team's shared leadership and coordination. Six to eight weeks later, supervisors rated their teams' performance	Results indicated that shared leadership predicted team performance and both age diversity and coordination moderated the impact of shared leadership on team performance.
Erkutlu (2012)	Does organizational culture moderate the relationship between shared leadership and team proactive behavior?	Moderated hierarchical regression was used to examine work teams drawn from commercial banks in Turkey	Shared leadership within a work team was positively related to team proactive behavior. The relationship of shared leadership with team proactivity is stronger in organizations with higher level of supportive culture.
Zhang et al. (2012)	What are the antecedents and outcomes of informal leader emergence in work teams?	Multisource and multi-method data collected at 3 points in time	Formal leaders and team shared vision jointly promote or inhibit informal leader emergence and thereby impact individual performance and team effectiveness.

Solansky (2008) found that teams with shared leadership have motivational and cognitive advantages. Hoch et al. (2010) argued that both age diversity and coordination moderated the impact of shared leadership on team performance. Erkutlu (2012) found that the relationship of shared leadership with team proactivity is stronger in organizations with higher level of supportive culture. Zhang et al. (2012) found that formal leaders and team shared vision jointly promote or inhibit informal leader emergence and thereby impact individual performance and team effectiveness.

There are quite some different methods for measuring shared leadership. Several researchers have presented models that discuss the theoretical relationship between individual and team-level constructs (House et al., 1995; Rousseau, 1985). Group composition research for instance, requires individual differences to somehow emerge to form team-level constructs that in turn relate to team performance (Kozlowski & Klein, 2000). One form of emergence occurs when individual

characteristics combine in a linear fashion such that the mean or sum of individual characteristics represents the team-level construct (Chan, 1998). The extent of behaviors may vary among individuals, but individual contributions are all weighted equally. This has also been labeled amplitude (or numerical action) and is operationalized as the mean of all individual team member scores (Barrick et al., 1998; Senior, 1997). This additive understanding does not privilege the work of a particular individual or categories of persons, nor is there a presumption about which individual behavior carries more weight. This multiple sense is the most common understanding invoked in the growing number of references to shared leadership in the literature (Gronn, 2002) and is the way shared leadership is considered in the study described in this chapter.

9.3 TEAM EFFECTIVENESS

The relationship between shared leadership and team effectiveness has been the subject of a few studies in the past decades. These empirical studies have provided support both for the feasibility of shared leadership and for the significance of its influence on team performance above and beyond the influence of the team's hierarchical leader (Barry, 1991; Bowers & Seashore, 1966; Carson et al., 2007; Pearce & Sims, 2002). The supposition tested in this study is that:

H: Shared leadership adds significant explanatory value for team effectiveness (above and beyond the impact of the vertical team leader).

“Performance is the most widely studied criterion variable in the organizational behavior and human resource management literatures” (Bommer et al., 1995, p.587). Interestingly, team research has focused on the who is part of the team, and how team members cooperate. Teams studies have resulted in “a fine-grained analysis of internal group dynamics [...] with groups primarily as closed systems” (Ancona, 1990, p.335). The focus has been largely on the interaction among group members (Gladstein, 1984). Team performance has been “less systematically addressed” (Ilgen, 1999, p.131). As a consequence we know a lot about the antecedents and mediating influences of team behavior and much less on what comes out of it.

Team research has recently started to take organizational outcomes into account. In particular with reference to Top Management Teams (TMTs), team characteristics were aligned with organizational outcomes. Alvarez and Svejnova (2005) for instance, examined shared leadership with top-level leaders. They found that organizations face competing demands, on the one hand aligning closely with the environment (similar to Client centrality in the strategic leadership model), and on the other hand

remaining flexible to tailor into new opportunities (similar to Business development). They argued that these tensions could be managed when working with complementary individuals: for example, the Chief Executive Officer and the Chief Operations Officers or two Chief Executive Officers who complement one another (Arnone & Stumpf, 2010). In this respect, the concept of shared leadership is especially relevant for the manifestation of strategic leadership, given that this concept is based on the tensions between Organization-Environment focus and Exploration-Exploitation, requiring different kinds of behavior, which may well be manifested by different individuals working in a team.

Whereas it is relatively easy to align TMT functions and organizational outcomes, this has been less obvious at lower organizational levels. Similar to the argument made for strategic leadership to be practiced throughout the organization (due to the changing organizational context), organizational performance criteria which are relevant at higher organizational levels equally hold for teams operating at lower organizational levels). In contemporary organizations, external activities or boundary-spanning activities are becoming more and more important for teams across all organizational levels. Organizational teams cannot rely solely on either internal or external activities because no team works in a vacuum of external forces and, at the same time, no team exists without maintaining its boundary. Given that a team has only limited resources (e.g. time, effort, and personnel), conducting either internal or external activities may reduce resources available for the other. This trade-off relationship forces organizational teams to allocate their resources between internal and external activities. This trade-off between internal and external activities appears to be the critical issue of managing team boundaries, as noted by Sundstrom et al. (1990), “The group boundary needs continual management to ensure that it becomes neither too sharply delineated nor too permeable, so that the team neither becomes isolated nor loses its identity” (p.130). Teams that strike a good balance or shift emphasis between internal and external activities seem to be more effective in general than teams that stick to either one of the two activities (Ancona & Caldwell, 1988; Cohen & Levinthal, 1990; Gersick, 1988).

Multiple team outcome measures exist (Mathieu et al., 2008), yet for the purpose of this study, team effectiveness measures were included which were drawn from and validated in previous studies. As the strategic model is based on seemingly contradictory organizational objectives, the team effectiveness measures needed to be in line with these different organizational objectives. No study has yet included the four objectives of strategic leadership in one model, hence four separate team effectiveness measures were included: i.e. Team innovation as an outcome of Organizational creativity, Team efficiency as an outcome of Operational efficiency, Market responsive orientation as

an outcome of Client centricity and Market proactive orientation as an outcome of Business development (see Figure 9.1 for a graphic overview).

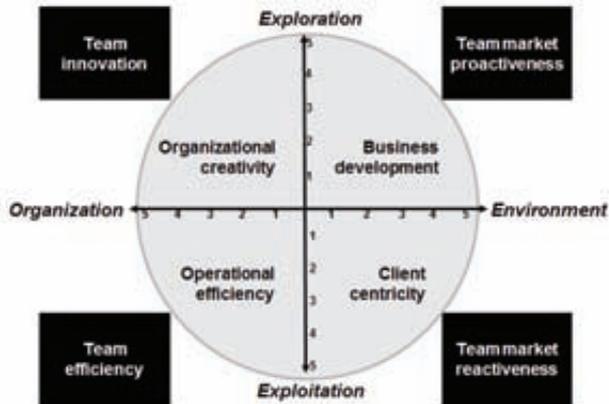


Figure 9-1: Team effectiveness related to strategic leadership model

The four team effectiveness measures, Team innovation, Team market proactiveness, Team market reactivity and Team efficiency were considered as dependent variables, controlling for industry, studying the predictive value of the respective strategic leadership dimensions both in terms of vertical and shared leadership. The causal model is displayed in Figure 9.2.

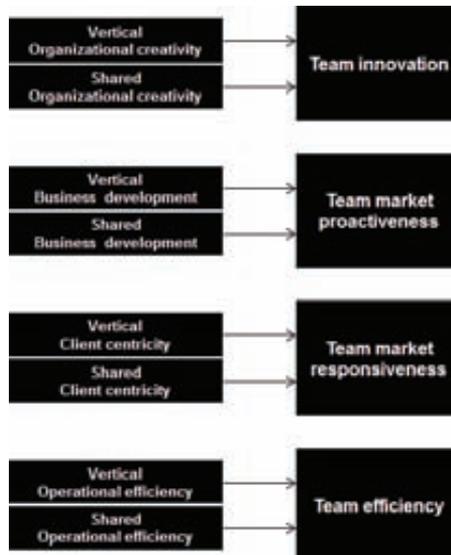


Figure 9-2: Predictive model of vertical and shared leadership

9.4 METHOD

9.4.1 SAMPLE

The sample for this study has been described in chapter eight, but requires some elaboration for this particular study. The initial sample of 158 focal managers was separated in a sample of formal team leaders and a sample of team members (excluding the formal team leader). The distinction between formal team leader and team member was reported upon administration for the survey. 6 of the 35 teams were self-managing teams, without a formal team leader. These teams were excluded from the sample (for this last study). Hence the sample for this study consisted of 139 focal managers from 29 teams, where the 139 focal managers were rated by 443 colleagues (superiors, peers and subordinates).

The sample of 139 focal managers was separated in two parts, resulting in 29 formal team leaders and 110 team members. In other words, the sample consisted out of 29 teams, consisting out of formal team leader and out of a set of team members (with an average of 3.79 team member per team).

The formal team leaders were considered in order to measure vertical leadership and the team members to measure shared leadership per team. The typical profile of the formal team leader was male (76%), 48.5 years old (average age of subsample), Dutch (79%), with a Master's degree (59%), functioning in current position between 1 to 3 years (48%). The typical profile of a team member was male (57%), 41 years old (average age of this subsample), Dutch (68%), with a Master's degree (56%).

MEASURES

Vertical leadership

Vertical leadership was measured on the basis of the strategic leadership dimensions described in earlier chapters. These scores were calculated by averaging the scores of different raters, resulting in individual scores for the formal team leaders on all four strategic leadership. Hence, there were 29 vertical leadership scores for four strategic leadership dimensions.

Shared leadership

Shared leadership was measured by means of the amplitude of strategic leadership within a team. First of all the individual scores of the team members were calculated in a similar way as has been done for the formal team leaders. These scores were based on the scores given by the different raters per individual. Next, the individual scores of the team members were averaged across the teams, resulting

in 29 shared leadership scores for the four strategic leadership dimensions. In this measure the team leader was excluded, in order to identify the discrepant influence of leadership behavior by team members (versus the influence of the formal team leader). In order to make sure that the shared leadership scores were not dominated by a single team member, the standard deviation on the four strategic leadership dimensions were checked in terms of their correlation with the team effectiveness scores. In case of no strong correlations, one could conclude that the shared leadership measure captured a collective effort

Team effectiveness

In this study four team effectiveness measures were considered, in line with the strategic leadership model: i.e. Team innovation as an effectiveness score for Organizational creativity, Team efficiency for Operational efficiency, Market responsive orientation for Client centricity and Market proactive orientation for Business development. These four measurements were based on previously validated measures of these constructs, i.e. Team innovation (De Dreu, 2002), Team efficiency (Hoegl & Gemuenden, 2001), Responsive and Proactive market orientation (Narver et al., 2004). In order to have equal measurements and to keep the survey manageable (including all leadership items, intermediary variables and the individual outcome score of job satisfaction) three items were kept for each dimension. All items were answered by the formal team leader and all team members, resulting in an average team score for the four Team effectiveness measures. Items were scored on a 5-point scales (1=strongly disagree to 5= strongly agree). Exemplary items were as follows, “Our team often implements new ideas to improve the quality of our products and services” (Team innovation), “Our team works in a team-efficient way” (Team efficiency), “Our team constantly monitors our level of commitment and orientation to serving customer needs” (Team Responsive market orientation) and “Our team helps customer anticipate developments in their markets” (Team proactive market orientation).

9.5 RESULTS

9.5.1 CONFIRMATORY ANALYSES AND INTRAClass CORRELATIONS

A confirmatory analysis was conducted on the sample in order to confirm the factor structure of the strategic leadership dimensions that has been found and confirmed in the previous studies. Controlling for the fact that some focal managers were rated by more than one colleague, the confirmatory analysis resulted in $X^2 = 441.361$, $df = 164$, $p < .01$, CFI = .914, TLI = .900, AIC = 22728.126, SRMR = .049, RMSEA = .062. Table 9.3 shows the interreliability scores as well as the interrater agreement scores to check whether aggregation is allowed.

Table 9-3: ICC's and interrater agreement scores for leadership dimensions

Variable	ICC(1)	ICC(2)	Rwg
Organizational creativity	.35 (F=2.678, <i>p</i> <.01)	.63	.93
Business development	.40 (F=3.085, <i>p</i> <.01)	.58	.93
Client centricity	.29 (F=2.361, <i>p</i> <.01)	.57	.91
Operational efficiency	.44 (F=3.542, <i>p</i> <.01)	.72	.91

Table 9.3 shows acceptable intraclass correlations I (ICC(I) and interrater agreement scores for most of the dimensions. ICC(2) scores were around .60 or higher. Two scores were very close to .60, and given that previous studies have accepted lower values as sufficient for aggregation (de Hoogh et al., 2004; Simsek et al., 2010) these scores were also considered acceptable.

The team effectiveness measures were drawn from different previous studies. In order to check whether indeed 4 different factors were present in the data set, a confirmatory factor analysis was conducted on the four team effectiveness scores resulted in the following statistics $X^2 = 90.423$, *df*=48, *p*<.01, CFI = .922, TLI =.893, AIC = 4055.031, SRMR = .074 and RMSEA=.077

Before averaging the self-scores for each team, intraclass correlations and interrater agreement (James, 1982) were tested for all team measures, i.e. the four team effectiveness measures (see Table 9.4).

Table 9-4: ICC's and interrater agreement scores for team effectiveness measures

Variable	ICC(1)	ICC(2)	Rwg
Team efficiency	.25 (F=2.730, <i>p</i> <.01)	.63	.88
Team innovation	.30 (F=3.212, <i>p</i> <.01)	.69	.89
Team market responsiveness	.38 (F=4.271, <i>p</i> <.01)	.76	.87
Team market proactiveness	.35 (F=3.804, <i>p</i> <.01)	.74	.89

All scores justified aggregation from individual scores to team scores, showing high interrater agreement and interrater reliability. Table 9.5 shows the descriptive statistics, the internal reliability and the intercorrelations and Cronbach alphas of the team measures.

Table 9-5: Correlation matrix shared, vertical leadership and team outcomes

		Correlations											
		1	2	3	4	5	6	7	8	9	10	11	12
1	Organizational creativity shared	.88											
2	Business development shared	-.41*	.88										
3	Client centricity shared	-.37*	.63**	.87									
4	Operational efficiency shared	.51**	.32	.64**	.88								
5	Organizational creativity vertical	.19	.24	.17	.14	.88							
6	Business development vertical	.25	.17	.04	.26	.67**	.90						
7	Client centricity vertical	.20	.24	.13	.13	.62**	.48**	.93					
8	Operational efficiency vertical	.19	.24	.04	-.06	.30	-.03	.61**	.93				
9	Team efficiency	-.03	-.12	.00	-.21	-.19	-.18	-.12	-.11	.71			
10	Team innovation	-.07	.23	.31	.11	-.23	-.31	-.29	-.20	.17	.92		
11	Team market responsiveness	.31	.19	.32	.15	-.12	-.07	.04	.00	.46*	.56	.89	
12	Team market proactiveness	.25	.35	.43*	.22	.02	-.26	.08	.02	.29	.66**	.29	.84

*. Correlation is significant at the 0.05 level (2-tailed).
 **. Correlation is significant at the 0.01 level (2-tailed).
 Cronbach alpha's along the diagonal.

Table 9.5 shows the following correlations:

In terms of vertical leadership:

- Organizational creativity was significantly correlated with Business development ($\rho=.67, p<.01$) and Client centricity ($\rho=.62, p<.01$).
- Business development was significantly correlated with Client centricity ($\rho=.48, p<.01$).
- Client centricity was highly significantly correlated with Operational efficiency ($\rho=.61, p<.01$).

In terms of shared leadership:

- Organizational creativity was significantly correlated with Business development ($\rho=.41, p<.05$), Client centricity ($\rho=.37, p<.05$), and mostly correlated with Operational efficiency ($\rho=.51, p<.01$).
- Business development was significantly correlated with Client centricity ($\rho=.63, p<.01$).
- Client centricity was significantly correlated with Operational efficiency ($\rho=.64, p<.01$).

In terms of team effectiveness:

- Team innovation was highly correlated with Team market proactiveness ($\rho=.68, p<.0$).
- Team efficiency was highly correlated with Team market responsiveness ($\rho=.46, p<.05$).

All measurements were considered internally reliable (Cronbach alpha's $>.70$). The correlation matrix showed that shared and vertical strategic leadership were largely unrelated. It remains interesting to study their respective value in explaining team outcomes, i.e. the impact of the formal team leader (vertical leadership) and the impact of shared leadership (excluding the hierarchical team leader) on the four team effectiveness scores. For each team the standard deviation was calculated on the four strategic leadership dimensions and were correlated with the team effectiveness scores. None of these scores turned out to have a significant influence on team effectiveness. Hence, one may conclude that the shared leadership measures does capture a collective effort. Before studying their relative added

value, team effectiveness measures were regressed separately on vertical and shared strategic leadership. Industry was included as a control variable and was entered in Step 1 of all regression models. Different industries differ in their focus on effectiveness criteria. In other words, some industry focus more on innovation than others, while for other industries efficiency may be a more prominent effectiveness criteria. Step 2 included the regressions of the four team effectiveness measures on the vertical strategic leadership behaviors (Step 2a) and on the shared strategic leadership behaviors (Step 2b) (after controlling for industry). The results are found in Table 9.6.

Table 9-6: Multiple regression analysis of vertical and shared leadership

	Multiple regression analysis (N=29)												
	Step 1	Step 2a	Step 2b	Step 1	Step 2a	Step 2b	Step 1	Step 2a	Step 2b	Step 1	Step 2a	Step 2b	
Industry													
Vertical Organizational creativity	.25	.25	.25	-.08	-.11	-.22	-.01	.04	-.03	-.29	-.29	-.27	
Shared Organizational creativity		-.22	-.03		-.28	.43**		-.00	.32*		-.10	-.19	
Vertical Business development													
Shared Business development													
Vertical Client centricity													
Shared Client centricity													
Vertical Operational efficiency													
Shared Operational efficiency													
R-square	.06	.11	.07	.01	.08	.17*	.00	.00	.11	.08	.09	.12	
Δ R-square		.05	.01		.07	.16			.11		.01	.04	

** . Correlation is significant at the 0.05 level (2-tailed).

* . Correlation is significant at the 0.1 level (2-tailed).

Table 9.6 shows the respective ΔR^2 statistics for the four team outcomes, of both the vertical strategic leadership dimensions and the shared strategic leadership dimensions. When controlling for the impact of industry, the multiple regression analyses show that shared Business development ($\beta=.43$, $p<.05$) was a significant predictor for Market proactiveness, explaining 16% (above the variance explained by industry). Equally the regression results showed that shared Client centricity was a significant predictor for Market responsiveness ($\beta=.32$, $p<.10$), explaining 11% of variance, pectively. Shared leadership was no significant predictor for either Innovation of Efficiency. Vertical leadership was no significant predictor for any of the four effectiveness scores considered in this study.

An important component of this research was determining the relative usefulness of vertical and shared strategic leadership in predicting team effectiveness. To do so, hierarchical regression models were specified, in which the order of entry for vertical and shared leadership was manipulated and examined for each of the dependent variables (Efficiency, Innovation, Market proactiveness, Market responsiveness). The appropriate test statistics for this comparison were the ΔR^2 statistics found in Step 3, when comparing the upper and lower table (Table 9-7). In case the ΔR^2 in Step 3 was larger for the upper table, shared leadership was a more significant predictor than vertical leadership. If the ΔR^2 was larger in the lower table (for Step 3), than vertical leadership was a more important predictor (than shared leadership) for that the respective team outcome.

Table 9-7: Hierarchical regression analysis vertical and shared leadership

		Hierarchical regression analysis (N=29)											
		Step 1	Step 2a	Step 2b	Step 1	Step 2a	Step 2b	Step 1	Step 2a	Step 2b	Step 1	Step 2a	Step 2b
		Innovation	Innovation	Innovation	Market	Market	Market	Market	Market	Market	Market	Market	Market
		proactive-	proactive-	proactive-	proactive-	proactive-	proactive-	responsive-	responsive-	responsive-	responsive-	responsive-	responsive-
		ness	ness	ness	ness	ness	ness	ness	ness	ness	ness	ness	ness
Industry		.25	.25	.25	-.08	-.11	-.29	-.01	-.04	-.04	-.29	-.29	-.27
Vertical Organizational creativity													
Shared Organizational creativity													
Vertical Business development													
Shared Business development													
Vertical Client centrality													
Shared Client centrality													
Vertical Operational efficiency													
Shared Operational efficiency													
R-square		.06	.11	.11	.01	.08	.31**	.00	.00	.11	.08	.09	.13
Δ R-square			.05	.00		.07	.23		.00	.11		.01	.04
		Step 1 Step 2a Step 2b											
		Innovation Innovation Innovation Market											
		proactive- proactive- proactive- proactive- proactive- proactive- proactive- responsive- responsive- responsive- responsive- responsive- responsive-											
		ness											
Industry		.25	.25	.25	-.08	-.22	-.29	-.01	-.03	-.04	-.29	-.27	-.27
Vertical Organizational creativity													
Shared Organizational creativity													
Vertical Business development													
Shared Business development													
Vertical Client centrality													
Shared Client centrality													
Vertical Operational efficiency													
Shared Operational efficiency													
R-square		.06	.07	.11	.01	.17*	.31**	.00	.11	.11	.08	.12	.13
Δ R-square			.01	.04		.16	.14		.11	.00		.04	.01

** Correlation is significant at the 0.05 level (2-tailed).
 * Correlation is significant at the 0.1 level (2-tailed).

From Table 9.7, it can be drawn that shared leadership is a more relevant predictor (i.e. of the predictors considered here) for Team market proactiveness (explaining 23%), Team market responsiveness (explaining 11%) and Team efficiency (explaining 4%). Vertical leadership is a more relevant predictor for Team innovation (explaining 4%).

9.6 DISCUSSION

In this study, shared leadership and vertical leadership were largely unrelated, despite the claim that vertical team leaders may promote (Bennis & Nanus, 1985; Diaz-Saenz, 2011) or limit shared leadership. Comparing shared leadership with vertical leadership showed that shared leadership was a more important predictor for team effectiveness than vertical leadership. In particular, shared leadership was a *significant* predictor for the Environment-oriented Team effectiveness measures, Market proactiveness and Market responsiveness. These findings are in line with the argumentation of Pearce and Conger (2003a) who argue that organizations increasingly use teams as a predominant strategy when faced with environments characterized by complexity and ambiguity. Hence teams where externally oriented leadership behaviors are shared are more effective in terms of proactive and responsive market orientation.

The internally-oriented team effectiveness measures, Team efficiency and Team innovation, turned out to be unrelated to leadership (shared and vertical). At least the regression did not show any significant values for these two team effectiveness measures. Even though a very dated study has shown that if the dependent variable is team efficiency, the summation of individual proficiency allows relative poor prediction (Wiest et al., 1961), also team efficiency cannot be related by means of one-to-one relationship with leadership performed by the team leader. One may argue that team efficiency may be more prone for distributed leadership, i.e. specific division of functional roles across team members. “The collective effect of individual actions can only be understood by examining the structure – or combination – of roles within a team (Schneider et al., 2000)” (Stewart et al., 2005, p.345). The notion of a collective role structure has been pursued by researchers examining the prevalence and dispersion of roles within teams (Belbin, 1993; Partington & Harris, 1999; Senior, 1997). Bales and Slater (1955) hypothesized that in group interaction, a process of role differentiation takes place along task and people-oriented dimensions. They found that at the end of the group’s first meeting, there is a 50% chance that the task-oriented leader will be the most liked. This reduces to 25% at the end of the second meeting, about 16% by the third, and even less by the fourth meeting.

The proposal that team creativity is influenced by individual creativity seems uncontroversial. However, an important question that is far less clear is whether team creativity is completely determined by individual creativity. That is, is team creativity the same thing as the total of the team's member's creativity? The results showed that team innovation is unrelated to leadership. Taggar's (2002) findings that team creativity-relevant processes accounted for additional variance in team creativity beyond the variance already accounted for by individual creativity suggests that group creativity is not completely determined by individual creativity; rather, group creativity might emerge synergistically when members interact in certain ways. This evidence suggests that individual creativity can provide the raw material of novel and useful ideas, but that team member interactions and team processes play an important role in determining how this raw material is developed into group-level creativity. It could be for instance that instead of the averaging function (group creativity being accounted for by average individual creativity), it could be that a weighted averaging function (where certain individuals' creative contributions are more important than others') would be more appropriate.

It is critical to consider the context within which shared leadership is enacted. Specifically, this includes elements in the organization and the external environment that can both foster and hinder the general capacity for shared leadership to emerge. For example, availability of resources and professionalism of members of the organization (Mumford et al., 2008) can directly impact whether a team needs, or is able, to selectively distribute elements of the leadership role among multiple individuals. The development of more sophisticated multivariate models that document the causal chain from the antecedents of shared leadership to its consequences on team leadership and effectiveness represents an emerging preoccupation within this stream of research.

For instance, the work by Burke et al. (2003) and Solansky (2008) paid attention to the socio-cognitive processes involved in the development and consequences of shared leadership. In their review of work on shared cognition and shared leadership, Burke et al. (2003) examined the cognitive implications of transferring leadership functions among team members. They developed a model of the knowledge structure of the team as a predictor of shared leadership and team adaptability. Their model suggested that shared mental models among team members favor the coordination of their action. A series of attitudinal variables related to collective self-efficacy, collective orientation, and open climate act in synergy with the cognitive variables to support shared leadership in the team. The research by Solansky (2008) consisted of a laboratory study of 20 work teams during a 16-week period where teams compete with each other in various activities. Team participants were surveyed to

assess the difference in collective efficacy, relational conflict, and transactive memory system between teams with shared leadership and teams with single (i.e. non-shared) leadership. Empirical results indicated that teams with shared leadership had higher motivational and cognitive advantages than teams with non-shared leadership. These studies reveal the importance of cognitive processes in supporting and sustaining shared leadership.

CONCLUSION

10 WRAPPING UP AND LOOKING FORWARD

10.1 WRAPPING UP

The notion of strategic leadership, as conceptualized, operationalized, validated and applied in this dissertation, provides an answer to the gap between the historical-social context of the 21st century and the contemporary leadership research context (chapter 1). This chapter summarizes the research findings, describes theoretical and practical implications and identifies areas for further research.

HISTORICAL-SOCIAL CONTEXT

The historical-social context of the 21st century is characterized by organizations that organize themselves more and more horizontally (across organizational boundaries) (Bamford et al., 2003), no longer merely depending on their traditional vertical organizational structure (Czajkiewicz et al., 2008; Lewin & Stephens, 1993; Schein, 1996). Likewise, there has been an apparent trend of increasing complex and competitive organizational landscapes. Knowledge has become the primary organizational asset (Uhl-Bien et al., 2007). In this Knowledge era, most organizations rely on their social assets rather than on their physical assets (McKelvey, 2001; Zohar, 1997). Traditional departments are replaced by highly autonomous teams, organized around clients or services. Decisions are pushed downward to where relevant knowledge and information reside. Whereas, in a typical bureaucracy, bigger is better, the current context shows organizations in terms of smaller units (Czajkiewicz et al., 2008), which are thought to be more responsive to market requirements and better able to adapt rapidly to external changes.

Organizational vitality and survival can no longer depend on internal steering of the organization, optimizing the production and physical flow of products as used to be the common way in the Industrial era (Boisot, 1998; Schneider, 2002). More and more, organizational functioning is (equally) defined by the interaction of these organizations with their respective environments (Hitt et al., 2007). Hence, while traditional thinking perceived organizations as closed systems with a solid hierarchical structure (Wheatley, 2006), contemporary trends show both a horizontal and outward move. The leadership literature should follow suit.

RESEARCH CONTEXT

The research context of the leadership literature, however is still dominated by a tripod ontology (Bennis, 2007) including 1) the leader, 2) followers and 3) goals. Organizational context is hardly included in the conceptualizations of leadership (Podolny et al., 2005). The focus is on the leader-follower dyad, characterized by a vertical relationship and an internal (within the boundaries of the organization) orientation. In other words, most research efforts are spent on studies of supervisory (between supervisor and subordinate) leadership.

In order to anticipate the horizontal and outward move characterizing the 21st century organization, an alternative leadership answer is warranted. The focus of leadership research needed to move beyond the leader-follower dyad, linking external organizational objectives to leadership of organizational members. In the strategic management literature this concept has been termed strategic leadership (Finkelstein & Hambrick, 1996). Despite early enthusiasm, the concept has remained largely untheorized. The primary conceptualization of strategic leadership has been in terms of the relationship of innate characteristics of CEO's and/or Top Management Team members with organizational outcomes. Hitherto, the potential for further application to other organizational levels and the value of the concept for organizational and team development has been neglected.

This dissertation has contributed to both theory and practice by giving further content to the concept of strategic leadership. In summary, this dissertation contained the conceptualization of a strategic leadership model (chapter five), the operationalization (chapter six) and validation (chapter seven) of this model, and two applications of the model in terms of effectiveness (chapters eight and nine).

BUILDING A NEW STRATEGIC LEADERSHIP MODEL

This dissertation built a conceptual model for strategic leadership on the basis of two paradoxes, i.e. the paradox drawn from the strategy literature between the (internal) *organization* and the (external) *environment* and the paradox between exploration and exploitation underlying the strategic leadership literature. Most if not all references to strategic leadership literature revolve around the tension between long-term viability of the organization which is dependent on *exploring* fundamentally new competencies, and short-term financial stability, which in turn is based on the *exploitation* of current organizational capabilities (chapter five and pilot study in Appendix II). In turn, this dissertation presented a strategic leadership model composed of four dimensions, Organization - Exploitation (Operational efficiency), Organization - Exploration (Organizational creativity), Environment - Exploration (Business development) and Environment - Exploitation (Client centricity) (see Figure 10.1).

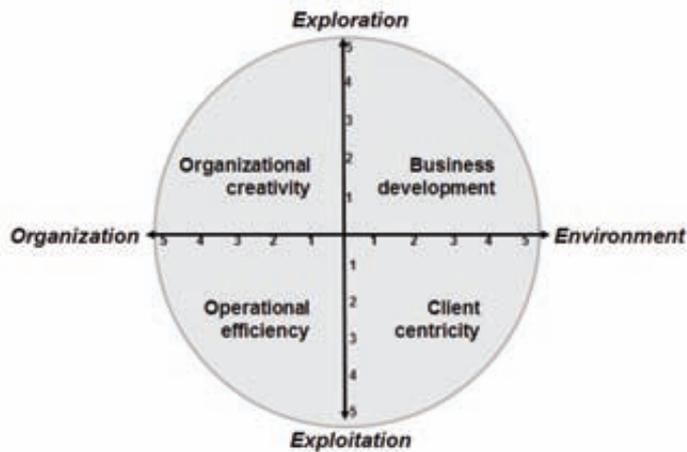


Figure 10-1: Strategic leadership model

On the basis of a literature review, an exploratory factor analysis was conducted resulting in four distinct and internally reliable factors. A confirmatory factor analysis with a different sample confirmed the factor structure and the reliability of the four scales.

To find out whether the model was distinct from previous well-established measures, a discriminant analysis was conducted. This analysis showed that the strategic leadership dimensions, as conceptualized in this dissertation were distinct from the sub-dimensions of transformational leadership. The latter was selected as a measure of supervisory leadership, as it is the most commonly used measure that accounts for leadership at the leader-follower dyad level (Pearce et al., 2003). Only the Organization-Exploration dimension, Organizational creativity (a sub-dimension of strategic leadership) was related to the Intellectual stimulation of subordinates (a sub-dimension of transformational leadership). This finding was in line with previous studies (Jung, 2001; Mumford & Gustafson, 1988). that showed that creativity can be triggered directly, i.e. by means of intellectually stimulating subordinates, and indirectly, by creating an organizational climate which is conducive to creativity.

POSITIONING THE STRATEGIC LEADERSHIP MODEL

The conceptual and operational elaboration of strategic leadership was intended to emphasize its relative and potential complementary value to the mainstream supervisory leadership concept. Both leadership concepts play a role at different levels of analysis in the theoretical leadership debate

(chapter two). Basically the lowest level of analysis is the single leader, the next level of analysis is the leader-follower dyad and the level higher is leadership of the organizational system (Klein et al., 2000). Whereas supervisory leadership is considered at the second-mentioned level of analysis aimed at increasing subordinate motivation, strategic leadership functions at the third-mentioned level, dealing with organizational functioning, determined by the interaction of the organization with its environment. The difference between the two has also been labeled, “leadership in organizations” and “leadership of organizations” (Dubin, 1979).

STRATEGIC LEADERSHIP AT DIFFERENT ORGANIZATIONAL LEVELS

These two concepts have been introduced as the privilege of a specific organizational level in the organizational hierarchy (chapter two). Strategic leadership was supposed to be displayed at higher organizational levels (Elenkov et al., 2005; Finkelstein & Hambrick, 1996; Sosik et al., 2005), whereas lower organizational levels would be largely involved with motivating their subordinates (House & Aditya, 1997). Yet, this clear delineation of leadership along the organizational hierarchy seems no longer warranted (chapter two). It is increasingly acknowledged that motivation plays a distinctive role at all organizational levels (Zaccaro, 2001). And given the increasingly challenging environment in which organizations are operating, performing strategic leadership has become a requirement for organizational members at all organizational levels (Hitt & Ireland, 2002).

This dissertation showed (chapter seven) that there was no significant difference per organizational level in the manifestation of transformational leadership (except for vision, which supported the continuity perspective (De Meuse et al., 2011), where top-level managers score highest and lower-level managers score lowest). As for strategic leadership, a distinct pattern was deduced (see Figure 10.2). By large the continuity perspective was applicable on the manifestation of both strategic and supervisory leadership. Top-level managers scored highest on all leadership dimensions. For the two Exploitation-oriented dimensions a discontinuous (De Meuse et al., 2011) pattern was found. Middle managers scored lower on Operational efficiency and Client centricity than their lower-level counterparts.

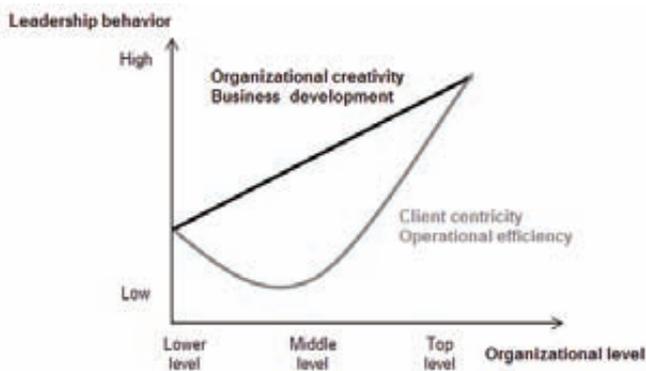


Figure 10-2: Impact of organizational level on leadership behavior

This may be due to a changing role of middle managers (McCann et al., 2004), where they are no longer controlling their subordinates or actively involved in client management, but function as coaches for their subordinates, while unleashing their potential (Denham et al., 1997). In the past, when a company needed to grow, management simply added workers to the bottom and then filled in management layers above, to control lower levels (Nealey & Fiedler, 1968). The wave of re-engineering from the 1980s (Holden & Roberts, 2004) onwards however aimed at rethinking the division of work and reorganizing around “horizontal” processes has changed this. Due to this trend, middle managers seem to have be stuck in the tension between their strategic and supervisory leadership role.

STRATEGIC LEADERSHIP EFFECTIVENESS

The conceptual difference between strategic and supervisory leadership was drawn in terms of level of analysis. This also had implications for the potential effectiveness measures of the respective behaviors (Judge et al., 2004; Kor, 2006). Given the focus of the external environment in the concept of strategic leadership, the effectiveness measure should also account for environment-oriented measures. Moreover, the move to a higher level of analysis provided fertile ground to consider alternative sources of leadership. Both transformational and strategic leadership behaviors have been related to subordinate’ job satisfaction (chapter eight). Mainstream leadership scholars most consistently agree upon that leaders are supposed to motivate subordinates to accomplish organizational goals (Barker, 2001). Next to this outcome, the measure of strategic leadership has also been related to team effectiveness (chapter nine), as the concept goes beyond leader-follower interaction and accounts for the interaction of the organization with its environment. The results showed that if the aim is to increase subordinate’ job satisfaction, top-level managers should perform

Visionary and Operational efficiency behaviors, middle managers should refrain from Supportive leadership behaviors and lower-level managers should perform Intellectual stimulation, Organizational creativity and Business development behaviors.

THE POTENTIAL OF SHARED STRATEGIC LEADERSHIP

The primary question in the last application study was the extent to which leadership could be shared amongst team members. Besides the trend towards more horizontal and externally oriented organizations, there has also been a trend to look beyond the individual leader as a source of leadership (Nonaka & Nishiguchi, 2001; Nonaka & Takeuchi, 1995; Pearce & Conger, 2003a), where leadership is not necessarily be tied to a particular individual in authority position (Huxham & Vangen, 2000). Shared leadership is a recent concept which provides leeway for the increased burden on the shoulders of individual single leaders. In this dissertation, strategic leadership is analyzed in terms of strategic leadership effectuated by the team leader, which has been called vertical strategic leadership and strategic leadership effectuated by the team members as a collective effort, called shared strategic leadership.

The most important finding was that shared leadership was an important predictor for the environment-oriented team effectiveness measures. These results showed that a conscious strategy of sharing the strategic leadership functions of Business development and Client centricity is likely to enhance team effectiveness in terms of its external orientation. Hence, the notion of shared strategic leadership suits the societal trend, where the interaction between the organization and the environment, becomes more and more crucial for organizational performance.

10.2 THEORETICAL CONTRIBUTIONS

This dissertation bears multiple theoretical contributions. First of all, it has developed a conceptual model for strategic leadership. This model has been operationalized and proved to be stable across samples in terms of exploratory and confirmatory analyses and distinctive from transformational leadership (selected as an appropriate measure of supervisory leadership).

The strategic leadership model holds primary value as it links strategy and leadership (Montgomery, 2008) and is distinct from the mainstream supervisory leadership concept. Strategic leadership goes beyond disciplinary and theoretical boundaries. No longer fixating on the internal leader-follower dyad (Yukl, 1999b), but opening up the leadership perspective, including the interaction of the organization with its environment. Moreover, this dissertation shows that leadership concept holds

promising value when considering the team as a source of leadership and that shared leadership has an impact on environment-oriented team effectiveness. The latter finding is especially interesting in the light of the societal trends, where organizations need to tailor their leadership endeavours much more to what happens outside of the organization.

Moreover, this model has proven to be useful in providing insight on the leadership behaviors manifested across organizational levels (De Meuse et al., 2011). Transformational leadership is displayed at all organizational levels. As for strategic leadership, top-level managers are most prominent in these behaviors, which is in line with the argument that strategic leadership is the privilege of top-level managers. Following the same line of reasoning, middle managers are more prominent than lower-level managers in exploration-oriented strategic leadership behaviors, Business development and Organizational creativity. This was however not the case for the exploitation-oriented strategic leadership behaviors, Operational efficiency and Client centricity. Middle managers were least prominent in the display of the latter behaviors (when compared to top-level and lower-level managers).

Next to adding descriptive insights on the concept and distinctiveness of strategic leadership, this dissertation also provided prescriptive value in terms of showing which leadership behaviors are most effective at different organizational levels (in terms of subordinate' job satisfaction). The findings from the first application study showed that different behaviors were considered less or more desirable when considering subordinate' job satisfaction. Middle managers' job satisfaction was significantly related to the Visionary and Operational efficiency behaviors of their respective supervisors. Surprisingly, lower-level managers' job satisfaction was unrelated to the leadership behaviors or their respective supervisors, which may be due to the role stress of middle managers, required to fulfil both a strategic and supervisory leadership role. Non-manager employees' job satisfaction was significantly related to the Intellectual stimulation, Organizational creativity and Business development behaviors of their respective supervisor.

The second application study showed that shared strategic leadership was significant in predicting environment-oriented team effectiveness. Vertical strategic leadership was unrelated to team effectiveness. In general, shared strategic leadership was a more important predictor for team effectiveness than vertical strategic leadership.

10.3 PRACTICAL IMPLICATIONS

There are several important practical implications from this research. The promising results with regard to shared leadership emphasize the importance of making it an important aspect of team functioning (Day et al., 2004a; Day et al., 2004b). This can be encouraged by means of leadership development and teamwork training programs. The conceptual strategic leadership model can be taken as framework for the design of such a leadership development/teamwork training program. As managers and their bosses generate the statement of performance expectations for the next time period, they can examine what skills and competencies need to be developed, focusing on one of the four strategic leadership dimensions which have been identified as requiring additional attention. Team managers could actively seek to build autonomy and experimentation capabilities (through encouragement or specialized team training) to explore new ideas and product solutions (Organizational creativity) while, in a different time span, shift focus on disciplined project management procedures to exploit current knowledge (Operational efficiency).

The strategic leadership measurement instrument can be used to measure the effectiveness of development programs or other type of interventions (Collins & Holton, 2004). Annual budgets for leadership development will continue to grow throughout the next decade as companies “recognize the shortage of talented managers, the importance of developing ‘bench strength’, and the need to widen perspectives in order to compete globally” (Gibler et al., 2000, p.xii). Even though leadership development interventions are pervasive, research indicates that organizations are spending little time evaluating the effectiveness of their interventions and, more specifically, evaluating whether those programs improve the organization’s performance (Collins & Holton, 2004). That leadership development efforts will result in improved leadership skills appears to be taken for granted by many corporations, professional management associations, and consultants. Some programs or structural changes may improve more than one effectiveness determinant (Day, 2000). For example, a well-designed incentive system may improve reliability (Operational efficiency), innovation (Organizational creativity), and client satisfaction (Client centrality) simultaneously. The strategic leadership model ensures that all four strategic leadership dimensions are considered and that deliberate choices are made. The measurement instrument can effectively guide the implementation of the strategic choices, by monitoring individual, team and organizational profiles over time (Miller & Friesen, 2007).

The strategic leadership measurement may not only provide leeway for developing those organizational members already on board. But likewise, the measurement instrument can be used to recruit new members to the team. By profiling both the existing team and the new potential member, one may identify where the person may fit within the team. Deciding whom to put on a team is one of the biggest challenges facing a manager or team leader (Reagans et al., 2004). Building on the research of Clifton and Nelson (1992), Buckingham and Clifton (2001) asserted that organizational effectiveness requires managers to change their team effectiveness strategy. Rather than balancing a team with similarities, they maintained that excellence can only be achieved by building on employees' strengths and managing their weaknesses. Unfortunately, many teams are formed by selecting people with similar competencies and personalities (temperaments) as way of minimizing conflict (Humphrey et al., 2009). When teams are formed around similarities, they have a greater potential for "groupthink", which exists when a cohesive group's desire for agreement interferes with the group's consideration of alternative solutions (Janis & Mann, 1977).

Complementary fit suggests that people fit when they fill an unmet need (Edwards et al., 2006; Muchinsky & Monahan, 1987). That is, the person "fits" the team not because he or she is the same as everyone else but, rather because he or she brings something unique to the collective that "makes it whole" (Muchinsky & Monahan, 1987, p.271). Because team performance is a function of the effective execution of a set of interdependent roles (Belbin, 1993), a team that lacks an individual with specific skills or traits necessary has an unmet need (Biddle, 1979). By adding a person who "fits", the team may become more effective (Muchinsky & Monahan, 1987). It should be stressed though "The effects of a valid selection procedure can be nullified by any lack of cooperation within groups and by bottlenecks, shirking, and social loafing" (Schneider et al., 2000, p.99). The acknowledgement of the value of diversity should be well incorporated and expressed in company culture.

Lastly, on an individual basis, the 360-degree feedback method shows to be a powerful tool for personal development (Thach, 2002). As such, the strategic leadership model can be used as the basis for examining the transition from one managerial level to the next. Research has shown that one cause of derailment by managers who had previously been considered successful is their continued use of behaviors that were appropriate at the lower level but which may no longer be appropriate at the level to which they were promoted (Kaplan & Kaiser, 2003). Providing information on how a manager's current position differs from the previous position is particularly important because this information can better equip managers to make the transition from one position to the next and help them to identify which new behaviors must be learned, as well as which old behaviors may need to be

unlearned (Faerman & Peters, 1991). Moreover, by increasing the understanding of similarities and differences, higher-level managers will be less inclined to have performance expectations of their subordinates based on judgments regarding how managers at their own level of the hierarchy should be performing (DeChurch et al., 2010).

10.4 LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

This dissertation holds promising value, yet several limitations can be identified which open up the opportunity for additional studies. First of all, other researchers are encouraged to validate and retest the strategic leadership model as conceptualized and operationalized in this dissertation. The availability of a valid and reliable instruments allows for testing in different samples and across different industries. But also in terms of test-retesting. How stable are the behaviors across individuals and teams?

Moreover, the findings concerning middle managers require further attention. The societal trends of delayering and horizontal organizations, put a stress on the role of middle managers. Many firms have reduced the number of managerial layers (Littler et al., 2003; Powell, 2002). Especially the normative claim that these managers need to play both a strategic and supervisory leadership role may lead to particular role stress. There is relatively little attention in the leadership literature for the changing role of middle managers. The findings of this research unveil that middle managers should be treated as a distinct category. The strategic leadership concept seems useful to this extent, but should be extended further with a larger sample of middle managers.

The sample size for measuring the impact of shared and vertical leadership on team effectiveness was small (even though hundreds of individuals filled in the measurement instrument – the aggregations led to a sample size of N=30). Additional data at the team level would facilitate the specification of more complex causal models. Thus, future research would do well to collect larger data sets (including more teams). The findings of this research strongly support an important role for shared leadership in explaining team effectiveness. Given the increasing importance of teams in contemporary organizations, further research is definitely required, to demonstrate the value the alternative source of leadership in alternate organizational contexts.

Moreover, on the basis of the results from this dissertation, it seems very promising to study shared leadership at different organizational levels. Given the differences in leadership dimensions displayed at different organizational levels, there is a lot of potential to elaborate the notion of shared strategic leadership across organizational levels. The sample of this study did not allow for the study of shared leadership at multiple organization levels, yet we strongly invite other researchers to study shared leadership in groups while mixing senior executives and middle managers. A debate published in 2007 in *Leadership Quarterly* between Pearce and Conger, on the one side, and Locke, on the other side, confirms that this stream of work still struggles between an expanded and a confined representation of shared leadership. Shared leadership could be however more or less redistributed within the organizational hierarchy.

In addition to understanding the shared leadership construct, understanding its correlates is equally important. Situational and contextual factors seem likely to affect the importance of shared leadership in the explanation of team effectiveness (Pearce & Sims, 2000). Building on the findings of Littlepage et al. (1997), one may speculate that shared leadership is likely to be more potent in mature teams in which leadership skills of team members have had an opportunity to develop and the members understand and are better able to take advantage of each other's skills. According to Avolio, Jung, Murry and Sivarsubramaniam (1996) as teams reach higher stages of development they exhibit a greater tendency to share leadership responsibilities. Katz (1982), in contrast, found a nonlinear relationship between team tenure and performance in the research and development teams he studied. He explained that groups go through different stages: socialization, innovation, and stability. He expected young teams to perform poorly because of poor socialization, but he also argued that teams that have spent a long time together become committed to the status quo, experience selective perception, and increasingly rely on the group's own expertise. He concluded that long-tenured groups would eventually become less adaptive and innovative. It would be interesting to explore whether team tenure is an antecedent for shared leadership.

Likewise, Katz and Kahn (1978) pointed out that leadership enacted in a social system is informed by both norms (which prescribe and sanction behaviors) and values (which are the ideological justifications for roles). Shared leadership enactment may be better understood by examining the norms and values in which shared leadership is embedded. Two normative/value dimensions thought to be related to shared leadership are the cultural dimensions individualism/collectivism and power distance (Hofstede, 1984). These dimensions may be considered in further research endeavors.

While the potential impact of vertical leaders on shared leadership has been considered previously (Bennis & Nanus, 1985; Diaz-Saenz, 2011), no attention has been paid to the influence of shared leadership on the role and practices of formally appointed leaders. Moreover, the conceptual and methodological traditions of this research stream is largely embedded within the broader tradition of leadership research that emphasizes almost exclusively variance models and quantitative methods (Fitzsimons et al., 2011). A more qualitative-oriented analysis, examining in finer detail the nature of shared leadership (Mehra et al., 2006) in organizations and the processes associated with its emergence and development, requires further research.

In short, this dissertation has introduced a new strategic leadership model, stretching the traditional leadership ontology by means of including an external orientation and allowing for a more horizontal (shared) leadership answer. A model which fits the contemporary challenges, which has been validated and has shown its theoretical and practical value. The research findings enhance further endeavors on the identified research avenues, with the aim to publish the results in articles and ultimately to further the debate on strategic leadership in theory and in practice together with other leadership researchers and practitioners.

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**APPENDIX I: STRATEGIC &
TRANSFORMATIONAL LEADERSHIP SCALE**

The Strategic Leadership Questionnaire Items

Client centricity:

1. Listens attentively to the client
2. Maintains a good relationship with the client
3. Actively evaluates whether client's expectations have been met
4. Is attentive to client need
5. Creates trust with clients and partners

Operational efficiency:

1. Checks work progress against agreed-upon objectives
2. Formulates clear objectives
3. Reassures time schedules and deadlines
4. Works according to a structured system in order to ensure an optimal service level
5. Plans in detail how to accomplish an important task

Business development:

1. Actively explores new markets
2. Recognizes potential new clients
3. Makes innovative proposals to penetrate new markets
4. Seeks entrance at new potential clients
5. Makes clients aware of other company products and services on offer

Organizational creativity:

1. Consciously makes room for creativity
2. Stimulates thinking outside-the-box
3. Facilitates the experimentation with new ideas
4. Engenders proactive behavior
5. Persuasively sells new ideas in the organization

The Transformational Leadership Questionnaire Items

Vision:

1. Has a clear understanding of where the organization is going
2. Has a clear sense of where he/she wants our team/unit to be in 5 years
3. Has no idea of where the organization is going (R)

Inspirational communication:

1. Says things that makes me proud to be part of this organization
2. Says positive things about the work unit
3. Encourages me to see changing environments as situations full of opportunities

Intellectual stimulation:

1. Challenges me to think about old problems in new ways
2. Has ideas that have forced me to rethink some things that I have never questioned before
3. Has challenged me to rethink some of their basic assumptions about work

Supportive leadership:

1. Considers my feelings before acting
2. Behaves in a manner which is thoughtful of my personal needs
3. Sees that my interests are given due consideration

Personal recognition:

1. Commends me when I do a better than average job
2. Acknowledges improvement in my quality of work
3. Personally compliments me when I do outstanding work

APPENDIX II: PILOT STUDY INTO LEADERSHIP DICHOTOMIES

This pilot study was conducted in the initial phase of the PhD trajectory and provided very interesting insights which have triggered the final direction of this PhD dissertation. The initial interest was to explore to what extent leaders can integrate opposite leadership behaviors. Contrary to what one may have expected on the basis of the literature, people- and task-oriented leadership were significantly positively correlated. A second observation was the overlap between behaviors. Transactional and task-oriented leadership showed a strong overlap, to the extent that they seemed to represent a same factor. Transformational leadership partly overlapped with people-oriented leadership, yet it was distinct to the extent that transformational leadership included a long term focus and a focus on innovation. This seemed to be a separate factor, distinct from task- or people-oriented leadership. A third insight dealt with the primary tensions that were identified by the leaders in question being the opposition at play within the organization, between task- and people-oriented leadership, and the tension between short-term and long-term oriented leadership, which was related to the interaction of the organization with its environment.

This pilot study was aimed at identifying the primary leadership tensions from the leader point of view. A second aim was to gain insight into the relationship of several leadership behaviors as conceptualized in leadership theory. Amidst the abundance of different typologies of leadership behavior, findings on the relationship between the different behavioral types was considered to be inconsistent. As theory and empirical data have been inconsistent when considering the relationship between seemingly opposite leadership behaviors, an exploratory study was required in order to get a better grasp of the underlying relationship between leadership behaviors. This study included an exploratory factor analysis of behavioral items drawn from validated measures for task and people leadership and transactional and transformational leadership. Managers from various organizations scored themselves on these different leadership behaviors.

Method

Sample

As part of a study on coaching (Dell et al., 2009), questions related to competing leadership functions, i.e. task- versus people-oriented leadership and transformational versus transactional leadership, were posed to middle and top-level manager from various organizations, operating in different industries. Coaching has been one of the fastest growing new trends in leadership development over the past 10

years. There is extensive anecdotal, case study and other qualitative research on executive coaching (Kilburg, 2000), however, these studies describe the process of executive coaching, not its effects. A survey questionnaire was set up in order to measure the effectiveness of coaching. As part of the questionnaire, questions which dealt with leadership behavior were included.

The questionnaire was answered by 163 managers (response rate of 47%) at different levels in different organizations. Table A.1 shows the demographic data of the sample used.

Table A.1: Demographic data of sample

Demographic data of sample	
N	163
Gender	64% male
Age	70% between 35 and 50 years old
Educational level	70% masters (drs, ir, mr)
Area of study	42% economics, 11% business administration, 10% social science
Management experience	71% between 10 to 30 years

In the sample for this pilot study the sample to variable ratio was 163:11 ~ 15:1, which may be considered acceptable, as it fits the more stringent rules of thumb (Everitt, 1975; Gorsuch, 1983; Hair et al., 1998; Pett et al., 2003; Tabachnick & Fidell, 2007). The assessment was a self-assessment. The participants were asked to what extent the described leader behaviors reflected their own behavior as a leader. The items were scored on a Likert-type scale, with answers ranging from “totally agree” (score 1) to “totally disagree” (score 5).

Measures

Task- and people-oriented leadership behaviors and transformational and transactional leadership behaviors were measured by means of different measurement instruments. The following sections provide arguments for the items that have been included in the measurement.

Task-oriented versus People-oriented Leadership

As elaborated in chapter four, leadership behavior has been conceptualized along the opposition between task and people orientation (Vecchio, 2002). In the more than half century since the discovery of the parallel terms of task- and people-orientation, much has been learned about these concepts. At the same time, upon reflecting on this literature, one cannot help but be impressed by the mysteries that surround task- and people-orientation. Questions have been raised about the generality of the validities and the nature of the measures themselves; many may feel that these questions were

never answered satisfactorily (Judge et al., 2004). The scales most frequently used to measure the task- and people-orientation constructs were the initiating structure and consideration scales developed by the Ohio State investigators, included in the Leader Behavior Description Questionnaire (LBDQ: (Halpin & Winer, 1957). As Fleishman (1995) noted, “Consideration and initiating structure have proven to be among the most robust of leadership concepts” (p.51).

Briefly, the LBDQ’s creative process consisted of the researchers specifying nine *a priori* dimensions of leader behavior. Experts formulated 1,800 items which suited the nine dimensions. Subsequently this initial set of items was reduced to a set of 150 items. Next, a factor analysis was conducted, using the Wherry-Gaylord Iterative procedure, on the basis of a sample of 300 members of the Air force crew who described the behavior of their supervisor. The factor analysis resulted in two factors that explained 80% of the variance, and these two factors were called “Initiating structure” and “Consideration”. Later studies confirmed these two factors (Fleishman, 1953b; Halpin & Winer, 1957).

Results of the Ohio factor analyses for both the Leader Behavior Description Questionnaire (LBDQ) (Fleishman, 1953a; Halpin & Winer, 1957) and the Leadership Opinion Questionnaire (LOQ) (Fleishman, 1953a) indicated that initiating structure (i.e. task-oriented leadership) and consideration (i.e. people-oriented leadership) were orthogonal dimensions. This orthogonality has been interpreted as suggesting that the two dimensions are independent, thus a leader’s actions on the one dimension will not affect his/her actions on the other dimension. This orthogonality has been among others questioned by Bales (1958), Fiedler (1964) and Lowin et al. (1969). The appearance of numerous sizable correlations in the literature led these authors to seriously question the generality of the assumed independence of these two leadership dimensions. Weissenberg and Kavanagh (1972) came to a similar conclusion after reviewing 72 studies. Results from their literature review showed that 51% of the studies reported *significant* positive correlations, 10% reported *significant* negative correlations, and 39% reported *non-significant* correlations between the dimensions of initiating structure and consideration.

The type of questionnaire used to measure the dimensions of task-oriented versus relationship-oriented leadership appears to make a statistical difference. Studies using the Leadership Opinion Questionnaire (*LOQ*) reported three positive significant correlations between initiating structure and consideration, five negative significant correlations, and 16 non-significant relationships. In contrast, studies using the Leader Behavior Description Questionnaire (*LBDQ*) reported 34 positive significant

correlations, two negative significant correlations, and 12 non-significant relationships. Differences relative to instrument seem logical since different psychodynamics underlie each instrument. The LOQ (Fleishman, 1953b, 1969) is a self-report, attitudinal questionnaire which asks the respondent to describe his “ideal” leadership behavior (how he should behave), not his actual behavior. On the other hand, the LBDQ (Fleishman, 1953a; Halpin & Winer, 1957) asks the leader’s followers (the manager’s subordinates) to describe the actual behavior of the leader as they perceive it. When leaders described their attitudes about how they should behave (LOQ), the dimensions of initiating structure and consideration were empirically independent in 67 % of the cases. But, when the leader’s actual behavior was described by others (LBDQ), the two dimensions were related in 75 % of the cases. Weissenberg and Kavanagh (1972) concluded that: “Although a supervisor would like to behave as if C(onsideration) and S(tructure) were orthogonal, he finds this impossible to do in his day-to-day behavior, at least in terms of his subordinates’ perceptions of his behavior” (p. 124). The actual items used are rarely mentioned in the articles presenting the outcomes of these studies. Yet, items can be formulated on the basis of the description of both initiating structure and consideration oriented leadership.

Transformational versus Transactional Leadership

The Multifactor Leadership Questionnaire (MLQ) (Bono & Judge, 2003; Bono & Judge, 2004) is most widely used in order to measure transformational and transactional leadership. The usual method consists of subordinates rating the frequency with which their supervisors perform certain behaviors. “Transformational leadership includes “individualized consideration”, “intellectual stimulation”, “idealized influence” (charisma) and “inspirational motivation”. Transactional leadership includes “contingent reward behavior”, “passive management by exception” and “active management by exception” (Yukl, 1999a, pp. 286-287).

The initial 142 item pool for the MLQ (Bass, 1985) was developed by combining a review of the literature with an open-ended survey asking 70 executives for their descriptions of attributes of transformational and transactional leaders. Factor analysis indicated five scales with acceptable reliabilities. The final 73 items were factor analyzed again in a later study (Hater & Bass, 1988) with similar results. The MLQ has since acquired a history of research as the primary quantitative instrument to measure the transformational leadership construct.

The transformational leadership dimensions have been identified inductively (factor analysis). There is no underlying theory explaining the relationship between these dimensions (Yukl, 1999a).

Moreover each dimension seems to bear several sub-dimensions. The dimension “individualized consideration” holds both a supporting and developing sub-dimension which may have a different impact on subordinates (Yukl et al., 1996; Yukl & Nemeroff, 1979). Developing implies that one coaches subordinates, while supporting subordinates implies being considerate.

Besides, there are high inter-correlations between the dimensions hampering the construct validity of transformational leadership. Various studies have found that the transactional leadership dimension of contingent reward loads on the transformational leadership factor and that active management by exception and passive management by exception are a factor (Den Hartog et al., 1997; Lievens et al., 1997; Yammarino & Bass, 1990). “Intellectual stimulation is defined as stimulating subordinates to question traditional beliefs, to look at problems in a different way, and to find innovative solutions for problems” (Yukl, 1999a, pp.288-289). Intellectual stimulation partially resembles individualized consideration or inspirational motivation. The notion of focus on innovation is what make this dimension distinct of the other dimensions.

Transactional leadership involves a set of leader-subordinate exchange behaviors that “lack any clear common denominator” (Yukl, 1999a, p.289). Contingent reward implies leader behavior that stimulate subordinate behavior in terms of incentives and rewards. Recognition is also considered part of the contingent reward dimension, yet recognition could also be considered a transformational leadership behavior (Yukl, 1998).

On the basis of the above, a set of items is formulated. Given that the questions concerning leadership behavior were only a sub-part of the total questionnaire, a limited number of items could be included. Table A.2 presents the behavioral items that have been included in the measurement.

Table A.2: Behavioral items included in measurement

Behavioral items	Leadership type
I make sure we get results and that my people fulfill their tasks properly	Task-oriented
I make sure the organization is run efficiently	Task-oriented
I am the one taking the decisions	Task-oriented
I create an atmosphere in which people feel comfortable	People-oriented
I maintain a good relationship with my people	People-oriented
I delegate many responsibilities to my people	People-oriented
I set realistic and clear short-term objectives	Transactional
I reward my people for good performance	Transactional
I focus on long term objectives	Transformational
I continuously seek for new and innovative solutions	Transformational
I motivate my people by means of vision	Transformational

The reasoning behind the selection of items was as follows. Transactional leadership is generally associated with the two LBDQ dimensions, i.e. initiating structure and consideration (House, 1995). Both the LBDQ and the MLQ tap people-oriented leadership, but the LBDQ content emphasizes leader *participativeness*, particularly at the group level, hence the items “I am the one taking the decisions” and “I delegate many responsibilities to my people” have been included in the set of items.

A study by Seltzer and Bass (1990) found that the LBDQ consideration scales correlated .69 with the individualized consideration MLQ scale for a sample of part-time MBA students describing their bosses at work. Besides, the MLQ includes measures of charismatic, inspirational and intellectually stimulating leadership; additional components of transformational leadership that are not tapped by the LBDQ (Bass et al., 2008). As a result the items, “I focus on long term objective” (inspirational and intellectually stimulating), “I continuously seek new and innovative solutions” (intellectually stimulating) and “I motivate my people by means of vision” (inspirational) are included in the set of items.

According to data collected by Seltzer and Bass (1990), LBDQ initiation and consideration may substitute for transactional leadership, but not for transformational leadership. Much additional variance in effectiveness was accounted for by adding the MLQ transformational leadership scores to the LBDQ initiation and consideration scores in multiple regression equations.

Task-oriented leadership and transactional leadership seem rather similar, to the extent that transactional leaders set goals, and reward people for achieving set targets and so do task-oriented leaders. Preliminary evidence provided by Seltzer and Bass (1990), in contrast indicated that the correlation was close to zero between LBDQ ratings of initiation of structure and any of the scale scores of the MLQ. The empirical data will tell whether transactional and task-oriented leader behaviors are distinct behavior types.

Analysis

Although the items included in the measurement stem from previous research, given the limited number of items included and the preliminary phase of the research study, this pilot study adopted exploratory factor analysis (EFA) (Pett et al., 2003). A first step in the EFA was to build a correlation matrix. Table A.3 shows the resulting correlation matrix.

Table A.3: Correlation matrix leadership behavioral items

	1	2	3	4	5	6	7	8	9	10
1 Task-oriented	1									
2 Task-oriented	.45**	1								
3 Task-oriented	.02	.14	1							
4 People-oriented	.27**	.30*	.07	1						
5 People-oriented	.21**	.25**	-.03	.53**	1					
6 People-oriented	.29**	.34**	.00	.37**	.38**	1				
7 Transactional	.51**	.36**	.13	.38**	.23**	.27**	1			
8 Transactional	.29**	.24**	.08	.43**	.42**	.35**	.28**	1		
9 Transformational	.06	.03	.22**	-.02	.07	.08	.04	-.06	1	
10 Transformational	.21**	.09	.09	.10	.13	.11	.18*	.03	.35**	1
11 Transformational	.27**	.19*	.03	.37**	.32**	.28**	.18*	.27**	.09	.33**

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

* Correlation is significant at the 0.05 level (2-tailed).

The correlation matrix was examined to identify items that are either too highly correlated ($r \geq .80$) or not correlated ($r < .30$) with one another. If items are too highly correlated, there is a problem of multicollinearity and one or more of the highly correlated items need to be dropped from the analysis. If the items are not correlated strong enough, there will not be much shared common variance, thus potentially yielding as many factors as items. There were no items with an $r \geq .80$. It can be concluded that there are no items too highly correlated with each other. Nor is there an item which does not correlate with any of the other items. There were two negative correlations, between the item “I focus on long-term objectives with “I create an atmosphere in which people feel comfortable” and “I reward my people for good performance”.

Prior to the extraction of factors, several tests were performed to assess the suitability of the respondent data for factor analysis. These tests included the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and the Bartlett’s Test of Sphericity (Pett et al., 2003). This resulted in a KMO = 0.795 and a significant result from the Bartlett’s Test of Sphericity ($p=0.000$). Hence the data set passed the KMO test ($>.50$) and Bartlett’s Test ($p<.50$) and hence can be considered suitable for factor analysis (Hair et al., 1998; Tabachnick & Fidell, 2007).

On the basis of the Kaiser criteria (eigenvalues > 1), the factor analysis for this data set resulted in four distinct factors (3.735, 1.385, 1.308 and 1.006), explaining 62% of total variance. A Varimax orthogonal rotation resulted in the factor structure shown in Table A.4.

Table A.4: Pattern matrix of factor solution

	People-orientation	Task-orientation	Visionary/innovation orientation	
I reward my people for good performance	.53			
I motivate my people by means of inspiration	.61			
I maintain a good relationship with my people	.74			
I create an atmosphere in which people feel comfortable	.78			
I set realistic and clear short-term objectives		.67		
I make sure the organization is run efficiently		.78		
I make sure we get results and that my people fulfill their tasks properly		.79		
I focus on long term objectives			.68	
I continuously seek for new and innovative solutions			.87	
I am the one taking the decisions				.91
I delegate many responsibilities to my people				

Items that either loaded strongly ($>.40$) on several factors that did not load on any factor, or that did not conceptually fit any logical factor structure were discarded. Traditionally, at least two or three variables must load on a factor so it can be given meaningful interpretation (Henson & Roberts,

2006), hence the fourth factor, including only one item, “I am the one taking the decisions”, was discarded. This resulted in a three-factor structure, 1) people-orientation (including four behavioral items), 2) Task orientation (including three behavioral items) and 3) visionary/innovation orientation (including two behavioral items). Next the internal reliability of these factors and the intercorrelations were tested. The results from the Cronbach Alpha test and intercorrelations between the factors are shown in the Table A.5.

Table A.5: Descriptives, intercorrelations and Cronbach alpha’s of leadership dimensions

	N=163	# Items	M	SD	1	2	3
1	People-orientation	4	4.62	.50	.71		
2	Task-orientation	3	4.42	.65	.35**	.70	
3	Visionary/Innovation-orientation	2	4.33	.68	.19*	.11	.501
Coefficient alphas along diagonal							

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

* . Correlation is significant at the 0.05 level (2-tailed).

The Cronbach Alpha’s for the visionary/ innovation-oriented leadership scale is relatively low, yet this may be due to the small number of items. The factors people-orientation and task-orientation were significantly positively correlated ($p < .01$). The visionary/innovation-orientation showed to be independent of both people-orientation and task-orientation.

Next to the closed questions which were scored on a five-step Likert scale, the survey included the following question? *Do you feel there are tensions underlying your role as a leader? If so, can you shortly describe the tension?* Only 34 (out of 163) participants responded to these questions. Table A.6 shows the tensions that were mentioned.

Table A.6: Primary leadership tensions mentioned

Leadership tensions	Themes
Short term versus long term, good relationships versus being clear	Short term vs. long term
Short term cash flow tensions and long term growth	
Short term versus long term	
Short term versus long term	
Short term versus long term	
Short term inconsistency versus long term vision	
Short term versus long term	
Long term versus short term success. Quality versus profit	
Change versus realizing operational targets	
Time versus quality	
Short term politics versus long term	
I am rewarded on a yearly basis, which puts a pressure on the long-term versus short term dilemma	
Daily work and longer term reflection	
Productivity versus business development	
Demands stakeholders / shareholders versus personal / employee demands	
Giving room for freedom vs getting results	
A delegative style may sometimes require setting boundaries	
Organizational cause versus individual cause	
Supervising versus being a good colleague. Taking decisions versus popularity in the group	
Building trust versus assessing competencies of employees. Personal vision versus organizational strategy	
Performance and reaching targets versus attention for team and feeling good	
Personal needs versus organizational needs	
Evaluating people versus motivating them	
Supervising versus sitting in at meetings and administrative tasks	
Operating decisively versus consulting many	
Building good relationships versus coming to good solutions	
Being an example while having a good work/life balance, stimulating innovation versus demanding standardization	
Maintaining a good relationship with unperforming colleagues	Short term vs. long term Task vs. people
Opposing demands between what my people want and what I want, in terms of reaching deadlines	
Long versus Short term goals. Organizational needs versus personal needs. Work versus private	
Short versus long term. Personal versus organizational needs. Making deadlines versus delivering quality	

The answers could be clustered along two primary tensions. The respondents reported to feel tension between a short-term and long-term orientation and between task- versus people-orientation.

Discussion

The results from this pilot study lead to three points of discussion. First of all, contrary to what may be expected on the basis of the literature, people- and task-oriented leadership items were significantly positively correlated. It should be stressed that the results of this pilot study were based on a self-assessment. There could be a bias in terms of individual differences in terms of scoring. Some individuals have the tendency to give high scores, while others have a tendency to give low scores, meaning that when a leader gives him- or herself a high score on task-oriented leadership behavior, he or she is likely to give a high score on people-oriented leadership, as well. Or vice versa, when a leader scores him- or herself low on task-oriented leadership, he or she tends to score him- or herself

low on people-oriented leadership as well. The most important conclusion to be drawn from this first observation, is that from the leader point of view, task- and people-oriented leadership do not represent mutually exclusive categories, as was opted in the chapter four. However, this result does not imply that the leader actually performs both functions equally well. This would require observations from others.

A second observation is the overlap between behaviors. Transactional and task-oriented leadership showed a strong overlap, to the extent that they seemed to represent a same factor. Transformational leadership partly overlapped with people-oriented leadership, yet it was distinct to the extent that transformational leadership included a long term focus and a focus on innovation. This seemed to be a separate factor, distinct from task- or people-oriented leadership. This factor requires further analysis and further theoretical analysis. This topic is elaborated in the main text of this dissertation.

A third point of discussion deals with the primary tensions that were identified in the answers to the open question, “do you feel there are tensions underlying your role as a leader? If so, can you shortly describe the tension?” The answers to this question could be clustered around two opposite tensions, i.e. an internal tension between task- and people-oriented leadership and a tension dealing with the interaction of the organization with its environment, between short-term and long-term oriented leadership. The latter seems to deal with what has been called strategic leadership. The notion has not been operationalized yet. This is one of the aims of the dissertation and is taken up in the main text of the dissertation.

Limitations

An important limitation of this pilot study is that it did not include all items of the different previous measurement instruments, i.e. the LBDQ (for measuring initiating structure and consideration) and the MLQ (transformational and transactional). Another limitation concerns the fact that it is a self-assessment. As has been seen in terms of the discrepancies between one’s self-view and the observations of others. Self-ratings tend to be inflated, suffering from leniency and social desirability biases (Podsakoff & Organ, 1986). Second, self-ratings are less highly related to ratings by others (i.e. peers, supervisors, or subordinates) than peers’, supervisors’ and subordinates’ ratings are with one another (Harris & Schaubroeck, 1988). This may also have implications for the relationship between opposite leader behaviors. As mentioned earlier, the self-assessment of initiating structure and consideration and the assessment by subordinates on the same dimensions resulted in different outcomes in terms of the independence of the two dimensions (Weissenberg & Kavanagh, 1972).

APPENDIX II.A: QUESTIONNAIRE OF PILOT STUDY

Demographic information		
1.	Gender	<input type="checkbox"/> Female <input type="checkbox"/> Male
2.	Age (years)	<input type="checkbox"/> 20 - 25 <input type="checkbox"/> 26 - 30 <input type="checkbox"/> 31 - 35 <input type="checkbox"/> 36 - 40 <input type="checkbox"/> 41- 45 <input type="checkbox"/> 46 - 50 <input type="checkbox"/> 51 – 55 <input type="checkbox"/> 56 - 59 <input type="checkbox"/> ≥ 60
3.	Nationality
4.	In which country do you work?
5.	Education	<input type="checkbox"/> Primary education <input type="checkbox"/> Secondary education <input type="checkbox"/> Bachelor (HBO) <input type="checkbox"/> Master (drs, ir, mr) <input type="checkbox"/> PhD (dr.)
6.	Area of study	<input type="checkbox"/> Biology/ chemistry / physics <input type="checkbox"/> Business Administration <input type="checkbox"/> Economics <input type="checkbox"/> Philosophy / Theology <input type="checkbox"/> Information Management <input type="checkbox"/> Medicine / care <input type="checkbox"/> Education <input type="checkbox"/> Law <input type="checkbox"/> Social Sciences <input type="checkbox"/> Languages <input type="checkbox"/> Engineering <input type="checkbox"/> Mathematics <input type="checkbox"/> Other,....
7.	Function	<input type="checkbox"/> Specialist <input type="checkbox"/> Manager <input type="checkbox"/> Executive Director

		<input type="checkbox"/> Non-Executive Director
8.	How many people report to you?	<input type="checkbox"/> Less than 10 <input type="checkbox"/> 10 - 49 <input type="checkbox"/> 50 - 99 <input type="checkbox"/> 100 - 499 <input type="checkbox"/> 500 - 999 <input type="checkbox"/> 1000 – 9999 <input type="checkbox"/> 10.000 – 99.999 <input type="checkbox"/> ≥ 100.000
9.	How many years of management experience do you have?	<input type="checkbox"/> None <input type="checkbox"/> 1 tot 3 <input type="checkbox"/> 4 tot 9 <input type="checkbox"/> 10 tot 19 <input type="checkbox"/> 20 tot 29 <input type="checkbox"/> 30 tot 39 <input type="checkbox"/> ≥ 40
10.	Functional area	<input type="checkbox"/> General management <input type="checkbox"/> Finance <input type="checkbox"/> Human resources <input type="checkbox"/> Information Management <input type="checkbox"/> Marketing <input type="checkbox"/> Sales <input type="checkbox"/> Operations / logistics <input type="checkbox"/> Procurement <input type="checkbox"/> Research & development <input type="checkbox"/> Strategy <input type="checkbox"/> Other,.....

Your current leadership behavior

Please answer the following questions considering your role as a leader

11.	I focus on long term objectives	<input type="radio"/> Totally disagree <input type="radio"/> Somewhat disagree <input type="radio"/> In between <input type="radio"/> Somewhat agree <input type="radio"/> Totally agree
12.	I continuously seek for new and innovative solutions	<input type="radio"/> Totally disagree <input type="radio"/> Somewhat disagree <input type="radio"/> In between <input type="radio"/> Somewhat agree <input type="radio"/> Totally agree
13.	I make sure we get results and that my people fulfill their tasks properly	<input type="radio"/> Totally disagree <input type="radio"/> Somewhat disagree <input type="radio"/> In between <input type="radio"/> Somewhat agree <input type="radio"/> Totally agree
14.	I am the one taking the decisions	<input type="radio"/> Totally disagree <input type="radio"/> Somewhat disagree <input type="radio"/> In between <input type="radio"/> Somewhat agree <input type="radio"/> Totally agree
15.	I create an atmosphere in which people feel comfortable	<input type="radio"/> Totally disagree <input type="radio"/> Somewhat disagree <input type="radio"/> In between <input type="radio"/> Somewhat agree <input type="radio"/> Totally agree
16.	I set realistic and clear short-term objectives	<input type="radio"/> Totally disagree <input type="radio"/> Somewhat disagree <input type="radio"/> In between <input type="radio"/> Somewhat agree <input type="radio"/> Totally agree
17.	I am flexible and adapt my leadership style to the situation	<input type="radio"/> Totally disagree <input type="radio"/> Somewhat disagree <input type="radio"/> In between <input type="radio"/> Somewhat agree <input type="radio"/> Totally agree

Desired leadership behavior		
Please answer the following questions considering your role as a leader		
18.	I make sure the organization is run efficiently	<input type="radio"/> Totally disagree <input type="radio"/> Somewhat disagree <input type="radio"/> In between <input type="radio"/> Somewhat agree <input type="radio"/> Totally agree
19.	I delegate many responsibilities to my people	<input type="radio"/> Totally disagree <input type="radio"/> Somewhat disagree <input type="radio"/> In between <input type="radio"/> Somewhat agree <input type="radio"/> Totally agree
20.	I motivate my people by means of inspiration	<input type="radio"/> Totally disagree <input type="radio"/> Somewhat disagree <input type="radio"/> In between <input type="radio"/> Somewhat agree <input type="radio"/> Totally agree
21.	I reward my people for good performance	<input type="radio"/> Totally disagree <input type="radio"/> Somewhat disagree <input type="radio"/> In between <input type="radio"/> Somewhat agree <input type="radio"/> Totally agree
22.	I maintain a good relationship with my people	<input type="radio"/> Totally disagree <input type="radio"/> Somewhat disagree <input type="radio"/> In between <input type="radio"/> Somewhat agree <input type="radio"/> Totally agree
23.	I would like to change my current leadership style	<input type="radio"/> Totally disagree <input type="radio"/> Somewhat disagree <input type="radio"/> In between <input type="radio"/> Somewhat agree <input type="radio"/> Totally agree
24.	If answered with yes or somewhat, what would you like to change? _____ _____	
25.	Do you feel there are opposite tensions in your role as a leader	<input type="radio"/> Yes <input type="radio"/> Somewhat <input type="radio"/> No <input type="radio"/> No idea
26.	Shortly describe the tension(s) you have come across in your work _____ _____	
27.	Give an example of how you dealt with these tensions? _____ _____	

SUMMARY

“In der Beschränkung zeigt sich erst der Meister”

(“Less is more”)

- von Goethe (1749 – 1832)⁵-

HISTORICAL-SOCIAL CONTEXT

Today we are living in a *knowledge era*, characterized by a competitive landscape driven by globalization, technology, deregulation, and democratization. Many organizations deal with this new landscape by allying *horizontally*, across organizational boundaries. As such, the interaction of *organizations* with and amidst their *environment* has become a crucial element for organizational vitality. Organizational members across all organizational levels are taking advantage of the competitive opportunities that develop rapidly in the new competitive (*external*) landscape. Organizational performance is no longer a solely *internal* endeavor (focusing on what happens within the organization) and no longer the mere responsibility of top-level managers. In fact, the interaction with the environment has become so complex and crucial that a single (or set of) leader(s) at the top of the organization can no longer singlehandedly steer an organization. These contemporary circumstances bear consequences for the way leadership is conceptualized and practiced.

RESEARCH CONTEXT

Leadership research is (still) largely embedded in the Industrial paradigm (originating from the Industrial era), dominated by the *tripod ontology* of i) the leader, ii) followers, and iii) goals. The tripod ontology suited the *hierarchical* structures of organizations and the relatively placid environments these organizations were operating in during that time period. Despite the mentioning of the third leg of the tripod, the actual content of goals has remained largely *internally* oriented. Most leadership research has focused on the *dyadic* level, i.e. the impact of the leader on the follower. Little attention has been paid to the *organizational context*, i.e. the way the organization interacts with its environment. Motivating people is still an important aspect of leadership, but given the complex interaction of organizations with their *external* environments today, this internal focus is no longer sufficient for explaining organizational performance. Organizational performance is dependent on both an internal and external leadership focus.

⁵ Johann Wolfgang von Goethe (1749 – 1832) was a German writer, pictorial artist, biologist, theoretical physicist, and polymath.

There is a relatively recent leadership concept, *strategic leadership*, which considers the relationship between leadership and external organizational outcomes. This notion has been conceptualized in terms of *innate* characteristics of *top-level* managers. The accompanying behavioral patterns have not been unveiled yet. Most of the leadership research (based on the tripod ontology) is based on studies of *lower-level* managers, focusing on supervisor *behavior* and his or her influence on subordinate' satisfaction and performance (labeled *supervisory leadership*).

RESEARCH GAP

Combining the historical-social context of organizations that (i) operate in an increasingly complex *external* environment and (ii) organize themselves more *horizontally*, with the current research context which is characterized by a focus on (i) the *internal* organization, neglecting the organizational context, and (ii) *hierarchically* differentiated research streams, led to the identification of a research gap (see Figure 1).

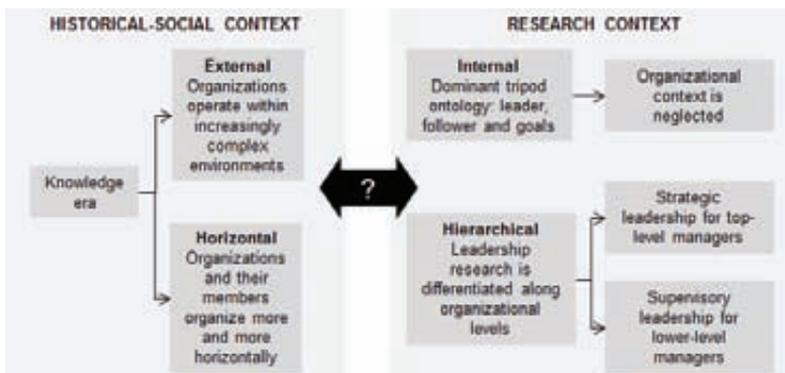


Figure 1: Research gap

A first step in bridging this gap was drawing on the existing literature and building upon concepts which fit the contemporary context and take it from there. The strategic leadership concept is most in tune with the need for a link between leadership and the external organizational context. Claims have been made that strategic leadership is applicable across all organizational levels (no hierarchical differentiation). Despite the growing interest in the topic of strategic leadership, its conceptualization and operationalization has been lacking. This dissertation entails the conceptualization, operationalization and validation of a strategic leadership model, which result in two application studies.

RESEARCH DESIGN

Conceptualization & operationalization of strategic leadership

At the heart of every set of strategic issues, a fundamental tension between apparent opposites can be identified. This dissertation presents a conceptual model for strategic leadership on the basis of two paradoxes, i.e. the paradox drawn from the strategic management literature between the (internal) *organization* and the (external) *environment* and the paradox between exploration and exploitation underlying the strategic leadership literature. Most if not all references to strategic leadership literature revolve around the tension between long-term viability of the organization which is dependent on *exploring* fundamentally new competencies, and short-term financial stability, which in turn is based on the *exploitation* of current organizational capabilities.

The resulting strategic leadership model is composed of four quadrants, i.e. Organizational creativity, Business development, Client centricity and Operational efficiency along the two dimensions Exploration-Exploitation and Organization-Environment (see Figure 2).

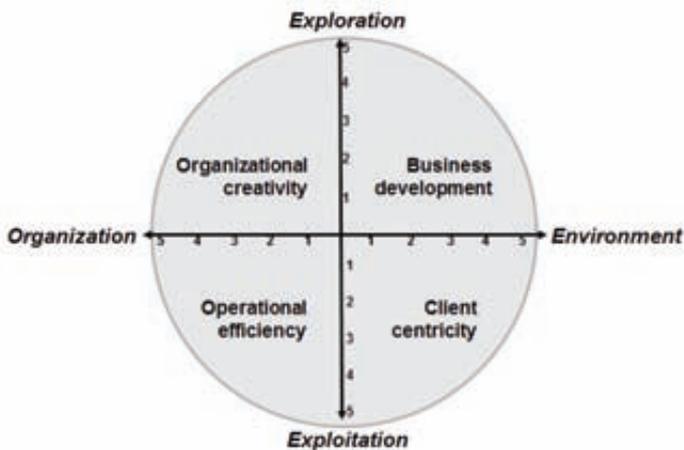


Figure 2: Strategic leadership model

The diagonal quadrants (Organizational creativity versus Client centricity and Operational efficiency and Business development) are in a paradoxical relationship and bear antithetical features to one another. Solely, focusing on one of the quadrant would exacerbate the need for the other. In order to test whether strategic leadership could be measured and the extent to which strategic leadership is different from supervisory leadership, both in concept and in application, the four quadrants of the

strategic leadership model were operationalized in terms of behaviors. An exploratory factor analysis was undertaken on a dataset including 80 managers (rated by 513 colleagues) drawn from an international engineering firm, in order to demonstrate the four-factor structure of the strategic leadership model.

Validation of strategic leadership measurement

The resulting strategic leadership measurement instrument was tested with a different sample, consisting of 158 (rated by 486 colleagues) managers in leadership positions, drawn from different organizational levels and various industry contexts, to demonstrate the factor structure and internal validity of the strategic leadership measurement instrument. Lastly, the discriminant validity of the strategic leadership measurement was tested against a widely used measurement for supervisory leadership, i.e. transformational leadership, to establish the distinctiveness of the strategic leadership concept.

Application of strategic leadership

Following the studies aimed at operationalizing the strategic leadership model and validating the measurement, two application studies were conducted, relating strategic and supervisory leadership to different effectiveness measures. First, both leadership concepts were related to the most-widely used leadership effectiveness criteria, i.e. subordinate' job satisfaction, which is largely internally oriented. Second, given the very complexity of the interaction with the organizational environment, putting a lot of strain on the single leader, an alternative source for leadership was sought in terms of strategic leadership performed by the team. As such, the last application of strategic leadership considered the team as the unit of analysis, relating strategic leadership as shared by the team to the outcome of team effectiveness (including external-oriented effectiveness measures). The first application study included 182 leader-follower dyads. The latter study was based on 29 teams of managers (in total 139 managers rated by 443 colleagues). See Figure 3 for the research design.

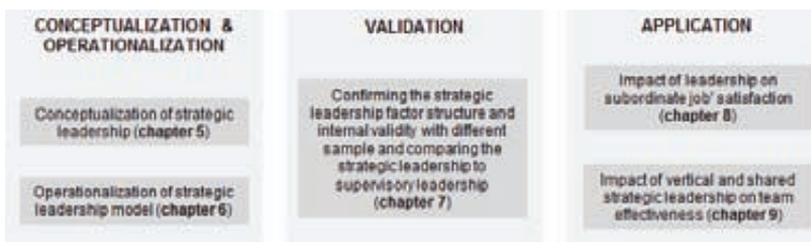


Figure 3: Research design

RESEARCH QUESTIONS

The dissertation answers four research questions:

I. To what extent are the concepts of supervisory and strategic leadership distinct?

This research question is relevant in order to establish the added value of conceptualizing and operationalizing a new strategic leadership model. Supervisory and strategic leadership are conceptualizations of leadership at different *levels of analysis*. Whereas supervisory leadership is played out at the leader-follower level, strategic leadership is aimed at the level of the organizational system in interaction with its environment. These two conceptualizations of leadership have been kept apart by means of disciplinary boundaries, i.e. supervisory leadership being embedded in the psychology discipline and strategic leadership originating from the field of strategic management. These disciplinary traditions have remained separate; there is however no empirical evidence whether the two concepts can be identified as distinct.

II. Is leadership manifested differentially across organizational levels?

The extent to which organizational level is (still) an important antecedent for the manifestation and effectiveness of strategic and supervisory leadership is an unsettled concern. The term strategic leadership emerged as the responsibility of the *top* management team. Yet, more and more researchers argue that strategic leadership is an ability which needs to be manifested by members at all organizational levels (normative claim). Likewise, even though evidence on supervisory leadership stems from studies on *lower-level managers*, top-level managers also have subordinates they need to motivate. The topic of how top-level managers motivate their subordinates has remained largely unexplored. Moreover, if the manifestation of strategic and supervisory leadership behaviors shows a different relationship with organizational level, this would further support the argument that the concepts are distinct.

III. To what extent is leadership effectiveness (in terms of subordinate' job satisfaction) moderated by organizational level?

The manifestation of behaviors does not tell us anything about the desirability of those behaviors at different organizational levels. There are two different perspectives on this. The *continuity* perspective posits that skills associated with leadership *effectiveness* at lower organizational levels are also important at higher organizational levels. In contrast, the *discontinuity* perspective theorizes that effective leadership behaviors at a certain organizational level can become ineffective for the next

level. Subordinate' job satisfaction is one of the most widely used effectiveness measures in leadership research. A different impact of strategic and supervisory leadership on subordinate' job satisfaction would once again support the argument that these are two distinct concepts. Even more, a differential impact on subordinate' job satisfaction across organizational levels would be an indication of the relative relevance of strategic and supervisory leadership for different organizational levels.

IV. To what extent does shared strategic leadership predict team effectiveness?

Strategic leadership is aimed at the interaction of the organization with its environment, hence the effectiveness measure cannot be captured merely by the internally oriented effectiveness measure of subordinate' job satisfaction. Strategic leadership does not only surpass supervisory leadership in terms of levels of analysis (having an impact on team effectiveness), but potentially also in terms of unit of analysis. Within teams, there are two potential sources of leadership which are defined by "who" engages in leadership. The first source, the formal team leader, fits the tripod ontology and has received considerable attention and support in the literature. Leadership performed by the formal team leader has also been labeled vertical leadership, due to the hierarchical relationship between the team leader and the team members. The second source, the team, has been the focus of an emerging stream of research that views the team as a potential source of leadership, also labeled as shared leadership. The leadership literature only recently took this alternative source of leadership seriously. Given the complexity of organizational environments and the burden on single leaders, this notion of shared strategic leadership requires further exploration.

RESEARCH CONTRIBUTIONS

This dissertation contributed to the leadership literature by means of:

I. Reinventing the strategic leadership concept

- Developing a solid conceptualization of strategic leadership (i.e. a model composed of four quadrants along two paradoxical axes, organization-environment and exploration-exploitation).
- Developing a stable measurement for strategic leadership behavior.
- Demonstrating that strategic leadership and supervisory leadership are distinct concepts.

II. Providing evidence for the manifestation of supervisory and strategic leadership behavior across organizational levels.

- Demonstrating that supervisory leadership was displayed at all organizational levels .

- Demonstrating that strategic leadership was manifested differentially across organizational levels.
 - Top-level managers were most prominent in strategic leadership behavior. Likewise, middle managers were more prominent than lower-level managers in exploration-oriented strategic leadership behavior, but not in exploitation-oriented strategic leadership behavior. Middle managers were least prominent in the display of the latter behaviors (when compared to top-level and lower-level managers).

III. Showing that the relationship between leadership and subordinate' job satisfaction is not moderated by organizational level, and yet that different behaviors are less or more desirable (when considering subordinate' job satisfaction) at certain organizational levels.

- Organizational level did not unequivocally moderate the relationship between leadership behavior of the supervisor and subordinate' job satisfaction. Yet several significant relationships were unveiled:
 - Middle managers' job satisfaction was significantly related to the visionary and operational efficiency behaviors of their respective supervisor.
 - Lower managers' job satisfaction was unrelated to the leadership behaviors or their respective supervisor, which may be due to the role stress of middle managers, required to fulfil both a strategic and supervisory leadership role.
 - Non-manager employees' job satisfaction was significantly related to the intellectual stimulation, organizational creativity and business development behaviors of their respective supervisor.

IV. Demonstrating the value of strategic leadership, shared within the team, in predicting environment-oriented team effectiveness

- Shared leadership was a more important predictor for team effectiveness than vertical leadership, except for team innovation.
- Shared leadership was particularly significant in predicting environment-oriented team effectiveness.
- Vertical leadership was unrelated to team effectiveness.

RESEARCH IMPLICATIONS

The strategic leadership model holds primary value as it links strategy and leadership and is distinct from the mainstream supervisory leadership concept. Strategic leadership connects different disciplines, and breaks theoretical boundaries (levels and units of analysis). No longer fixating on the internal leader-follower dyad, but opening up the leadership perspective, including the interaction of the organization with its environment. Moreover, this dissertation shows that strategic leadership concept holds promising value when considering the team as a source of leadership and that shared leadership has an impact on environment-oriented team effectiveness. The latter finding is especially interesting in the light of the societal trends, where organizations need to tailor their leadership endeavours much more to what happens outside of the organization.

The findings of this research also have several practical implications, especially with regard to behaviors to be developed at different organizational levels. The concept is particularly relevant, now that organizations are delayering and strategic leadership is considered a requirement at different levels. The strategic leadership model may help organizations to use performance appraisals more effectively. Based on this, team managers could actively improve strategic and/or supervisory leadership.

With regard to career opportunities, the focus can be on developing those skills and competencies needed to move from one managerial level to the next. Especially, given the increasing awareness of the role stress experienced by middle managers. Likewise, the notions of strategic and shared leadership may provide an alternative perspective for leadership development and teamwork training programs, which until today have been predominantly focusing on interpersonal influence and personal effectiveness. In this respect, the strategic leadership model and the relevant findings on shared leadership contribute greatly to leadership in practice.

NEDERLANDSE SAMENVATTING (DUTCH SUMMARY)

"In der Beschränkung zeigt sich erst der Meister".

("In de beperking toont zich de meester").

- Von Goethe (1749 - 1832)⁶ –

HISTORISCH-SOCIALE CONTEXT

We leven vandaag de dag in een *kenniseconomie*, gekenmerkt door een competitief landschap van globalisering, technologie, deregulering, en democratisering. Veel organisaties reageren op dit nieuwe landschap door *horizontale* verbindingen aan te gaan (over organisatiegrenzen heen). De interactie van *organisaties* met en te midden van hun *omgeving* cruciaal geworden voor organisatorische vitaliteit. Het competitieve landschap biedt kansen en bedreigingen op alle organisatieniveaus. Het functioneren van een organisatie is niet langer louter een *interne* inspanning (uitsluitend gericht op wat er gebeurt in een organisatie) en niet langer de exclusieve verantwoordelijkheid van topmanagers. In feite is de interactie met de omgeving zo complex en cruciaal geworden dat één (of meerdere) leider(s) aan de top van een organisatie niet langer eigenhandig een organisatie kan/kunnen sturen. Deze eigentijdse omstandigheden hebben consequenties voor de manier waarop leiderschap heden ten dage wordt geconceptualiseerd en beoefend.

ONDERZOEKSCONTEXT

Leiderschapsonderzoek is grotendeels ingebed in het industriële paradigma (afkomstig uit het industriële tijdperk), gedomineerd door de “*driepoot*” *ontologie* van i) de leider, ii) volgers, en iii) doelen. De driepoot ontologie paste goed bij de *hiërarchische* structuren van traditionele industriële organisaties en de relatief stabiele omgeving waarin deze organisaties zich begaven. Ondanks de vermelding van de derde poot van de driepoot, is de feitelijke inhoud van de “doelen” poot grotendeels *intern gericht*. Het meeste leiderschapsonderzoek is dan ook gericht op het *dyadische* niveau, de impact van de leider op volgers. Er is relatief weinig aandacht voor de organisatorische context, ofwel de manier waarop de organisatie interacteert met haar omgeving. Uiteraard blijft het motiveren van mensen een heel belangrijk aspect van leiderschap, maar gezien de huidige complexe interactie van organisaties met hun externe omgeving, is deze interne focus niet meer afdoende voor

⁶ Johann Wolfgang von Goethe (1749 – 1832) was een Duits wetenschapper, toneelschrijver, romanschrijver, filosoof, dichter, natuuronderzoeker en staatsman.

het verklaren van de prestaties van hedendaagse organisaties. Deze organisaties vereisen zowel een interne als externe leiderschapsfocus.

Er is een relatief recent leiderschapsconcept, *strategisch leiderschap*, waarin de relatie tussen leiderschap en externe organisatorische uitkomsten wordt beschouwd. Dit concept is beschreven in termen van karakteristieken van topmanagers.

De bijbehorende *gedragingen* zijn nog niet in kaart gebracht. Het grootste deel van leiderschapsonderzoek is gebaseerd op managers lager in de organisatie, gericht op het gedrag van de leidinggevende en zijn of haar invloed op de werktevredenheid en prestaties van hun ondergeschikte(n) (onder de noemer *supervisory leiderschap*, ofwel aansturend leiderschap).

ONDERZOEKSHIAAT

Het combineren van een historisch-maatschappelijke context waarin organisaties zich (i) in een steeds complexere externe omgeving begeven, en als gevolg daarvan (ii) zich meer horizontaal organiseren, met een onderzoekscontext waarbij de focus ligt op (i) de interne organisatie met weinig oog voor de organisatorische context, en (ii) hiërarchisch gedifferentieerde leiderschapsconcepten, heeft geleid tot de identificatie van een onderzoekshiaat (zie figuur 1).



Figuur 1: Onderzoekshiaat

De eerste stap om het hiaat op te vullen bestond uit het voortbouwen op concepten uit de bestaande literatuur die passen bij de hedendaagse context. Het strategisch leiderschap concept was het meest in lijn met de idee om leiderschap te verbinden met de externe organisatorische context. Ondanks de groeiende belangstelling voor het onderwerp van strategisch leiderschap, ontbreekt een goed

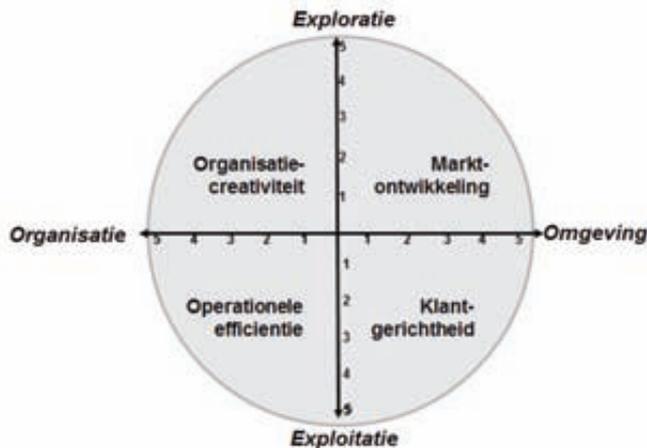
onderbouwde conceptualisatie en een gevalideerde operationalisatie van strategisch leiderschapsgedrag. Dit proefschrift omvat zowel de conceptualisatie, operationalisatie en validatie van een strategisch leiderschapsmodel, waarvan de toegevoegde waarde is getoetst middels twee toegepaste studies.

ONDERZOEKSONTWERP

Conceptualisatie en operationalisatie van strategisch leiderschap

Aan elk strategisch vraagstuk ligt een schijnbare tegenstelling ten grondslag. Dit proefschrift presenteert een conceptueel model voor strategisch leiderschap aan de hand van twee paradoxen, namelijk de paradox uit de strategisch managementliteratuur tussen de (interne) organisatie en de (externe) omgeving en de paradox tussen exploratie en exploitatie onderliggend aan de literatuur over strategisch leiderschap. De meeste, zo niet alle, verwijzingen naar strategisch leiderschap hebben betrekking op de spanning tussen de levensvatbaarheid van de organisatie op de lange termijn die in grote mate afhankelijk is van het verkennen van fundamenteel nieuwe competenties en markten, en financiële stabiliteit op de korte termijn, die op haar beurt is gebaseerd op de exploitatie van de huidige organisatorische capaciteiten.

Het resulterende strategisch leiderschapsmodel bestaat uit twee assen Exploratie-Exploitatie en Organisatie-Omgeving, resulterend in vier kwadranten, namelijk Organisatiecreativiteit, Marktontwikkeling, Klantgerichtheid en Operationele efficiëntie (zie figuur 2).



Figuur 2: Strategisch leiderschapsmodel

De diagonale kwadranten (Organisatiecreativiteit versus Klantgerichtheid en Operationele efficiëntie en Marktonwikkeling) hebben een paradoxale relatie. In het geval een organisatie zich richt op slechts één kwadrant, dan neemt de behoefte aan het tegenovergestelde kwadrant toe. Om te testen of strategisch leiderschap gemeten kan worden en de mate waarin het verschilt van supervisory leadership, zowel in concept als in toepassing, zijn de vier kwadranten van het strategisch leiderschapsmodel geoperationaliseerd in termen van gedrag. Een exploratieve factoranalyse is uitgevoerd op een dataset met 80 managers (beoordeeld door 513 collegae) werkende bij een internationaal ingenieursbureau, met het doel om de vier-factor structuur van het strategisch leiderschapsmodel te toetsen.

Validatie van strategisch leiderschap meting

Om de factorstructuur en de interne validiteit van het resulterende strategisch leiderschap meetinstrument aan te tonen, is het instrument toegepast op een andere steekproef, bestaande uit 158 managers in leidinggevende posities (beoordeeld door 486 collegae), op verschillende organisatieniveaus en uit verschillende industrieën. Om het onderscheidend vermogen van het strategisch leiderschapsconcept vast te stellen is vervolgens de discriminante validiteit van de strategisch leiderschapmeting getoetst aan transformationeel leiderschap, een veel gebruikt concept voor supervisory leiderschap.

Toepassing van strategisch leiderschap

Opeenvolgend aan de operationalisatie en validatie van het strategisch leiderschapsmodel, zijn twee onderzoeken uitgevoerd naar de toepassing van het meetinstrument in relatie tot verschillende effectiviteitsmetingen. In eerste instantie zijn de twee leiderschapsconcepten, supervisory en strategisch leiderschap gerelateerd aan het meest gebruikte leiderschapseffectiviteitscriterium, werktevredenheid van ondergeschikten. Dit betreft een intern gericht effectiviteitscriterium. Ten tweede, wordt het strategisch leiderschap concept getoetst in termen van een alternatieve bron van leiderschap, namelijk het team. Door de toenemende complexiteit van de omgeving waarin organisaties acteren en de toenemende druk op enkele leiders neemt de interesse voor een bredere bron van leiderschap toe. Als zodanig betreft de laatste toepassing van het strategisch leiderschapsmodel, een beschouwing van strategisch leiderschap, gedeeld door een team, in relatie tot de effectiviteit van het betreffende team. De eerste toegepaste studie betrof 182 leider-volger dyades. De tweede en laatste studie was gebaseerd op 29 teams van managers (in totaal 139 managers beoordeeld door 443 collegae). Zie figuur 3 voor het onderzoeksontwerp.



Figuur 3: Onderzoeksontwerp

ONDERZOEKSVRAGEN

Het proefschrift beantwoordt vier onderzoeksvragen:

I. In hoeverre zijn de concepten van supervisory en strategisch leiderschap gescheiden?

Deze onderzoeksvraag is relevant om de toegevoegde waarde van de conceptualisatie en operationalisatie van een nieuw strategisch leiderschapsmodel aan te tonen. Supervisory en strategisch leiderschap zijn conceptualisaties van leiderschap op verschillende niveaus van analyse. Daar waar supervisory leiderschap zich afspeelt op het niveau van de leidinggevende-ondergeschikte, speelt strategisch leiderschap zich af op het niveau van de interactie van het organisatorische systeem met haar omgeving. Deze twee conceptualisaties van leiderschap zijn gescheiden gebleven langs disciplinaire grenzen, waarbij aansturend leiderschap is ingebed in de discipline van psychologie, en het strategisch leiderschapsconcept voortkomt uit strategisch management. Deze disciplinaire tradities zijn grotendeels gescheiden gebleven. Er is echter geen empirisch bewijs dat de twee concepten inderdaad als onderscheidend kunnen worden geïdentificeerd.

II. Wordt leiderschap verschillend geuit op verschillende organisatieniveaus?

De meningen zijn verdeeld over de mate waarin organisatieniveau (nog) een belangrijke antecedent is voor de uiting en de effectiviteit van strategisch en supervisory leiderschap. De term strategisch leiderschap is geïntroduceerd als de exclusieve verantwoordelijkheid van het *top management team*. Toch beweren meer en meer onderzoekers dat strategisch leiderschap een vermogen is dat geuit zou moeten worden door leden op alle organisatieniveaus (normatieve claim). Daar komt bij dat, alhoewel het bewijs voor supervisory leiderschap gebaseerd is op studies van *managers op lagere niveaus*, topmanagers ook ondergeschikten hebben die ze dienen te motiveren. Dit laatste onderwerp is nog onontgonnen terrein binnen het leiderschapsonderzoek. Bovendien, als de manifestatie van strategisch

en aansturend leiderschapsgedrag verschillend is over verschillende organisatieniveaus, is dit een verdere ondersteuning van het argument dat de concepten onderscheidend zijn.

III. In hoeverre wordt effectief leiderschap (gemeten op basis van werktevredenheid van ondergeschikten) gemodereerd door organisatieniveau?

De manifestatie van leiderschapsgedrag zegt niets over de *wenselijkheid* (effectiviteit) van deze gedragingen op verschillende organisatieniveaus. Er bestaan twee verschillende perspectieven op dit vlak. Het *continuïteitsperspectief* stelt dat effectieve leiderschapsvaardigheden op lagere organisatieniveaus eveneens van belang zijn op hogere organisatieniveaus. Het *discontinuïteitsperspectief* beargumenteert, daarentegen, dat leiderschapsgedrag dat effectief is op een bepaald organisatieniveau ineffectief kan zijn op het volgende (hogere) niveau. Werktevredenheid van ondergeschikten is één van de meest gebruikte effectiviteitsmetingen in leiderschapsonderzoek. Een verschillend effect van strategisch en supervisory leiderschap op het creëren van werktevredenheid van ondergeschikten zou opnieuw aanvullend bewijs leveren voor de stelling dat het hier om twee verschillende concepten gaat. Sterker nog, een verschillend effect op werktevredenheid van ondergeschikten is een indicatie van de relatieve relevantie van strategisch en supervisory leiderschap op de verschillende organisatieniveaus, althans als het gaat om het aansturen van ondergeschikten.

IV. In welke mate heeft gedeeld strategisch leiderschap voorspellende waarde voor teameffectiviteit?

Strategisch leiderschap is juist gericht op de interactie van de organisatie met haar omgeving, waarvan de effectiviteit niet enkel en alleen in intern gerichte effectiviteitsmetingen te vatten is. Strategisch leiderschap verschilt van supervisory leiderschap niet alleen in niveau van analyse (leider-volger versus organisatie-omgeving), maar ook in de mogelijkheden voor de eenheid van analyse. Binnen teams, zijn er twee mogelijke bronnen van leiderschap die gedefinieerd worden aan de hand van *wie* zich bezighoudt met leiderschap. De eerste bron, de formele teamleider, past in de driepoot ontologie en heeft veel aandacht gekregen in de leiderschapsliteratuur. Leiderschap uitgevoerd door de formele teamleider wordt ook wel verticaal leiderschap genoemd, als gevolg van de hiërarchische relatie tussen de teamleider en de teamleden. De tweede bron, het team, is de focus van een opkomende trend in onderzoek die het team ziet als een potentiële bron van leiderschap, onder de noemer van *gedeeld* leiderschap. De leiderschapsliteratuur neemt pas recentelijk deze alternatieve bron van leiderschap serieus. Gezien de complexiteit van de omgeving waarin organisaties zich begeven en de zware lasten

op de schouders van maar een kleine groep leiders, biedt deze notie van gedeeld strategisch leiderschap veel potentie voor verdere exploratie.

BIJDRAGEN VAN HET ONDERZOEK

Dit proefschrift heeft bijgedragen aan de leiderschapsliteratuur door middel van:

I. De heruitvinding van het strategisch leiderschapsconcept

- De ontwikkeling van een solide conceptualisatie van strategisch leiderschap (dat wil zeggen een model bestaande uit vier kwadranten langs twee paradoxale assen, Organisatie-Omgeving en Exploratie-Exploitatie).
- De ontwikkeling van een stabiele meting voor strategisch leiderschap gedrag.
- De bevinding dat strategisch leiderschap en supervisory leiderschap twee verschillende concepten zijn.

II. Bewijs voor de manifestatie van supervisory en strategisch leiderschapsgedrag over verschillende organisatieniveaus:

- De bevinding dat supervisory leiderschap werd vertoond op alle organisatieniveaus.
- De bevinding dat strategisch leiderschap verschillend werd vertoond op verschillende organisatieniveaus.
 - De bevinding dat topmanagers het meest prominent waren in het vertonen van strategisch leiderschap gedrag. De bevinding dat ook middle managers meer op exploratie gericht strategisch leiderschap gedrag vertoonden dan managers op lagere organisatieniveaus, maar dat dit niet gold voor het op exploitatie gerichte strategisch leiderschapsgedrag. Middle managers waren het minst prominent in het vertonen van het laatstgenoemde gedrag (in vergelijking met top en managers of lagere organisatieniveaus).

III. Bewijs dat de relatie tussen leiderschap en werktevredenheid van ondergeschikten niet wordt gemodereerd door organisatieniveau, maar dat verschillende gedragingen in meer of minder mate gewenst zijn afhankelijk van organisatieniveau:

- Organisatieniveau modereert niet eenduidig de relatie tussen leiderschapsgedrag en werktevredenheid van de ondergeschikte(n). Toch was er sprake van enkele noemenswaardige significante relaties:

- Werktevredenheid van middle managers was significant gerelateerd aan het gedrag van hun respectievelijke leidinggevende in termen van visie en operationele efficiëntie.
- Werktevredenheid van managers op lagere organisatieniveaus was niet gerelateerd aan het leiderschapsgedrag van hun respectievelijke leidinggevende. Dit kan te maken hebben met de rol stress van middenmanagers, die zowel een strategisch als supervisory leiderschapsrol dienen te vervullen.
- Werktevredenheid van niet-manager medewerkers was significant gerelateerd aan het gedrag van hun respectievelijke leidinggevende in termen van intellectuele stimulatie, organisatiecreativiteit en marktontwikkeling.

IV. Bewijs van de verklarende waarde van strategisch leiderschap, gedeeld binnen een team, op teameffectiviteit:

- Gedeeld strategisch leiderschap was een belangrijkere voorspeller van teameffectiviteit dan verticaal strategisch leiderschap, met uitzondering van de team innovatie dimensie.
- Gedeeld strategisch leiderschap was bijzonder belangrijk in het voorspellen van omgevingsgerichte teameffectiviteit.
- Verticaal strategisch leiderschap had geen effect op teameffectiviteit.

BETEKENIS VAN HET ONDERZOEK

Het strategisch leiderschapsmodel heeft toegevoegde waarde door strategie te verbinden leiderschap en als onderscheidend concept ten opzichte van het veelgebruikte en veel onderzochte concept van supervisory leiderschap. Strategisch leiderschap verbindt verschillende disciplines, en doorbreekt theoretische grenzen (niveaus en analyse-eenheden). Strategisch leiderschap gaat verder dan de huidige fixatie op de interne leider-volger dyade, en verbreedt het leiderschapsperspectief door de interactie van de organisatie met haar omgeving mede te beschouwen. Bovendien laat dit proefschrift zien dat het strategisch leiderschapsconcept veelbelovende waarde heeft met betrekking tot het verbreden van de leiderschapslast over teamleden en de waarde die dit heeft voor omgevingsgerichte teameffectiviteit. De laatste bevinding is vooral interessant in het licht van de maatschappelijke trend, waar organisaties meer en meer moeten inspelen op veranderingen in hun omgeving.

De bevindingen van dit onderzoek hebben ook een aantal praktische implicaties, in het bijzonder in relatie tot de te ontwikkelen gedragingen op verschillende organisatieniveaus. Het strategisch leiderschapsconcept is met name van belang, gegeven dat organisaties platter worden en strategisch leiderschap steeds vaker wordt beschouwd als een verplichting op alle organisatieniveaus. Het strategisch leiderschapsmodel kan organisaties helpen om functioneringsgesprekken effectiever in te

zetten. Aan de hand van de resultaten van een strategisch leiderschapsmeting kunnen teammanagers actief verschillende dimensies van strategisch leiderschap ontwikkelen.

Met betrekking tot carrièremogelijkheden zou de focus kunnen liggen op de ontwikkeling van strategisch leiderschapsvaardigheden en competenties die nodig zijn om van het ene managementniveau naar het volgende te gaan. Vooral gezien de toenemende bewustwording van de rol stress die wordt ervaren in de functie van middle managers. Ook de begrippen strategisch en gedeeld leiderschap kunnen een alternatief perspectief bieden voor de ontwikkeling van leiderschaps- en teamwork trainingsprogramma's, die tot op heden voornamelijk zijn gericht op interpersoonlijke invloed en persoonlijke effectiviteit. In dit opzicht draagt het strategisch leiderschapsmodel en de relevante bevindingen over gedeeld leiderschap bij aan leiderschap in de praktijk.

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Hester studied International Economics at the Erasmus University in Rotterdam and graduated summa cum laude in 2006. She received her Bachelor of Science degree summa cum laude at the University College Utrecht in 2004, majoring in neuroscience, medicine and chemistry, with a minor in economics and psychology. In between, she studied anthropology for half a year at Cambridge University, England.

Hester lived 9 years outside of her home country. Although born in the Netherlands, she spent her childhood in South-East Asia, in Singapore and Indonesia respectively. For the last three years of secondary school she attended the Lycée International in St-Germain-en-Laye in France.

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STRATEGIC LEADERSHIP MOVING BEYOND THE LEADER-FOLLOWER DYAD

Leadership is hot. In organizations all over the world – in conglomerates and new-economy startups alike – the complaint emerges: We do not have enough leadership. A search of Google.com returns 2.290 million hits for the word “leadership” alone, whilst Amazon.com reveals 112.249 entries. And yet we need a different type of leadership than how it is conceptualized today.

We are living today in a knowledge era, which is characterized by a competitive landscape driven by globalization, technology, deregulation, and democratization. Many organizations deal with this new landscape by allying horizontally, across organizational boundaries. As such, the interaction of organizations with and amidst their environment has become a crucial element for organizational vitality.

Leadership research however, is (still) largely embedded in the Industrial paradigm, dominated by the tripod ontology of 1) the leader, 2) followers, and 3) goals. This internally oriented tripod ontology suited the hierarchical structures of organizations and the relatively placid environments that these organizations were operating in during that time period. We call this type of leadership supervisory leadership.

There is however, a relatively recent leadership concept, *strategic leadership*, which does consider the relationship between leadership and external organizational outcomes. This concept has been conceptualized in terms of innate characteristics of top-level managers. The underlying strategic leadership behaviors have not yet been identified. Moreover, as strategic leadership goes *beyond the leader-follower dyad*, the notion opens up possibilities for more persons participating in strategic leadership, so called shared strategic leadership.

In short, this dissertation:

- provides a new conceptual model and measure for strategic leadership behavior
- provides insight into the manifestation of strategic leadership across organizational levels
- shows that teams benefit from shared strategic leadership

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