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Improving Organizational Financial Outcomes through Flexible Leadership

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Improving Organizational Financial Outcomes through Flexible Leadership

Abstract

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Running head: THE FLEXIBLE LEADERSHIP SURVEY

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Abstract

The importance of both managing and leading is not a new concept. What is lacking is how each is interrelated, what components of each are critical and what combination of leadership and management skills can lead to improved leader effectiveness and organizational financial performance. The Flexible Leadership Theory (FLT) posits that key executives that are flexible leaders are: (a) more effective leaders and (b) able to strategically lead their organizations to achieve greater financial outcomes (Yukl, 2005, 2008). To date, a measurement tool to assess a leader's propensity to be a flexible leader has not been developed and validated. This paper develops a proposed measurement instrument, the flexible leadership survey (FLS) that assesses flexible leadership and its contribution to improved organizational financial performance.

Improving Organizational Financial Outcomes through Flexible Leadership

For more than a quarter of a century the leadership versus management debate has ensued. The dispute has been over what components are most important for business leaders to be effective in increasing the value of an organization. Leading business and management schools argue the significance of management skills and leadership theorists cite the ultimate importance of strategic leadership behaviors. The importance of both managing and leading is not a new concept. What is lacking is how each is interrelated, what components of each are critical and how the proper combination of leadership and management can lead to improved leader effectiveness and organizational financial performance. The Flexible Leadership Theory (FLT) provides insight into the leading-verses-management controversy and suggests that both are critical for organizational effectiveness (Yukl, 2005, 2008). The FLT removes the narrow, mutually exclusive definition of management and leadership and redefines the flexible leader as one that has a combination of both attributes and posits that key executives that are flexible leaders are: (a) more effective leaders and (b) able to strategically lead their organizations to achieve greater financial outcomes (Yukl, 2005, 2008). To date, a measurement tool to assess a leader's propensity to be a flexible leader has not been developed and validated. This paper develops a proposed measurement instrument, the flexible leadership survey (FLS) that assesses flexible leadership and its contribution to improved organizational financial performance.

Yukl (2005 & 2008) provide a strong theoretical foundation for FLT, but both fail to provide research or a validated instrument to measure the construct. Additionally, Yukl (2008) outlines that in larger organizations; it may be difficult to clearly identify the

causal and outcome relationships between a leader's behaviors and their established management programs and practices. Therefore the purpose of this paper is to: (a) expand the FLT theory to in address FLT in small to medium size, owner managed businesses or in autonomous divisions of larger organizations and (b) develop a measurement tool to analyze the FLT in these organizations.

To validate and test the measure, two steps will be completed. First, the measurement will be provided to a panel of industry experts to assess and critique the measure. The second will be to perform a pilot study using the FLS measurement.

Introduction

The flexible leadership theory (FLT) posits that effective organizational leaders are those that have effective leadership behaviors and successfully lead by supporting and implementing mission critical management practices that result in improved organizational financial performance (Yukl, 2008). Yukl proposed the flexible leadership theory after decades of leadership research had posited that certain leadership behaviors resulted in higher leader effectiveness, but failed to identify if these leadership styles present in leaders increased the propensity for success of their organizations. Yukl outlined that research had failed to prove how these leadership behaviors influenced organizational effectiveness and specifically financial performance of an entity. Flexible leadership theory discards the notion that pure leader behavior is what drives organizational effectiveness and replaces it with the theory that organizational effectiveness is an outcome of a combination of exemplary leader behaviors and best practices management programs and systems implemented by the leader and his/her leadership team (Yukl). An effective leader is one that can guide its organization toward

management programs and systems that result in overall organizational effectiveness (Yukl).

This study proposes a model for FLT for a leader of an entrepreneurial organization or a division of a larger entity. The FLT examined will be the flexible leadership of entities where the leader has sufficient influence over the direction, management systems and practices and outcomes of the entity or division. This study will refer to this subcomponent of FLT as flexible entrepreneurial leadership theory (FELT), posited as a subset of Yukl's (2005, 2008) FLT. Traditionally the FLT has been hard to assess and measure because the theory has been applied to larger organizations where the influence of the organization often mitigates or diminishes the leader's ability to direct the outcome of the unit that he or she leads. The FELT proposes flexible leader behaviors and management systems and practices for leaders that lead their own organization or lead a distinct unit of larger organization.

The study proposes a measurement tool, Flexible Leadership Survey (FLS) that seeks to measure the combined leader attributes of effective: (a) leader behaviors and (b) management programs and systems that predict higher levels of leader effectiveness and organizational outcomes, measured initially in terms of improved financial performance. While the organizational outcomes are measured in financial terms, the FLT and the FELT outline that the company leaders must address a broad range of issues, including many non financial concerns, in order to drive positive long term financial success.

Research Problem

Prior research has outlined that certain leader attributes and behaviors predict a more effective leader, but little progress has been made to definitively prove that these

behaviors in strategic organizational leaders result in improved leader effectiveness and organizational outcomes. In addition, the research has not identified which of the leader behaviors or management programs and systems are predictors of higher financial results. The concept of FELT suggests that a combination of (a) leader behaviors, (b) entrepreneurial intensity and (c) management practices result in effective leaders that can lead their organizations to improved outcomes. While the FELT has been conceptualized and in theory is consistent with numerous empirical studies of leadership, management and organizational effectiveness (Yukl, 2008), it lacks empirical research to support its theoretical foundations.

Research Purpose

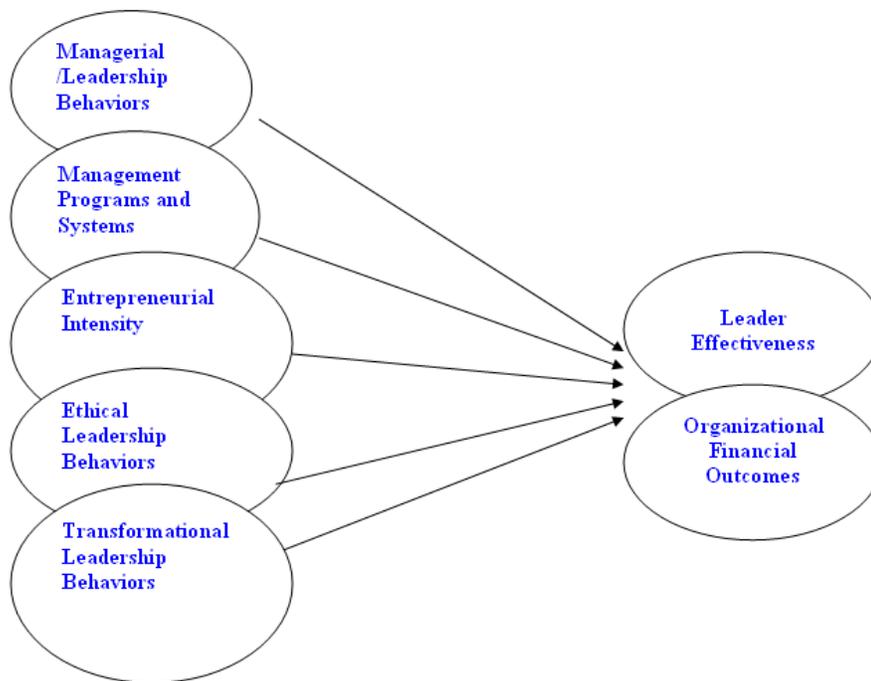
This study attempts to address the literature and research gap for the FLT and construct by: (a) providing a model of an FLT leader for an entrepreneurial or unit division, the FELT, that results in greater leader and organizational effectiveness for the entity and (b) provide a measurement tool that can assess a leader's propensity for flexible leadership in this organizational setting. In summary, it is posited that the proposed FLS will assesses how the leader is balancing and prioritizing the many aspects of leadership and management with the intended outcome of this effectiveness being stronger leader effectiveness and organizational performance.

The Flexible Entrepreneurial Leader Model

The flexible entrepreneurial leadership model (FELT) hypothesizes that a flexible leader will be more effective as a leader and that this will drive the organization to greater levels of financial success. The proposed model in figure 1 outlines how the combined leader behaviors and practices of the FELT are posited to impact leader effectiveness and

organizational financial performance. The independent variables include the dimensions: (a) of managerial leadership behaviors (MPS), (b) the management programs and systems, (c) a leader's entrepreneurial propensity, (d) a leader's ethical and (e) transformational leadership qualities. Two dependent variables will be separately evaluated and are leadership effectiveness and organizational financial outcomes. Structural Equation Modeling (SEM) will be used to assess the influence and relationship of the independent variables on the dependent variables. It is believed that the presence or absence of managerial leadership behaviors and management systems and practices, when coupled with entrepreneurial propensity and ethical and transformational leadership, explains why a leadership has increased or decrease leader effectiveness and a greater or diminished ability to drive an organization to improved organizational financial performance.

Figure 1: Flexible Entrepreneurial Leadership Theory (FELT)



Literature Review

The primary research question is what leadership behaviors and management attributes of top executives in SMEs or divisions of larger organizations influence leader effectiveness and the financial performance, sustainability and growth of an organization. This study synthesizes the literature to date and produces the proposed FLS measurement that is proposed to assess a leader's ability or propensity, through flexible leadership to effectively lead and influence their organization to achieve positive financial outcomes.

This study first considers relevant research in five distinct subfields: (a) leadership, (b) strategic management (c) human resources management, (d) organizational change and (d) entrepreneurial leadership. The analysis then considers research on the influence of leadership on the outlined performance determinants. The following streams of literature provide a foundation for the FELT and the FLS measurement:

Leadership. Decades of leadership literature has provided insight on the behaviors, characteristics and situational factors that make leaders more effective. While the literature is extensive, the conundrum is that little evidence has surfaced that outlines definitively that certain leader attributes are the impetus for higher levels of organizational success and specifically improved financial performance (Yukl, 2008). Extensive information has surfaced on leadership, but minimal progress has been made on relating core leadership theories to creating strategic leaders that can guarantee improved financial outcomes of organizations. Also problematic is that the majority of empirical studies, have focused on mid or lower level managers as opposed to top level organizational leaders (Osborn et al., 2002; Yukl, 2006). Increased research is needed to

fill the gap and to provide evidence the characteristics that determine a strategic leader that can successfully navigate subordinates and the organization toward improved financial outcomes. Table 1 outlines some of the seminal leadership literature that is used to build the foundation for FELT and the FLS measurement.

Table 1: Leadership Literature influencing Strategic Leadership Theory (Adapted from Yukl, 2008)

Study	Research, Findings and Relevance
Bass (1985)	The core leadership constructs were two broadly defined behavior categories called <i>transformational</i> and <i>transactional leadership</i> . Outlines how a leader can influence the motivation of individual followers and increase their performance.
Bass and Avolio (1994)	Proposes that the full range of leadership (transactional and transformational) applied to specific areas of leadership, management and organizational development increase a leader's and organization's effectiveness.
(Conger and Kanungo, 1998) and (Shamir et al., 1993)	Argue the effectiveness of charismatic leaders.
Lowe, Kroeck, & Sivasubramaniam, (1996)	Supports the theory that transformational leadership enhances subordinate motivation and performance with evidence from a large number of research studies.
Klein et al., (1994) and Yukl (1999).	Argue that leadership theories are too narrowly focused to provide evidence of how the leadership of top executives can influence the financial outcomes of large companies.
Bennis and Nanus, (1985), Hogan et al., (1990), and Sandowsky (1995)	Charismatic CEOs do not predict success or an organization. Visionary CEOs do not have a higher propensity for avoiding poor financial outcomes.
Vroom (2000)	Emphasized that certain types of leadership are appropriate for different situations and noted that the leaders that are most effective are those that can adjust his or her style to address the specific needs of the group or organization that they are leading.
Silverthorne and	

Study	Research, Findings and Relevance
Wang (2001)	Hersey, Blanchard, and Johnson (1996) highlighted the importance of business leaders and managers being able to adapt to the changing environment and select leadership styles that fit with the needs of the organization and subordinates. Leadership behavior flexibility (LBF) outlines that the leader's experience or the number of times they are placed in a leadership role adds to their level of behavioral flexibility (Kenny and Zaccaro, 1983) and that leaders who are behaviorally flexible are more likely to lead organizations with positive organizational outcomes.
Osborn et al., (2002)	Introduced the importance of the situation or organizational context in leadership theory. Reoriented leadership research and argued that effective leadership results not only from how leaders lead subordinates, but also the incremental influence of the leader as they navigate through the organizational system.
Zhu, May, & Avolio (2004); Brown and Treviño (2006) Maslennikova (2007)	Outlines the importance of ethical leadership and that ethical leader's are more effective; citing their proactive concern for the ethical behavior of their followers is their differentiating characteristic from authentic and transformational leaders. Challenged leaders to determine their leadership style and their strengths and weaknesses so that they were able to improve and develop as a leader and be more able to apply a leadership style that is congruent with the needs of their organization.
Copeland (2009)	Provides evidence that ethical leadership, as compared to authentic and transformational leadership, is a stronger predictor of leader effectiveness.

In addition to managerial leadership, the FLS instrument will also assess a leader's ethical and transformational leadership behaviors.

Bass (1985) outlined that transformational leaders are more effective than transactional leaders. Bass and Avolio (1994) concurred, but expanded the theory by concluding that leaders that used a combination of transformational and transactional behaviors are the most effective.

Brown & Treviño, (2006) argue that ethical leaders, like authentic and transformational leaders are “altruistically motivated, demonstrating a genuine caring and concern for people” and “are thought to be individuals of integrity who make ethical decisions and who become models for others (p.600). According to Brown and Treviño, an ethical leader’s proactive concern for the ethical behavior of their followers is their differentiating characteristic from authentic and transformational leaders. Ethical leaders communicate and place great emphasis on the establishment of ethical standards as well as accountability for adhering to those principles (Brown & Treviño).

De Hoogh & Den Hartog (2008) outlined that ethical behavior is vital for organizations and lapses in ethics, on the part of leaders can have costly organizational consequences. Organizations should take care in selecting managers who show integrity and act in an ethical manner, are not self serving or exploitive of others (De Hoogh & Den Hartog). De Hoogh and Den Hartog concluded when leadership is perceived as ethical, upper level management is perceived as more effective and subordinates express greater optimism about the future potential of the organization.

Copeland (2008) identified that ethical leadership, as compared to authentic and transformational leadership had the highest relationship to leader effectiveness. This seminal study suggests that ethical leadership is more important to followers than authentic or transformational leadership. Additional work is being completed to eliminate the high inter-correlation factors amongst the independent variables, but initial results suggests that ethical leadership is important to subordinates. This study will collect data on both ethical and transformational leadership behaviors on these organizational leaders

to further study if there is a relationship between ethical and/or transformational leader behaviors and leader and organizational effectiveness.

Strategic Management and Organizational Change. Strategic management and change management literature also provides additional insights into assessing how top executives may influence firm performance. Table 2 provides a summary of some of the relevant research in this literature stream.

Table 2: Strategic Management, Strategic Human Resources Management and Organizational Change Literature (Adapted from Yukl, 2008)

Study	Research, Findings and Relevance
Giambatista et al., (2005), Lord and Maher, (1991) and Thomas, (1988)	Studies examining CEO succession provide evidence that a CEO can have a moderate influence on the financial performance of an organization.
Eisenhardt (1989), Finkelstein and Hambrick (1996) and Mintzberg et al., (1976)	Situational constraints were identified as limiting the ability of a CEO to improve an organizations financial performance.
Beer and Nohria, (2000), Hambrick et al., (1998) and Kotter (2002)	Organizational change management studies identify that key executives can be integral in the implementation of new initiatives and can effectively orchestrate successful results.
Hitt and Ireland, (2002), Huselid et al., (1997) and Wright and Snell (1998)	Strategic human resource management studies outline how addressing HR management strategically, as oppose to administratively can have a dual effect of improving the organizations human capital as well as its financial performance.

While this research provides interesting insights and contributes to the foundation of flexible leadership theory, on its own, it is limited in scope and fails to provide a methodology or roadmap for what leadership/management behaviors drive improved

outcomes (Yukl, 2008). It fails to explain effective strategic management that improves organizational processes and influences a firm's financial performance.

Entrepreneurial Leadership. The last two decades have produced extensive literature on entrepreneurs and entrepreneurship. Research has outlined that certain entrepreneurial attributes and behaviors result in professionals with a stronger aptitude to start new initiatives and drive economic growth (Brock and Evans, 1989; Kuratko, 2009; Timmons, 1989). Literature has also supported that entrepreneurial qualities can be developed in individuals, if the right coursework and mentoring is utilized (Drucker, 1985; Peterman & Kennedy, 2003). The FLS measurement includes a dimension for a leader's and an organization's entrepreneurial behaviors and abilities (entrepreneurial intensity), positing that these attributes can contribute to a leader's effectiveness and their ability to influence positive financial outcomes for an organization. A summary of some of the relevant research in this literature stream is provided in Table 3.

Table 3: The Importance and Development of Entrepreneurial Attributes and Skills

Study	Research, Findings and Relevance
Brock and Evans, (1989)	Entrepreneurial attributes and skills enable individuals to contribute to significant economic expansion and growth.
Timmons (1989)	Behaviors and personality characteristics in effective and successful entrepreneurs are self confidence, risk taker, discerner, inquisitive, tolerant of ambiguity and uncertainty, creative, resourceful, affinity for autonomy and control, opportunistic, optimism, action-oriented, tenacious, courageous, intuitive, persuasive, adaptable, resilient.
Peterman & Kennedy (2003)	Inherent qualities and personality traits that make an individual entrepreneurial can be taught and cultivated if pedagogically rich and diverse entrepreneurial education is developed.
Drucker (1985)	Entrepreneurial qualities and attributes can be developed

	and enhanced by pedagogically rich, diverse and entrepreneurial focused coursework and mentoring.
Kuratko (2009).	Entrepreneurs are credited with lifting the US economy out of economic crisis throughout history. Support for entrepreneurial characteristics and corresponding economic advancement.
Teal (1998)	What determines the success of a new entrepreneurial venture?
(Peterman & Kennedy, 2003)	Research supports that entrepreneurial education contributes to the interest and ability of students to become enterprising entrepreneurs.
Covin and Slevin (1989) ; Drucker (1985); Lumpkin and Dess, (1996)	Corporate entrepreneurship contributes to firm survival and performance. Firms, of all sizes, are more successful when entrepreneurial present. To prosper and flourish in competitive environments, firms must increase their entrepreneurial behaviors.
Covin and Slevin, (1991); Guth and Ginsberg (1990); Miller (1983); Sathe (1988); Zahra (1991)	Organizational processes that facilitate entrepreneurial behavior
Barringer, B. & Bluedorn, A. (1999)	Entrepreneurial behavior increases as a firm's management practices are compatible with its entrepreneurial ambitions
Birley & Stockley, (2000); Eisenhardt & Schoonhoven (1990).	Research that shows a strong association between team-created entrepreneurial ventures and higher levels of organizational success.
Chowdhury (2005); Lechler and Gemünden (2003); West (2007).	Superior performance for team-based entrepreneurial efforts is posited to be attributed to the increased human and social capital available to the company.
Schjoedt & Kraus (2009)	The definition and performance factors of entrepreneurial teams.

A dimension for entrepreneurial intensity is included in the FLS, as research has outlined that there is a strong relationship between organizational financial success and entrepreneurial intensity (Schjoedt & Kraus, 2009).

Flexible Leadership Theory. Leadership and strategic management theory and research fall short of providing a model that explains when and how top level managers are more effective in shaping improved organizational financial outcomes. The flexible leadership theory (Yukl, 2008; 2005) was developed to bridge the gap between the leadership and management theories and provide tangible strategies for leader development that include improving both leadership behaviors and management skills and adds an entrepreneurial dimension. The FELT theory applies the FLT to leaders in positions where their leadership behaviors and management practices can specifically influence the outcomes of their organizations.

Theoretical Background of the Flexible Leader

Yukl (2008) outlines that that flexible leadership behaviors are comprised of four sets of variables which include:

Organizational effectiveness. The effectiveness of any entity is delineated by its ability to sustain its operations, achieve its strategic goals and initiatives, maintain and grow its earnings and the overall value of its organization. Key performance indicators (KPIs) for companies can vary significantly between industries, but often include long term growth in earnings, return of assets invested, and improved stock performance or corporate value (Yukl, 2008).

Performance determinants. Yukl proposes that a firm's effectiveness is dependent on three primary performance determinants which include: (a) efficiency and process

reliability, b) human capital and c) adaptively to the external environment. The FLT proposes that these performance determinants can be influenced by the decisions and actions of organizational leaders.

Decisions and actions of organizational leaders. The outlined performance determinants are impacted by the decisions of the leaders as they navigate the organization. A leader's ability to make decisions that positively influence each of the performance determinants improves their ability to guide the organization toward more positive financial outcomes.

Situational variables. The environment in which the organization operates determines the relative importance of each of the performance determinants as well as how difficult it is for a leader to influence them. Situational variables include factors such as resource availability; intensity of industry competition; local, national and global economic and political environments; technological changes, etc.

While the FLT (and subset FELT) construct is conceptualized, research is rudimentary and extensive study is required to determine if the theories can be substantiated with empirical evidence. This study attempts to develop a measure that will assess the extent that an organizational leader and the management programs and systems that he/she has instituted has "FELT attributes". It will then assess if there is a relationship between leader's exhibiting higher degrees of flexible entrepreneurial leadership behaviors and higher levels of financial performance for the company. The key propositions of FELT are presented in the following sections, along with examples of relevant theory and research that support the propositions.

Yukl (2005, 2008) has outlined that leader behaviors and management programs and systems are two ways to potentially influence performance determinants and ultimately improve organizational financial performance. The following details the relationship of these variables.

Leader behaviors. Leader behaviors are one way to influence the performance determinants of: (a) improving efficiency and process reliability, (b) enhancing human resources and relations and (c) advancing innovation and adaption (Yukl, 2005; 2008). Tables 4 through 6 provide a list of leadership behaviors outlined in contemporary, relevant, empirical research that supports that theory that leader behaviors can improve performance determinants. The behaviors are categorized by: (a) task-oriented behaviors that focus on improving efficiency and process reliability, (b) relationship-oriented behaviors that seek to strategically improve and organization's human capital, human resources efforts and relations, and (3) change-oriented behaviors which address developing or improving innovation and adaptation (Yukl, 2005; 2008). While actions are generally initiated to address a single performance determinant, the behavior often is able to also affect other performance determinants. Yukl (2005) provides the following example to demonstrate this inter-relationship,

“consulting with team members about the action plan for a project may increase member commitment (human relations), improve the use of available personnel and resources (efficiency), and identify more innovative ways to satisfy the client (adaptation)” (p.364).

Programs, systems, and structural forms. Improvement programs, management systems, and structural forms are a second way that Yukl (2005, 2008) outlines that performance determinants can be enhanced. Tables 4 through 6 provide a generic list of widely used programs and systems that result in the improvement of performance

determinants. As with the leader behaviors, most programs and systems have a particular target performance determinant, but they often have side effects of addressing other changes as well. This research posits that top level organizational leaders, examined in this study, have greater authority than low and mid level managers and correspondingly are better able to implement, modify and promote management programs and systems, ultimately driving the success of both the initiative and the company overall, in theory.

Joint Influence of Leader Behavior and Management Systems. Yukl (2005)

emphasizes that leader behaviors and adoption of management systems are complementary and not mutually exclusive. Leader behaviors can be used to encourage subordinates to participate in programs and systems which ultimately augment their success.

The following outlines leader behaviors and corresponding management programs and systems that this study and Yukl (2005, 2008) propose lead to improvement of performance determinants and organizational financial outcomes that are foundational to the development of the FLS questionnaire.

Table 4: To improve efficiency and process reliability

Leadership Behaviors	Management (Mgt) Programs and Systems initiated, supported or implemented by a leader who exhibits these behaviors
<ul style="list-style-type: none"> ✓ Clarify roles and task objectives ✓ Monitor operations and performance ✓ Conduct short-term planning ✓ Provide contingent rewards ✓ Resolve current operational problem ✓ Process reengineering ✓ Downsizing and outsourcing ✓ Productivity incentives 	<ul style="list-style-type: none"> ✓ Goal setting programs ✓ Formalization and standardization ✓ Specialized subunits (by function) ✓ Total quality management ✓ Six Sigma programs

Table 5: To improve human resources and relations

Leadership Behaviors	Management (Mgt) Programs and Systems initiated, supported or implemented by a leader who exhibits these behaviors
<ul style="list-style-type: none"> ✓ Provide support and encouragement ✓ Recognize worthy contributions ✓ Provide coaching and mentoring ✓ Consult with others about decisions ✓ Empower and delegate ✓ Encourage cooperation and teamwork ✓ Empowerment programs ✓ Self-managed teams 	<ul style="list-style-type: none"> ✓ Quality of work-life programs ✓ Employee benefit programs ✓ Recognition programs and ceremonies ✓ Training and mentoring programs ✓ Talent management programs ✓ Recruiting and selection programs ✓ Rewards for loyalty and skill acquisition

Table 6: To improve innovation and adaptation

Leadership Behaviors	Management (Mgt) Programs and Systems initiated, supported or implemented by a leader who exhibits these behaviors
<ul style="list-style-type: none"> ✓ Conduct external monitoring ✓ Explain the urgent need for change ✓ Articulate an inspiring vision ✓ Encourage innovative thinking ✓ Facilitate collective learning ✓ Take risks to promote change ✓ Implement necessary change ✓ Joint ventures and strategic alliances 	<ul style="list-style-type: none"> ✓ Competitor analysis and market research ✓ Strategic planning systems ✓ Intrapreneurship programs ✓ Benchmarking to import best practices ✓ Knowledge management systems ✓ Cross-functional project teams ✓ Semi-autonomous divisions

Instrument Development

The theoretical foundations of the FELT outlined in tables 4, 5 and 6 outline leader behaviors and corresponding management programs and systems outlined in Yukl’s (2005, 2008) Flexible Leadership Theory, the foundation of FELT. The leadership behaviors were used to develop the indicators and measures in tables 8, 9 and

10 that were adapted from Yukl's (2008) Managerial Practice Survey (MPS) that this analysis adapted for entrepreneurial organizations in the software reseller industry, which is the segment being examined in this proposed study. In developing the MPS, Yukl, Gordon, and Taber (2002) constructed the scales for the task, relationship and change behavior from the measures identified in the table 7. Yukl, Gordon, and Taber outlined that each of the measures used had support for construct validity for the corresponding component behavior used in the MPS. In addition, Yukl, Gordon, and Taber assessed the internal consistency reliability for each of the scales and reported that the Cronbach alpha for all scales in each version of the questionnaire exceeded .7, the recommended lower bound for an acceptable estimate of internal consistency, with most scales exceeding .8.

Table 7: Prior Measures used to Develop the MPS

Measure	Author
C-K Scale: Conger-Kanungo Leadership Scale	Conger & Kanungo, 1998)
LBDQ-12: Leader Behavior Description Questionnaire	Stogdill, Goode, & Day, 1962)
LOS: Leader Observation Scale	Luthans & Lockwood, 1984)
LPI: Leadership Practices Inventory	Kouzes & Posner, 1995)
MBS: Managerial Behavior Survey	Yukl & Nemeroff, 1979)
MPS: Managerial Practice Survey	Yukl, Wall, & Lepsinger, 1990)
MLI: Multifactor Leadership Inventory	Castro & Schriesheim, 1998)
MLQ: Multifactor Leadership Questionnaire	Bass & Avolio, 1990)
SMP: Survey of Management Practices	Wilson, O'Hare & Shipper, 1990)
TLI: Transformational Leadership Inventory	Podsakoff, MacKenzie, Morrman, & Fetter, 1990)

Part 1: Flexible Leadership Survey – FELT Managerial Leadership Behaviors

Effective leadership behaviors and their corresponding measures theorized in the FELT are provided in tables 8, 9 and 10. The measures in tables 8, 9 and 10 will be included as part 1, FELT managerial leadership behaviors.

Table 8: Task-oriented leadership behaviors that focus on improving efficiency and process reliability

Dimension/ Indicator	Strategic Leader/Managerial Behavior Questions (Adapted from Managerial Practices Survey, Yukl, 2008)				
	Never 1	Rarely 2	Occasionally 3	Frequently 4	Very Frequently (or always) 5
Clarifying Responsibilities (Task)	1) Establishes clear job responsibilities.				
	2) Facilitates and promotes establishing clear project or work responsibilities.				
	3) Sets specific performance goals and quality standards for important aspects of the work.				
Short-term Planning (Task)	4) Requires project plans for completing projects or tasks.				
	5) Requires that systems or processes be put in place that result in efficient use of people, equipment, and resources.				
	6) Requires that steps needed to complete consulting or other projects be identified.				
Monitoring Activities and Performance (Task)	7) Requires the evaluation of progress and quality of work for all projects.				
	8) Requires the evaluation of how well important tasks or projects are being performed.				
	9) Requires that the job performance of unit members be evaluated in a systematic way.				
Emphasizing Efficiency (Task)	10) Encourages employees to find new ways to reduce costs.				
	11) Talks about the importance of efficiency and productivity for the success of the organization.				
	12) Encourages employees to use practices that can improve the organization's efficiency.				
Problem Solving (Task)	13) Takes the initiative in identifying and resolving company problems.				
	14) Encourages that company problems be resolved quickly to prevent unnecessary costs or delays.				
	15) Addresses company problems and crises in a decisive and confident way.				

Table 9: Relationship-oriented behaviors: seek to strategically improve and organization's human capital, human resources efforts and relations.

Indicator	Proposed Questions	Never	Rarely	Occasionally	Frequently	Very Frequently (or always)
		1	2	3	4	5
Supporting	16) Shows concern for the needs and feelings of employees.					
	17) Provides support and encouragement when there is a difficult or stressful task.					
	18) Expresses confidence that members of the unit or team can perform a difficult task.					
Encouraging Participation	19) Talks with employees to get their ideas before making decisions that will affect them.					
	20) Asks employees for their ideas and suggestions when making decisions about the company.					
	21) Modifies a proposal or plan to include employee's suggestions and deal with their concerns.					
Recognizing	22) Praises effective performance by company members.					
	23) Provides recognition for achievements and contributions.					
	24) Praises improvements in performance.					
Delegating and Empowering:	25) Encourages team members to take responsibility for determining the best way to carry out a task or assignment.					
	26) Trusts employees to make important decisions without getting prior approval.					
Encouraging Cooperation	27) Empowers organizational team members to resolve problems on their own if they have a good solution.					
	28) Encourages cooperation among company members to accomplish shared objectives.					
	29) Encourages company members to share information and help each other when appropriate.					
	30) Talks about the importance of teamwork to promote the most effective company performance.					

Table 10: Change-oriented behaviors which address developing or improving innovation and adaptation

Indicator	Proposed Questions	Never	Rarely	Occasionally	Frequently	Very Frequently (or always)
		1	2	3	4	5
Promoting and Facilitating	31) Advocates the need for major changes in objectives or strategies.					
	32) Promotes planning to determine how to implement necessary changes in the organization.					

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- | | |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Change | 33) Pushes for approval of an important change despite the risk for him or herself. |
| Monitoring the Environment | 34) Analyzes external events and trends to identify company threats and opportunities.
35) Keeps informed about the activities and products of competitors.
36) Keeps informed about new developments in technology that may have implications for improving the company's products, services, or processes. |
| Explaining the Need for Change | 37) Explains why changes are necessary to deal with an emerging problem.
38) Explains why a policy, procedure or practice is no longer appropriate and should be changed.
39) Explains why an external event is a threat or an opportunity for the company. |
| Envisioning | 40) Describes a proposed change or new initiative with enthusiasm and optimism.
41) Describes a clear, appealing vision of what the company or unit could accomplish or become.
42) Describes a new initiative or project that offers exciting opportunities for the company or unit. |
| Encouraging Innovation | 43) Encourages innovative thinking and new approaches for solving problems.
44) Encourages team members to examine a problem from different perspectives.
45) Talks about the importance of innovation and flexibility for the success of the unit. |
| Encouraging Collective Learning | 46) Encourages team members to evaluate and try new methods.
47) Looks for ways to adapt best practices used by other units or organizations.
48) Conducts a review session after each major company initiative, program or activity to gather input and learn what can be improved. |
| Developing | 49) Provides advice and coaching to help employees develop their skills.
50) Promotes opportunities for employees to develop their skills and confidence.
51) Encourages employees to use available opportunities for improving their skills. |
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Part II: Flexible Leadership Survey – FELT Management Systems and Practices

To determine the effective business processes and management systems and practices that are posited to lead to improved leader effectiveness and organizational financial performance, it was necessary to conduct some preliminary research with companies that support and consult with executives who manage and lead in the software reseller industry. Table 11 provides the management systems and practices compiled from this research and represent the composite of what is believed to be the programs and systems in place for more effective management and corresponding improved financial outcomes. The dimensions included are industry specific. The industry being evaluated is the software reseller business where there is a high emphasis on marketing and business development efforts. Future studies in other industries would necessitate researching and developing management systems and practices questions that were believed to drive increased levels of leader effectiveness and organizational financial outcomes in other industries.

Table 11: Management Systems and Practices for the Software Reseller Industry (MSP RS):

Functional Area	Measurement				
	Never 1	Rarely 2	Occasionally 3	Frequently 4	Very Frequently 5
Financial Management	1. Our firm measures and manages profitability by project. 2. Our firm generates monthly profit and loss statements. 3. Our firm measures and manages invoice lag time. 4. Our firm measures and manages the firm's invoice recovery rate. 5. Our firm measures and manages unbilled work in progress. 6. Our firm measures and manages the number of days outstanding for receivables. 7. Our firm utilizes an internal budget. 8. Our firm regularly monitors and manages cash flow.				
Marketing:	9. Our company has people solely dedicated to business				

Business Development and Pipeline Management	<p>development/sales efforts.</p> <p>10. Our company holds regular meetings to review the pipeline of sales opportunities.</p> <p>11. Our company's pipeline includes software sales opportunities.</p> <p>12. Our company's pipeline includes consulting opportunities.</p> <p>13. Our company's pipeline includes potential opportunities with existing clients.</p> <p>14. Our company tracks how long it takes to close an opportunity.</p> <p>15. Our company tracks opportunity close rates.</p> <p>16. Our company tracks business development and pipeline efforts by sales professional.</p> <p>17. Our company tracks small, medium <u>and</u> large opportunities in our pipeline management.</p> <p>18. Our company tracks and compares year over year new customer additions.</p>
Operations and Service Quality and Excellence	<p>19. Our company measures utilization of employees.</p> <p>20. Our company adjusts decisions based on the utilization of employees.</p> <p>21. Our company uses contract employees to minimize unutilized time.</p> <p>22. Our company measures the average hourly billing rate on consulting engagements.</p> <p>23. Our company measures and manages unbilled work in progress.</p> <p>24. Our company measures comp or free work (including warranty work).</p> <p>25. Our company calculates the total backlog of unperformed work (contracts, projects, ad-hoc, support).</p> <p>26. Our company calculates the average implementation cycle time (Contract to Signoff).</p> <p>27. Our company calculates the percent of change orders required on any engagement.</p> <p>28. Our company regularly seeks customer evaluations of service and project quality.</p>
Employee Satisfaction	<p>29. Employees are provided with direction by their supervisors.</p> <p>30. Employees are provided with encouragement by their supervisors</p> <p>31. The company regularly recognizes employee's contributions.</p> <p>32. The company outlines career opportunities and growth within the organization.</p> <p>33. The company has an ongoing recruitment process.</p> <p>34. The company routinely sponsors company events and programs that build morale.</p> <p>35. The company routinely sponsors company events and programs that foster a team spirit.</p>

	36. The company compensates employees adequately, as compared to the market.
Employee Development	37. Our firm has a formal or informal mentoring program to develop individuals.
	38. Our company provides ongoing professional development and training to employees.
	39. Our company trains employees to become industry specialists.
	40. Our company evaluates the performance of each employee on each project and provides coaching and training for improvement.
	41. Our firm provides employees opportunities for training in consulting procedures and methodologies.
	42. Our firm provides employees opportunities to attend Microsoft and other vendor training classes to improve their skills.
	43. Our company has a formal performance appraisal process that is executed at a minimum once a year.
	44. Our company is more successful because we have made the decision to specialize in specific industries.
	45. Our company seeks to have consultants certified in the different Microsoft industry specialties.
Business Processes and Methodologies	46. Our company has project plans that are used for each engagement.
	47. Our company has implementation methodologies that are used for each implementation.
	48. Our firm regularly reviews best practices for consulting and implementing software.
	49. Our engagements start with a business process review.

Part III: Flexible Leadership Survey – FLT Entrepreneurial behaviors and attributes

Research has outlined that there is a positive relationship between corporate entrepreneurship and a firm's survival and performance (Covin and Slevin, 1989; Drucker, 1985; Lumpkin and Dess, 1996; Miller, 1983; Zahra, 1993). Corporate entrepreneurship is identified as an organization's ability and desire to adopt entrepreneurial attitudes and behaviors. Small, medium and large organizations, as well as public and private entities, are more likely to prosper and flourish in competitive

environments if entrepreneurial behaviors are embraced (Barringer & Bluedorn; 1999, Kuratko, 2009).

The FELT posits that a leader's ability to be entrepreneurial and foster entrepreneurship within its organization is a component of flexible leadership. The FELT also proposes that there will be a positive relationship between firms with higher levels of entrepreneurial intensity and their organizational performance. Barringer & Bluedorn (1999) developed a measurement to identify a firm's entrepreneurial intensity outlining a range between conservative and strong. In this study, the FLS will the level of entrepreneurial intensity so that its contribution toward organizational performance can be assessed.

Lastly, Drucker (1985), Kuratko (2009), and Copeland (2010) outline that entrepreneurial qualities and attributes can be developed and enhanced by pedagogically rich, diverse and entrepreneurial focused coursework and mentoring. The outcome of this study will enable targeted entrepreneurial mentoring to be applied to firms with lower levels of entrepreneurial intensity.

The nine-item scale to measure to assess a company's entrepreneurial intensity was developed and validated by Covin and Slevin (1986). The scale used two previous scales by Khandwalla (1977) and Miller and Friesen (1982) as a foundation. Barringer and Bluedorn (1999) reported a Cronbach's alpha of 0.87 for measuring corporate entrepreneurship intensity. Miller (1983) identified that corporate entrepreneurship can be measured by a firm's tendency toward innovation, risk-taking, and pro-activeness. In this measure, scale items 1a, 2a, and 2b measure innovation; items 1b, 1c, and 4a measure risk-taking; and items 3a, 3b, and 3c measure pro-activeness. To measure a firm's

propensity for entrepreneurship, the mean, or the average of the nine items is computed. Higher scores indicate higher levels of entrepreneurial orientation of a company on the conservative to entrepreneurial continuum.

Table 12: Entrepreneurial Intensity

1. In general, the top management of my firm favor.....

a. A strong emphasis on the marketing of tried and true products and services	1 2 3 4 5 6 7	A strong emphasis on R&D, technological leadership, and innovation.
b. Low-risk projects with normal and certain rates of return and changes	1 2 3 4 5 6 7	High-risk projects with very high returns
c. A cautious, 'wait and see' posture in order to minimize the probability of making costly decisions when faced with uncertainty.	1 2 3 4 5 6 7	A bold, aggressive posture in order to maximize the probability of exploiting potential when faced with uncertainty

2. How many new lines of products or services has your firm marketed in the past 5 years?

a. No new lines of products or services.	1 2 3 4 5 6 7	Many new lines of products or services.
b. Changes in product or service lines have been mostly of a minor nature.	1 2 3 4 5 6 7	Changes in product or service lines have usually been quite Dramatic.

3. In dealing with its competitors, my firm . . .

a. Typically responds to actions which competitors initiate.	1 2 3 4 5 6 7	Typically initiates actions to which competitors then respond.
b. Is very seldom the first firm to introduce new products, services, operating technologies, etc.	1 2 3 4 5 6 7	Is very often the first firm to introduce new products, services, operating technologies, etc.

c. Typically seeks to avoid competitive clashes, adopting a ‘live-and-let-live’ posture.	1 2 3 4 5 6 7	Typically adopts a very competitive position, preferring an ‘undo-the-competitor’ posture.

4. In general, the top managers of my firm believe that . . .

Owing to the nature of the environment, it is best to explore gradually via cautious behavior.	1 2 3 4 5 6 7	Owing to the nature of the environment, bold, wide ranging acts are necessary to achieve a firm’s objectives.
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Part IV: Flexible Leadership Survey – FLT Ethical Leadership

Copeland (2009) identified that ethical leadership, as compared to authentic and transformational leadership had the highest relationship to leader effectiveness. This seminal study suggests that ethical leadership is more important to followers than authentic or transformational leadership. Additional work is being completed to eliminate the high inter-correlation factors amongst the independent variables, but initial results suggests that ethical leadership is important to subordinates. This study will collect data on both ethical and transformational leadership behaviors on these organizational leaders to further study if there is a relationship between ethical and/or transformational leader behaviors and leader and organizational effectiveness. To assess ethical leadership behaviors, Yukl’s (2010) Ethical Leadership Questionnaire (ELQ) will be utilized. The ELQ was developed as a measure that includes only the ethical leadership behaviors of a leader by eliminating the ethical components of transformational leadership.

Table 13: Ethical Leadership Questionnaire

Leadership	ELQ Instrument Questions
	<ul style="list-style-type: none"> 1 Strongly Disagree 2 Moderately Disagree 3 Slightly Disagree 4 Slightly Agree 5 Moderately Agree 6 Strongly Agree
Ethical Leadership Questionnaire (ELQ) (Yukl, 2010)	<p>This leader:</p> <ul style="list-style-type: none"> 1) Shows a strong concern for ethical and moral values 2) Can be trusted to tell the truth. 3) Makes decisions that are fair and impartial 4) Keeps actions consistent with expressed values ("walks the talk") 5) Communicates clear ethical standards for the work 6) Keeps promises and commitments 7) Sets an example of ethical behavior for others to follow 8) Provides honest answers to questions 9) Insists on doing what is right even when it is not easy 10) Puts the needs of others above his/her own self interest 11) Is fair and objective when evaluating a subordinate's performance 12) Opposes the use of unethical practices 13) Acknowledges mistakes and takes responsibility for them instead of blaming others 14) Dispenses rewards and benefits in a way that is fair and unbiased 15) Holds subordinates accountable for using ethical practices

Part V: Flexible Leadership Survey – FLT Transformational Leadership

To measure transformational leadership, one of the independent variables, the FLS proposes the use of Carless, Wearing and Mann's short measure of transformational leadership. Carless, Wearing, and Mann (2000) provide an alternative to the traditional measurements that have been used to assess an individual's transformational leadership behaviors. While the Multifactor Leadership Questionnaire (MLQ; Avolio, Bass, & Jung, 1995), the Conger-Kanungo scale (Conger & Kanungo, 1994) and the Leadership Practices Inventory (LPI; Kouzes & Posner, 1990), have historically been used extensively to measure transformational leadership, Carless, Wearing, and Mann developed a measurement, the Global Transformational Leadership scale (GTL) that is much shorter, yet reliable and valid. The GLT is able to capture whether or not a leader is transformational by having a follower evaluate the leader's vision, ability to develop their staff, lead in a supportive fashion, empower others, think innovatively, lead by example, and is charismatic or highly competent which translates into being respected by their followers.

Carless, Wearing, and Mann's measurement is only 7 questions long. Their instrument has been determined as reliable and valid in measuring whether or not a leader is transformational by having a follower evaluate the leader's: 1) vision, 2) their ability to develop their staff, their ability to lead in a supportive fashion, 4) the effectiveness in empower others, 5) innovative thinking, 6) propensity to lead by example, and 7) ability to be seen as being highly competent which translates into being respected by their followers.

Support of the validity and reliability of the GLT. Carless, Wearing, and Mann's (2000) study outlined that: 1) there was "a good fit between the observed variance-covariance" (p.397), 2) "using the Bagozzi and Heatherton formula, the reliability of the GTL was calculated to be .93" (p. 398) and overall the findings" outlined that the "seven-item GTL is highly reliable" (p. 398), 3) there was evidence that supported convergent validity of the GTL, 4) "the pattern of high correlations with the hypothesized constructs" provided "evidence that the GTL corresponds to other measures of transformational leadership" (p. 398), 5) "the high correlations between the GTL and the LPI and MLQ provide evidence that the GTL has strong convergent validity" (p. 400), 6) T-tests and other "findings provide substantial evidence of the discriminant validity of the GTL, 7) the descriptive statistics showed that with a possible range in score from 7 to 35 and a mean of 25 and standard deviation was 6.76. This indicates that there is support that there is "adequate dispersion of scores on the GTL" (p. 400), and lastly, 8) Cronbach's alpha was .93 which supports the conclusion that the GLT is a reliable measure of transformational leadership (p. 400). In summary, the researchers have solidified that the GTL is a reliable measure as a single measurement of transformational leadership by outlining when a leader is "visionary, innovative, supportive, participative and worthy of respect" (p. 400). The high correlation between the GTL and other measures of transformational leadership suggests that the GTL is an acceptable "alternative short measure of transformational leadership with a broad range of potential" (Carless, Wearing, and Mann, 2000, p. 402). As with other measures, high scores describe a leader that uses transformational leadership extensively and a low score is one who is seldom transformational. In summary, the GLT was developed from the study and assessment of

prior literature, research studies and other instruments that measured transformational leadership behaviors in leaders. The correlating of the results of the GLT with the corresponding result of already proven measures of transformational leadership provide the necessary evidence to support the reliability of this measure of transformational leadership.

Table 14: Global Transformational Leadership Scale

Leadership	GLT Instrument Questions				
	Never	Rarely	Occasionally	Frequently	Very Frequently (or always)
	1	2	3	4	5
Global Transformational Leadership Scale (GTL) Carless, Wearing, & Mann (2000)	1) Communicates a clear and positive vision of the future 2) Treats staff as individuals, supports and encourages their development 3) Gives encouragement and recognition to staff 4) Fosters trust, involvement and cooperation among team members 5) Encourages thinking about problems in new ways and questions assumptions 6) Is clear about his/her values and practices what he/she preaches Instills pride and respect in others and inspires me by being highly competent				

Conclusion

This study expands the FLT to include expanded dimensions and proposes the FELT as an explanation for leader and organizational effectiveness. It also seeks to determine the necessary measures needed to assess a leader’s ability to be a flexible leader and combine effective leader and entrepreneurial behaviors and management programs and systems. It also seeks to determine which leader attributes and management systems and practices are present in leaders that are able to guide their organizations into

achieving favorable financial outcomes. This research outlines a measurement instrument to assess the FELT qualities in a leader. It seeks to: (a) develop a measurement tool to analyze the FELT in small to medium size businesses (SME) or in divisions of larger organizations and (b) proposes a plan for testing the measure to determine its objectivity and validity. The goal is assess if top level managers have exemplary leadership characteristics coupled with effective management systems and practices, they will be successful in leading their organizations to stronger financial outcomes.

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