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Leadership in entrepreneurial organizations: Context and motives

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Although organizational contexts have an influence on leadership, and some of their characteristics may facilitate (through weak structures) or inhibit (through strong structures) the leaders’ behaviors, the extent of their influence has rarely been studied. Indeed, research of the influence of some types of contexts (entrepreneurial vs. non–entrepreneurial) on the emergence of certain variables (leaders’ motives) is even scarcer. This paper analyses this influence in 40 companies, interviewing their leaders to obtain a qualitative register of their motives, and administering questionnaires to members of their respective management teams. The hypothesis considered was that, in ‘weak’ contexts (entrepreneurial), the leaders’ motives would be more salient than in ‘strong’ contexts (non-entrepreneurial). The results largely confirm this hypothesis with respect to behaviors that are directly related to three main motives (power, affiliation and achievement). These results are discussed, and practical suggestions are provided for future research.

As contingency theories have revealed, the influence of organizational context on leadership effectiveness is a fundamental though scarcely studied subject. Previous analysis in this area has included goals and objectives, members of organizations and their composition, processes, status and conditions, structure, and time (Porter & McLaughlin, 2006). These factors have then been related to different types or dimensions of leadership. Regarding structure, Hunt, Boal, & Sorenson (1990) establish that implicit leadership theories vary between hierarchical levels. This means that a leader is better able to introduce the most effective strategy when his or her behaviors are consistent with the implicit theories for a given hierarchical level. Further, Avolio & Bass (1995) point out how the ‘consideration’ component of transformational leadership varies, and is perceived distinctly, at the different hierarchical levels. Recently, different dimensions of transformational leadership have been related to specific outcomes such as positive psychological states (Hannah & Luthens, 2008) and international innovation alliances (Osborn & Marion, 2009). These results reinforce the idea that appropriate leadership is embedded in its context. As regards charismatic leadership, Shamir & Howell (1999) propose that its emergence and effectiveness is encouraged by certain contexts, including so-called ‘weak’ contexts.

So, although there is some agreement that organizational context may have an impact on leadership, it has not yet been given sufficient attention (Shamir & Howell, 1999; Boal & Hooijberg, 2000). This impression is confirmed in a recent review (Porter & McLaughlin, 2006) of theoretical and empirical articles, written between 1990 and 2005, in the twenty-one major journals in the field.

Investigation on motives and leadership has also been developing over many decades, for example in gender stereotypes and leadership (e.g., Cuadrado, 2004) and organizational context (e.g., Winter, 1996). However, this area deserves more attention. Such lack of research is even more striking if some leadership variables (like motives) and their relation with certain contexts (such as entrepreneurial vs. non-entrepreneur”
personal and emotional relationships with others (Heyns, Veroff, & Atkinson, 1958). Finally, the achievement motive is defined as the concern for competition against a unique standard of excellence or realisation (McClelland, Atkinson, Clark, & Lowell, 1953).

During the 1970s, substantial developments in the theory and methodology of personality led to a significant revival in research on motives (Atiyah, House, & Kerr, 2000). One of these developments has been the consideration of motives from a contingency perspective, linking their effectiveness to situations. Motives are not as stable or consistent as to predict the behaviors of a person throughout their lives or in different situations. However, motives may become evident in the situations that stimulate them, and so predict behaviors for short periods of time. This may be crucial when dealing with leadership because of the great influence that leaders wield.

Another major development which focuses on the elaboration of theories that link motives with situations, and with a leader’s effectiveness, is the theoretical model put forward by Mischel (1977), which analyses the specific interaction between personal variables and psychological situations, under the socio-cognitive learning approach. This is of great interest when applied to the motives of leaders. This theory holds that the psychological force present in different situations influences the extent to which the form of behavior for individual dispositions, this being motives and personality traits, is manifested (Sanz, Gil, Barrasa, & García-Vera, 2006; Sanz, Gil, García-Vera, & Barrasa, 2008). The model draws a distinction between strong and weak situations. Strong situations are semi-structured and clear. They have clear cultural norms, incentives contingent to specific types of behaviors, and expectations relating to the reinforcement of behaviors. In this case, each person constructs situations in a similar way and induces uniform expectations about appropriate behaviors. This applies in very formal organizations, directed by expectations of overtly established roles, norms, rules, policies and procedures. In contrast, in weak situations, organizations are less formal and more flexible, and there is greater ambiguity. In these situations, there is no pressure to conform and no instructions are provided on appropriate patterns of behavior, so there are no markers to guide leaders’ behavior. This applies in organizations that have greater elasticity in their procedures and regulations, and that grant more freedom and autonomy of action to their members.

Under this model, in strong situations, motives or personality tend to be constrained, and so cannot be easily expressed through corresponding behaviors. In weak situations, however, members will probably have a greater opportunity to express themselves. Several studies have since supported the argument put forward by Mischel (1977), among them Monson, Hesley, & Chernick (1982), Lee, Ashford, & Bobko (1990), and Barrick & Mount (1993), Tett & Guterman (2000), Tett & Burnett (2003).

But the influence of situations is not just limited to how leaders demonstrate their behavior, but may also include the effects that these behaviors have on subordinates and how subordinates perceive their leaders. In strong situations, both managers and subordinates have less room for decision. It is therefore to be expected that these situations will not only constrain the behavioral expression of motives, but will also reduce the influence that they have over the behavior, reactions and perceptions of subordinates.

Following this approach, House & Shamir (1993) apply Mischel’s arguments to charismatic leadership. These authors hold that weak psychological situations provide favourable conditions for charismatic leaders to emerge and be effective. The most recent version of the path-goal theory of leadership (House, 1971), identifies organizational constraint as one of the basic variables, in that it is one of the causes of situational force, and acts as a moderator of the relationship between the leader’s behavior and the results of this behavior (House, 1996).

This distinction between strong and weak situations can be applied to different types of organizations, bearing in mind their entrepreneurial nature amongst other factors (see Atiyah, House, & Kerr, 2000). Hence, for example, another distinction can be made between non-entrepreneurial and entrepreneurial organizations. In the first case managers’ authority, control and decisions are limited by organizational policies, rules and procedures, as well as by what others expect of their behavior. Such characteristics can remind us of the strong situations proposed by Mischel. The main divisions of these organizations are directed by COEs (Chief Operating Executives) who consequently have limited room for manoeuvre. In the second case managers, CEOs (Chief Executive Officers), have greater autonomy and are freer to use their power of position to influence others. Again, this can be linked back to Mischel’s weak situations. In these organizations, generally smaller than the large divisions mentioned previously, CEOs need not delegate through many organizational levels, but can base their decisions on technological knowledge, and may even have direct access to the organization’s workforce. Entrepreneurship can be analysed following different explanations that focus on the individual (linking the emergence of entrepreneurs with the characteristics of individuals), on dimensions of the economic environment (where individuals live and work), and on institutions, culture and values of society, but these approaches are not mutually exclusive (Cuervo, 2005).

These same arguments based on Mischel’s theory (strong/weak situations) have been employed to explain the influence of personality variables in the emergence of entrepreneurs (Rauch & Frese, 2000). Similarly, Markman (2007) relates this argument with the influence of KSAs (knowledge, skills, abilities). He suggests that in sufficiently weak (entrepreneurial) situations the expression of individual’s differences can translate into results. Furthermore, in recent research Apospori, Papalexandris, & Galanaki (2005) have found achievement motivation and responsibility to be the most significant discriminating factors between entrepreneurial and professional CEOs. Otherwise, entrepreneurship and strategic management, in spite of having been developed largely independent each other (Hitt, Ireland, Camp, & Sexton, 2001), are considered basic elements of a ‘healthy economy which need to be integrated’ (Andretsch, Castrogiovanni, & Domingo, 2005: p. 6).

So, in summary, different focuses have been integrated to explain entrepreneurship and links have been made between strategic management, leadership and entrepreneurship. However, very little research has been devoted to the relationship between leadership motives (power, achievement and affiliation) and entrepreneurial institutions. On the basis of the above review, the following research questions and hypothesis can be posed: Does organizational type (entrepreneurial or non-entrepreneurial) have an influence on the relationship between motives and behaviors of leaders? Is this relationship clearer in entrepreneurial-type organisations?

Objective 1. To analyze the relationship between motives and behaviors perceived in leaders. If this relation is moderated by the type of organization.
To analyze the moderation between the power motive and authoritarian behavior (objective 1.1), the affiliation motive and relationship behavior (objective 1.2) and the achievement motive and proactive behavior (objective 1.3).

Method

Participants

To carry out this research, two samples were used under the auspices of GLOBE (Global Leadership and Organizational Behavior Effectiveness), the international research project on culture and leadership.

The first sample comprised of 40 senior directors of Spanish organizations with more than 100 employees. These leaders are all senior management, half from non-entrepreneurial organizations (19 COEs) and the other half from entrepreneurial companies (21 CEOs). In the GLOBE project, non-entrepreneurial organizations are those which are multinational with headquarters outside Spain (the COE leader is the main responsible in Spain); entrepreneurial organizations are those which are founded and managed by the CEO leader, with a minimal size of 50 workers.

As regards gender, 33 are men (the same distribution for COEs and CEOs) and the average age is 51.2 (SD = 1.06) for COEs and 54.3 (SD = 0.88) for CEOs. The companies span a great variety of activities but particularly those related to the IT and consultancy sectors; others include the chemical industry, electrical equipment suppliers, information services, data processing and transport.

The second sample included 83 managers, who are responsible for a functional area of the company, and are direct collaborators of the COEs or CEOs. Of which, 57 are male, the average age is 40.8 (SD = 8.26) and the main activities they are involved in are human resources, general administration and production.

Procedure

Interviews were held by an expert in the workplace based on an appointment made with the leaders, whose permission was sought for recording the interview. The questionnaires were distributed to two or three collaborators of each leader, the previously identified direct co-workers or managers subordinates. Anonymity and confidentiality in its application was guaranteed.

Instruments

Different techniques were combined to provide both qualitative and quantitative information. The first was used to evaluate the leaders’ motives and the second their behaviors as perceived by their collaborators.

The design and validation of both instruments were developed by the GLOBE international research team in Phase 2, for application in later phases (see House et al., 2004).

Motives. Forty interviews were administered to the respective leaders following a basic script with open questions adapted to CEOs (e.g., How did you come across your business idea?) and COEs (What did you expect when you first took on your present position?). The interviews were recorded, transcribed and analysed by three different experts, who had been previously trained to apply the codification system of motivational images, described by Winter (1994) in his Manual for scoring motive imagery in running text. This system is widely used (Emmerik, Gardner, Wendt, & Fischer, 2010; Winter, 1973, 1998) and was backed up by the Atlas Ti software for qualitative analysis (Muñoz, 2003). The codification of images relating to the three main motives is as follows: power (adjectives that evaluate force, control or regulation, attempts to influence, give help, impress others and strong positive or negative emotional reaction), affiliation (expression of positive affection, sadness and other negative feelings, affiliate activities, and friendly activities of caring and protection) and achievement (adjectives that evaluate performance, performance goals, mention of winning or successful competition, mistakes and unique achievement). The average score of the experts for each leader in the three motives was obtained. The reliability analysis of the judges’ replies produced a κ = .81, which can be considered satisfactory (De Mast, 2007).

Behaviors of the leader. These were evaluated through a questionnaire designed by the GLOBE project research team (House et al., 2004). The questionnaire includes 84 items referring to different previously identified dimensions that have significant support in management and leadership literature (Bass & Avolio, 1993; House, 1996; House & Shamir, 1993). Collaborators were required to answer how they perceive different behaviors in their leaders following a Likert-type scale of 1 (totally disagree) to 5 (totally agree).

Questionnaire includes three dimensions: relationship (behaviors such as ‘the welfare of the group concerns them’), authoritarian (e.g., they impose their values and opinions on others’) and proactive (‘they talk to their subordinates about important projects’). This Questionnaire was used in previous studies with adequate psychometric properties for different samples, Chrombách’s alpha upper 0.7 (Chhocar, Brodbeck, & House, 2007; Hanges & Dickson, 2004; Martí, Gil, & Barrasa, 2009).

Data analysis

In order to combine data from the interviews carried out to sample 1 (40 leaders: 19 COEs and 21 CEOs) and the data from the questionnaires obtained from sample 2 (83 managers subordinates from the sample 1, between 2 and 3 per leader) a organizational level database was used.

From sample 1, leaders’ interviews were scored for Achievement, Affiliation, and Power Motive imagery by trained scorers with materials precoded by experts (see Winter, John, Stewart, & Kohmen, 1998) obtaining a quantitative punctuation in the three motives. Motives were scored according to the Winter’s protocol (Winter, 1973). The protocol is the tool used to interpret the motives revealed via the interviews to the respondent. We summed the scores for each of the three motives for the 40 leaders.

From sample 2, 83 managers subordinates from the previous leaders, between 2 and 3 per leader, evaluated the behaviors of the leader by responding a questionnaire. The average score of the 2-3 subordinates in the three questionnaire’s dimensions (relationship, authoritarian, and proactive) were used.

Using the organizational level database with variables from leaders (motives) and from subordinates (evaluations of leaders’ behaviors) correlation and regression analyses were carried out.

Results

Correlations between leader’s motives and behaviors are shown in Table 1. The regression analysis conducted to check the
influence of CEO and COE motives on the different behaviors offers the following results. For relationship behavior (Table 2), it was shown that for CEOs, there is a significant influence of the affiliation motive (β = .509, p < .01), while no such influence was found in COEs.

Concerning authoritarian behavior (Table 2), for the CEOs the influence was shown of power (β = .283, p < .10) and affiliation motives (β = -.320, p < .05). This influence is positive in the first case, and negative in second. No influence was noted in the COE group.

With reference to proactive behavior (Table 2), the results indicate an influence of two of the motives of the CEOs. The influence is negative in the power motive (β = -.347, p < .05) and positive in the achievement motive (β = .377, p < .05).

The test for moderation of organization type on the relation between the affiliation motive and behaviors produced the following results. In the matter of relationship behavior (Table 3), a significant interaction with type of organization was shown (See Figure 1), so that in the CEOs group the relation of affiliation with this behavior was significantly reinforced (β = .489, p < .01; ΔR² = 0.68).

The influence of type of organization on the relationship between the power motive and authoritarian behavior (Table 3) was not significant, although in the graph (see Figure 2) a steeper trend can be observed in the CEO group.

The results relating to the interaction of type of organization on the relation of the affiliation motive and authoritarian behavior (Table 3) is not significant either, but differences can be appreciated between the two groups (see Figure 3).

Furthermore, the results of the interaction of type of organization on the relation of the power motive and proactive behavior (Table 3) do not show any significant influence.

As regards the moderation of type of organization on the influence exercised by the achievement motive on proactive behavior (Table 3), the results are clearly significant (β = .433, p < .10; ΔR² = 0.033), so that in the CEOs group the influence is noticeably reinforced (Figure 4).

Table 1
Correlations between the leader’s motives and the behaviors perceived by subordinates in non-entrepreneur COEs and entrepreneurial CEOs

<table>
<thead>
<tr>
<th>Motives</th>
<th>Relationship</th>
<th>Authoritarian</th>
<th>Proactive</th>
</tr>
</thead>
<tbody>
<tr>
<td>COEs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power</td>
<td>-.314**</td>
<td>.366**</td>
<td>-.115</td>
</tr>
<tr>
<td>Affiliation</td>
<td>.045</td>
<td>-.072</td>
<td>.001</td>
</tr>
<tr>
<td>Achievement</td>
<td>-.260*</td>
<td>.357**</td>
<td>-.070</td>
</tr>
<tr>
<td>CEOs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power</td>
<td>.050</td>
<td>.217</td>
<td>-.141</td>
</tr>
<tr>
<td>Affiliation</td>
<td>.473***</td>
<td>-.269*</td>
<td>.268*</td>
</tr>
<tr>
<td>Achievement</td>
<td>.043</td>
<td>.011</td>
<td>.293*</td>
</tr>
</tbody>
</table>

* p < .10; ** p < .05; *** p < .01

Table 2
Results of the hierarchical regression analysis of leadership affiliation motive on relationship behavior, power leadership motive on authoritarian behavior, leadership affiliation motive on authoritarian behavior, and power leadership motive on proactive behavior. Test for moderation of type of organization (Non-entrepreneur COEs and entrepreneur CEOs).

<table>
<thead>
<tr>
<th>Stage</th>
<th>Independent variable</th>
<th>β</th>
<th>R²</th>
<th>ΔR²</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Affiliation</td>
<td>.251**</td>
<td>.063</td>
<td>.063**</td>
</tr>
<tr>
<td>2</td>
<td>Type of organization</td>
<td>-.196*</td>
<td>.101</td>
<td>.038*</td>
</tr>
<tr>
<td>3</td>
<td>Type of organization</td>
<td>.489**</td>
<td>.169</td>
<td>.068**</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Power</td>
<td>.240**</td>
<td>.058</td>
<td>.058**</td>
</tr>
<tr>
<td>2</td>
<td>Type of organization</td>
<td>.235**</td>
<td>.111</td>
<td>.053**</td>
</tr>
<tr>
<td>3</td>
<td>Type of organization</td>
<td>-.138</td>
<td>.114</td>
<td>.003</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Affiliation</td>
<td>-.165</td>
<td>.027</td>
<td>.027</td>
</tr>
<tr>
<td>2</td>
<td>Type of organization</td>
<td>.180</td>
<td>.059</td>
<td>.032</td>
</tr>
<tr>
<td>3</td>
<td>Type of organization</td>
<td>-.237</td>
<td>.075</td>
<td>.016</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Power</td>
<td>-.092</td>
<td>.008</td>
<td>.008</td>
</tr>
<tr>
<td>2</td>
<td>Type of organization</td>
<td>-.196*</td>
<td>.045</td>
<td>.037*</td>
</tr>
<tr>
<td>3</td>
<td>Type of organization</td>
<td>-.049</td>
<td>.021</td>
<td>.000</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Achievement</td>
<td>-.102</td>
<td>.010</td>
<td>.010</td>
</tr>
<tr>
<td>2</td>
<td>Type of organization</td>
<td>-.188*</td>
<td>.045</td>
<td>.035*</td>
</tr>
<tr>
<td>3</td>
<td>Type of organization</td>
<td>-.433*</td>
<td>.078</td>
<td>.033*</td>
</tr>
</tbody>
</table>

* p < .10; ** p < .05; *** p < .01
Discussion

The results support practically all aspects of the hypotheses put forward, confirming the moderating effect of type of context (entrepreneurial vs. non-entrepreneurial) on the relationship between motives and perceived behaviors in leaders. Only in the entrepreneurial context is there proof of the relation between the power motive and authoritarian behavior (hypothesis 1.1; although the result is not significant, the trend is very marked), the affiliation motive and relationship behavior (hypothesis 1.2) and the achievement motive and proactive behavior (hypothesis 1.3).
It is therefore concluded that the context in which leaders work moderates the relationship between motives and behaviors perceived by collaborators. The relationship is strengthened for leaders who act in entrepreneurial contexts (CEOs) and weakened or eliminated for leaders who act in non-entrepreneurial contexts (COEs). Members of management teams in entrepreneurial contexts clearly identified leaders with high power motive with essentially authoritarian behaviors, leaders with high affiliation motive with relationship behaviors, and leaders with high achievement motive with proactive behaviors. Conversely, none of these behaviors are identified in leaders in the non-entrepreneurial context. The model proposed is therefore largely confirmed.

The results obtained in this research can firstly be said to contribute to extending knowledge about a subject, not sufficiently studied as Porter and McLaughlin (2006) have shown, and secondly to analysing the influence of some contexts (weak situations and the entrepreneurial context) and some leadership variables (motives of the leader). These results support the theory by Mischel (1977) and models of trait activation derived from the principles of interaction (Tett & Guterman, 2000; Tett & Burnett, 2003), and subsequent proposals such as those of Rauch & Fesce (2000) and Markman (2007) on entrepreneurship, and of House (1996) and Shamir & Howell (1999) on charismatic leadership.

Moreover, this research confirms the need to integrate explanations with different focuses, on the individual and on institutions (Cuervo, 2005), and to link entrepreneurship with strategic management and leadership (Andretsch, Castrogiovanni, & Domingo, 2005). Secondly, it affirms the results of other research, even though much of this research relates to behavior of the leader (Barrasa, Gil, Rico, & Alcover, 2004; Barrick & Mount, 1993; Lee, Ashford, & Bobko, 1990; Monson, Hearly, & Chernick, 1982), and to charismatic and transformational leadership (see House & Shamir, 1993). Likewise, this research supports the importance of selecting and implementing the appropriate structures and practices in organizations, in order to foster innovation and entrepreneurship (see Schuler, 1986).

Thirdly, this research adds to the prospect raised by several authors that research on motives be given fresh impetus (House, 1996; House, Wright, & Aditya, 1997; House et al., 2004), with new perspectives. This would imply adopting new ways of measuring motives which establish a contingent relationship between motives and certain situations in order to help us create explicative, new models that integrate a greater variety of elements.

The procedure used in Winter’s system (1994; 1998; 2005) has generally been considered to be sound and is currently widely used. For this reason this investigation kept in line with the Winter system but integrated the ‘new perspectives’ suggested by the aforementioned authors. The inclusion of entrepreneurial and non-entrepreneurial contexts confirms the differential and contingent influence of motives. Motives are therefore not perceived as universal characteristics with an indiscriminate influence, but as demonstrated through specific behaviors linked to their given context. Nowadays, bearing in mind the co-existence of these two organizational types, the choice of this variable is essential.

Finally, as regards the third aspect, the proposed, and to a large extent confirmed hypothesis, may contribute to the development of more complex models that lead to a better explanation of such issues.

Some practical applications arise from this research. The first is the need to identify the characteristics not only of leaders (and their motives) but also of organizations and their components in order to redesign work teams and train leaders to be more effective. The second is the need to consider more flexible conditions for large organizations, which should be encouraged not to obstruct behaviors that are more closely related to the predispositions of their leaders and that may also be effective for the organization. The latter measure would almost certainly have significant repercussions on the personal development, satisfaction and commitment of the leaders concerned.

Finally, this study has some limitations. It is considered important to complete this research with a longitudinal design, to incorporate objective results measurement, to extend the sample used and to carry out transcultural studies. All these proposals have already been anticipated in the GLOBE research project, currently under way.

References


