

Summary

This research project originated from a fascination for the phenomenon of leadership and its positive and negative effects on the development of organizations. For well over a hundred years, the theme of leadership has been the subject of scientific investigation. As a result, many different theories have been proposed, some of which are still relevant, while others have quietly disappeared.

However, the world has changed fundamentally over the past 30 years. Megatrends such as globalization, individualization and improved information technology have had an enormous impact on the economic and societal context of organizations. An impact that, for managers, is sometimes difficult to acknowledge because the change is gradual and does not become manifest simultaneously in all organizations. Nevertheless, the undercurrent of change is undeniable.

In this rapidly changing world, there are a number of fundamentally different ways to think about organizations, their position in the environment and the role of leadership. We describe these as paradigms: coherent theories and models that together form a conceptual framework, within which the 'outside world' is known. We distinguish three different paradigms that organizations use to reflect upon their role in the environment, each with their own outlook on management and leadership.

In this thesis, the paradigms will be described as the traditional, the transformational and the contextual paradigm.

The traditional paradigm assumes stability: the organization is seen as a stable entity in a more or less stable environment. The director derives authority from his formal position. Leadership is aimed at governing the organizations' own systems. The emphasis lies on controlling productivity. The outside world is seen as a more or less constant feature, that naturally consumes the products and services on offer. Literally an 'outside world', in that sense.

The transformational paradigm is focused on change: the world is changing, competition is increasing and the organization has to evolve accordingly. Leadership sets the appropriate course and is the face of the transformation. Leaders derive authority from being inspiring and visionary, relying on charisma and persuasiveness. The outside world is seen as a market that must be conquered: extensive marketing, market penetration and sometimes market manipulation are the result.

The contextual paradigm is based on the complexity of the contemporary economic and social reality. The world has become increasingly complex and dynamic, and the boundaries between the organization and outside world are diffuse. Internal and external become fused: customers can be partners, competitors can be colleagues. Collaboration is temporary: the organizational hierarchy is distributed per issue in collaborative structures, the 'leading coalitions'. Authority arises from the capacity to connect all parties involved and from thought-leadership. The outside world is not outside, but inside the system.

The relevance of these distinct paradigms is the realization that most organizations today function very differently from twenty or forty years ago. This has important implications for management, within and between organizations. Common leadership behavior of the past century such as an one-dimensional exercise of power is no longer credible nor functional. The foundation of effective leadership has changed from the possession of formal power towards the ability to connect. Contemporary leadership requires flexibility, the capacity to look at problems from different angles, to act in ever changing leading coalitions, to switch between different roles and realities, in times of economic prosperity and downfall. Essential skills are having a keen eye for environmental dynamics and adapting flexibly to the style of the leading coalition in complex and multi-layered contexts.

In this thesis, the model 'Strategic Goals & Leadership Style' is presented. It serves to provide insight into the nature of the contextual dynamics of organizations and the leadership style that is appropriate for that context. The central question is what type of leadership fits with different strategic goals. The model describes the development the organization must go through in order to achieve the strategic ambitions, along with the congruent leadership style.

To determine and analyze the required type of organizational development, we used a theory that connects business climate with the life cycle of organizations (Greiner 1972, Cameron & Quinn 1983, De Galan 2002), as well as its applications in different developmental strategies (Peters 2003, 2004). During the course of the life cycle, four strategies are aimed at achieving a dynamic balance in one of the life phases: pioneering, growing, managing and protecting. Five developmental strategies aim to make a transition from one life phase to another: stabilizing, consolidating, vitalizing, politicizing and reforming.

To determine leadership style, we used the Competing Values model by Quinn (1988), combined with Insights Transformational Leadership (Lothian, Desson & Hudson 2008). This results in a characterization of leadership style on two dimensions. The first dimension is the perspective from which the leadership takes place. This runs from the internal perspective, focused on the inside of the organization, to the outside perspective, directed towards the outside of the organization. The second dimension is the orientation of leadership, which runs from a relationship-oriented focus on social processes and connections, to a results-oriented approach centered on outcomes, goals and products.

The model Strategic Goals & Leadership Style distinguishes four congruent combinations of strategy and leadership style: developing, shaping, structuring and maintaining.

Developing combines pioneering and revitalizing with a relationship-oriented leadership approach from an external perspective. Shaping means growing and reforming, combined with a results-oriented approach from an external perspective. Structuring is stabilizing and consolidating linked with a results-oriented style from the internal perspective. Maintaining combines managing, protecting and politicizing with a relationship-orientation from the internal perspective.

According to the model, the most effective leadership style will change dynamically throughout the organization's life cycle. Different developmental stages require different emphases on leadership qualities. This dynamic interaction between leadership style and strategy forms the basis of this empirical study.

As a first empirical test, the model was applied to five case studies: organizations operating in a dynamic context of strategic change. We have chosen a sample of more or less similar cases. All were small, knowledge-intensive businesses, acting from a public sector perspective and exposed to a complex market situation that is changing fast. Case 1 concerns a national inspection organization, case 2 an independent consultancy group, case 3 a nursing home, case 4 a pharmaceutical company and case 5 a district hospital.

We used a qualitative research method in which the development of the organizations was diachronically reconstructed over a period of seven to ten years. The information was gathered from formal sources as well as through semi-structured interviews with on average ten participants per case. Such a response group consisted of a number of employees and managers of the organization and an equal proportion of external participants: stakeholders, clients, regulators and other involved parties. As a result, perceptions from inside and outside the organization could be investigated. The strategic am-

bitions, its progress and the results of the transformation could therefore be assessed from an internal and external perspective. This created a multi-method multi-actor perspective, corrected for individual variation and biased perspectives. To further do justice to the complexity of the case studies, the data were gathered on six levels of analysis, complementing and correcting each other. These levels of analysis are as follows: describing, experiencing, reflecting, analyzing, confronting and evaluating.

Each of the organizations surveyed had experienced positive and negative periods in their overall functioning over the previous seven to ten years. In the negative periods, there was, in all cases, evidence of a mismatch between strategic goal and leadership style. Case 1, in its crisis period, was governed by a relationship-oriented management that acted mainly from the internal perspective and was unable to achieve a necessary reform process. The reform happened only after the arrival of the new general director who had a very different leadership style. In case 3 the leadership, relationship-oriented and acting from the internal perspective, was not congruent with the strategic challenge of improving processes to reform and revitalize the organization. In cases 2 and 4, a highly external and results-oriented style of leadership was in the consolidation period no longer necessary and in fact even dysfunctional, a pattern that is also becoming apparent in case 5.

During positive phases in organizations, there was always evidence of congruence between the strategic task and the leadership style. In case 1 leadership style gradually co-evolved with the dynamics of strategic development. In cases 2 and 4, the entrepreneurial, results-driven approach to leadership was a key factor in their initial success. In case 3, a new management with a different style had a very positive effect on the organization's outcomes. In case 5 however, the previously successful leading coalition seems to have reached the end of its shelf life.

The diagnostic objective of the model Strategic Goals & Leadership Style is therefore supported by the empirical data. In all cases we found a clear relationship between the extent to which leadership style was appropriate for the strategic goal, and performance in achieving strategic ambitions. If there was a match between leadership style and strategy, strategic outcomes were always positive. However, when there was a mismatch, results were negative. To provide participants of the case studies with insight into their situation, they received feedback about the results. The analysis focusing on the congruence between leadership style and strategic goals appeared to be a very interesting and useful tool for participants to reconstruct their experiences in the past, but also for future-oriented reflection on the sustainability of their organization's leadership.

Given the exploratory nature of the research and the limited amount of case studies, the validity and reliability of the conceptual model is currently limited. However, it seems the research method, working with multiple levels of analysis in conjunction with the multi-actor perspective, is a meaningful way to do justice to the dynamics and complexity of the case studies.

Overall, the results of empirical research supports the premise that congruence between strategic goal and leadership style has a positive influence on the ultimate effectiveness of the organization in achieving its strategic ambitions. To achieve more robust evidence, a follow-up study with a larger sample is desirable.