Organizational commitment—A missing link between leadership behavior and organizational performance?

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Abstract
This paper investigates the effect of executive leadership behaviors on the organizational commitment (OC) of subordinate managers and the influence of the latter on measures of company performance. Based on pertinent research and the main leadership dimensions identified in the GLOBE project, we formulate hypotheses concerning the relationship between perceived leadership behaviors and subordinates’ OC, as well as the assumption that this organizational commitment is beneficial to performance ratings on a corporate level. Data stem from a sample of 78 companies from the Germanic cultural area. Our results suggest that desirable leadership behavior is positively related to subordinates’ OC, and that OC contributes to company performance, even when analyzed in conjunction with crucial contextual variables.

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1. Introduction
Organizational commitment (OC), defined as “the relative strength of an individual’s identification with and involvement in a particular organization” (Mowday, Porter, & Steers, 1982, p. 27), has long been an object of interest for management research (Swailes, 2002). It originally emerged as an alternative explanation for certain workplace behaviors such as turnover and absenteeism, after earlier approaches had led to somewhat disappointing findings.

Indeed, one axiom of OC theory is that high OC results in positive outcomes for organizations, an assumption that has been at least partly confirmed empirically. For instance, a meta-analysis by Meyer, Stanley, Herscovitch, and Topolnytsky (2002) concluded that commitment relates negatively to turnover and several other types of withdrawal cognitions. Another avenue of OC research was to examine antecedents and correlates of OC (e.g. Bourantas & Papalexandris, 1992; Lok & Crawford, 2001; Mathieu & Zajac, 1990; Meyer & Allen, 1997), including not only personal characteristics such as age and organizational tenure, sex and occupation, but also several organization-related antecedents of OC, among others job security, job satisfaction, role ambiguity, and organizational culture.

Soon explored, too, was the relationship between leadership behavior and OC, with somewhat contradictory results.
Thus, some studies found OC to be influenced by participative decision-making and consideration (e.g., Glisson & Durick, 1988; Jermier & Berkes, 1979; Savery, 1991), flexibility, emphasis on rules and regulations, hierarchy and role specialization (Zeffe, 1994), as well as by various aspects of organizational politics and leadership power (Wilson, 1995). On the other hand, O’Reilly and Roberts (1978), Hampton, Dubinsky, and Skinner (1986), Johnston, Parasuraman, Futrell, and Balck (1990) and Savery (1991) reported no linkage between OC and leadership behavior, while Hunt and Liebscher (1973) found a negative association between leaders’ production emphasis and some aspects of OC. By contrast, more recent studies investigating charismatic and transformational leadership have shown, with some consistency, a positive relationship with followers’ OC (Avolio, Zhu, Koh, & Bhatia, 2004; Barling, Weber, & Kelloway, 1996; Bono & Judge, 2003; Dubinsky, Yammarino, Jolson, & Spangler, 1995; Dumdum, Lowe, & Avolio, 2002; Lowe, Krooeck, & Negaraj, 1996; Walumbwa & Lawler, 2003; Walumbwa, Orwa, Wang, & Lawler, 2005).

This posited link between leadership behavior and followers’ commitment raises the question of where commitment is focused. Employees are likely to be committed to followers’ OC (Avolio, Zhu, Koh, & Bhatia, 2004; Barling, Weber, & Kelloway, 1996; Bono & Judge, 2003; Dubinsky, Yammarino, Jolson, & Spangler, 1995; Dumdum, Lowe, & Avolio, 2002; Lowe, Krooeck, & Negaraj, 1996; Walumbwa & Lawler, 2003; Walumbwa, Orwa, Wang, & Lawler, 2005).

2. Literature review and hypotheses

2.1. Leadership and OC

Most people develop their own ideas about the nature of leaders and leadership. These concepts are based on more or less naive or idiosyncratic, personal assumptions that have been analyzed under the heading of “implicit leadership theory” (Lord, Foti, & De Vader, 1984). One major assertion of this theory is that leadership is in the “eye of the beholder”: it is a social label attributed to individuals if one of two conditions applies: either their personality and behaviors sufficiently match the observer’s beliefs about leaders, or the observer ascribes group success or failure to the activities of perceived leaders (Lord & Maher, 1991).

The so-called GLOBE studies (“Global Leadership and Organizational Effectiveness Program”), which form the basis of our own work, went a step further, investigating the extent to which these everyday theories are influenced by cultural norms (Den Hartog, House, Hanges, & Associates, 1999; Dorfman, Hanges, & Brodbeck, 2004; Holmberg & Akerblom, 2006; Waldman et al., 2006).1 Within this context leadership is defined as “the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of organizations of which they are members” (House, Wright, & Aditya, 1997, p. 548). As part of the overall GLOBE program originally 382 leadership attributes and behaviors were inductively generated with a focus on developing a comprehensive list rather than on developing an a priori leadership scale. These 382 attributes and behaviors were then condensed to 112 questionnaire items. This questionnaire was distributed to more than 15,000 middle managers from 61 different societies/cultures (Brodbeck et al., 2000).

Based on the responses, six global leadership dimensions were identified: 1. charismatic/value-based leadership, 2. team-oriented leadership, 3. participative leadership, 4. humane-oriented leadership, 5. autonomous leadership, and 6. self-protective leadership. Of these, charismatic leadership contributed most to the making of outstanding leaders, while self-protective leadership contributed negatively (Den Hartog et al., 1999).

Why did we use these GLOBE dimensions for analyzing the connection between leadership and OC? First, there have been very few studies based on implicit leadership theories and dealing with work attitudes (Epitropaki & Martin, 2005, p. 662). Second, as argued above, OC is a consequence of—among other things—commitment to top management. The link between the two is arguably facilitated by prototypical leader behaviors (Epitropaki & Martin, 2005), and one aim of GLOBE is to identify and describe the chosen dimensions, which are now presented in more detail.

1. The dimension charismatic/value-based leadership reflects the ability to inspire, to motivate, and to successfully demand high performance outcomes from others, on the basis of firmly held core values. As mentioned above, several empirical findings have confirmed a positive connection between charismatic leadership and OC. This relationship can be best explained by self-concept-based theory (Bono & Judge, 2003, Shamir, House, & Arthur, 1993), which outlines three ways of motivating followers: (1) by providing a sense of direction and decisiveness (vision),

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1Beside the investigation of universally endorsed leadership characteristics, the project goals included the analysis of empirical findings concerning the ranking of 62 societies with respect to nine attributes of their cultures and the development of an empirically based theory that describes the relationships between societal culture and leadership.
which contributes to increased follower self-efficacy; (2) by encouraging, through the leader’s own self-sacrifice and integrity, pride in belonging to a group important for members’ self-concept, and so facilitating followers’ social identification with their organization; and (3) by linking work values to those of followers, thus increasing the extent to which followers view their work as self-expressive. When charismatic leaders describe work in ideological terms, for instance by identifying high achievement as a value in and of itself, followers come to see their work as congruent with personally held values. These considerations lead us to hypothesis H1:

H1. Charismatic/value-based leadership is positively related to subordinates’ OC.

Moreover, given the special nature of charismatic leadership and the fact that it is most strongly associated with an idealized leader, and in light of the relatively persuasive empirical evidence that this kind of leadership behavior fosters OC, we also posit that:

H1a. Charismatic/value-based leadership has a stronger relationship with subordinates’ OC than the other leadership dimensions examined.

2. Team-oriented leadership was the second-highest rated dimension in the GLOBE studies; it emphasizes effective team-building in the sense of mutual support and the creation of a common purpose. Social exchange theory has been considered as an important explanation for OC (Masterson, Lewis, Goldman, & Taylor, 2000). Based on the norm of reciprocity, it proposes that received favors result in an obligation to reciprocate (Blau, 1964). In other words, when individuals perceive that organizations, leaders or teams care about their well-being, then they are inclined to reciprocate by higher levels of OC. Bishop, Scott, Goldsby, and Croupanzno (2006) have shown that the perceived support from a team predicts OC to that entity. Furthermore, their results suggest that the team level should be perceived as more proximal than the organization. Based on these assumptions we derive hypothesis H2:

H2. Team-oriented leadership is positively related to subordinates’ OC.

3. Participative leadership reflects the degree to which managers involve others in making and implementing decisions. If, following Katz (1951), we assume that employees’ propensity to enter or withdraw psychologically from groups is a function of their ability to influence decisions in these, a positive correlation with OC can be posited. And, in fact, several studies have claimed to show that employees who are allowed to participate in decision-making have higher levels of commitment to the organization (Dunham, Grube, & Castanedo, 1994; Jermier & Berk, 1979; Savery, 1994; Yusef, 2000). Hence, our third hypothesis:

H3. Participative leadership is positively related to subordinates’ OC.

4. The fourth important leadership dimension is humane-oriented leadership, which describes supportive and considerate leadership behavior. The effects of these classic leadership aspects—usually framed as consideration, acceptance, and concern for the needs and feelings of other people—have been studied extensively. Considerate or “humane-oriented” leaders being, by definition, empathetic (Fleishman & Salter, 1963), are likely to be skilled at sensing and subsequently satisfying their followers’ needs. As a result, they should also be in a position to contribute toward integrating organizational decisions and the underlying values, norms, and goals into employees’ self-concepts. A positive effect of humane leadership on OC can therefore safely be assumed and, indeed, considerable empirical evidence from prior research supports this assumption (DeCotis & Summers, 1987; Lok & Crawford, 2004; Morris & Sherman, 1981; Zaccaro & Dobbins, 1989), leading to:

H4. Humane-oriented leadership is positively related to subordinates’ OC.

5. Autonomous leadership was first defined as a separate dimension in the GLOBE study to refer to independent and individualistic leadership. It was introduced because of the study’s intercultural background and reflects differences between individualistic and collectivist cultures. We are not aware of any empirical findings concerning leader autonomy and followers’ OC. On the one hand, an outstandingly autonomous leader might provoke admiration and so increase commitment to the organization he represents. On the other, if followers imitate this behavior and adopt a distinctly autonomous stance, their “local” OC might be reduced or even eliminated. We will accordingly investigate the relationship between autonomy and OC on an exploratory level only.

6. Self-protective leadership is another dimension first found in the GLOBE study. This dimension describes leader behavior that is self-centered, status conscious, procedural and conflict-inducing. As Judge, LePine, and Rich (2006) have shown, such narcissistic behavior is also negatively related to leadership ratings by subordinates. All these characteristics contrast sharply with desirable leadership behavior and will arguably alienate employees as a result of reciprocity norms, loosening their ties to the organization. We therefore postulate that:

H5. Self-protective leadership is negatively related to subordinates’ OC.

2.2. OC and organizational performance

According to OC theory, an employee’s commitment (at least that of the affective type) does not merely make him or her remain with the organization irrespective of the circumstances, but also contributes to his or her efforts on its behalf. Relatively early research showed OC as having an impact on job performance, turnover (Mowday et al., 1982), pro-social behavior (O’Reilly & Chatman, 1986), and turnover intentions or likelihood (Poznanski & Bline, 1997), as well as on absenteeism (Angle & Perry, 1986), altruism towards colleagues and job stress (Wasti, 2005). Research linking OC to broader measures of corporate performance is much scarcer. Indeed, only three studies are known to us. Benkhoff (1997) investigated the link between OC and organizational performance as measured by sales targets met and profit figures. She found that OC was significantly related to the financial success of bank branches, albeit with varying results depending on how OC and performance were measured. Wright, Gardner, and Moynihan (2003) analyzed OC and HR practices within autonomous business units of a single corporation, and found that both variables were significantly related to various performance measures.
(quality, shrinkage and productivity), as well as to operating expenses and pre-tax profits. A further study of Malaysian companies (Rashid, Sambasivan, & Johari, 2003) found that corporate-culture type and OC had an impact on financial performance (return on assets, return on investment, current ratio). Other positive results relating to the link between commitment and company performance can be found in the HRM literature. For instance, a recent meta-analysis found evidence that human resource policies designed to encourage individual commitment are among the strongest predictors of organizational performance (Gmürr & Schwerdt, 2005). From these findings we derive the following hypothesis.

**H6.** OC has a positive influence on company performance.

Our hypotheses might suggest the desirability of investigating the possible (direct) effects of leadership on company performance. This has been a controversial subject ever since the 1970s (Thomas, 1988). A few studies have suggested a correlation between (charismatic) leadership behavior and some measures of organizational performance (Baum, Locke, & Kirkpatrick, 1998; Waldman, Ramirez, House, & Puranam, 2001; Zhu, Chew, & Spangler, 2005); others, however, found no such direct link (Ogbonna & Harris, 2000; Tosi, Misangyi, Fanelli, Waldman, & Yammarino, 2004; Waldman et al., 2001). As a result, some authors are skeptical about attempting to establish a direct relationship between leadership and global measures of organizational performance, claiming that this approach “is by itself somewhat unsatisfying. Although it legitimizes further research in the area, it fails to address or illuminate the many processes that must necessarily mediate the relationship between leaders and organizational performance” (Peterson, Smith, Martorana, & Owens, 2003, p. 795). We follow this view and focus on OC as one of these mediating processes. Given the existence of studies showing a direct relationship between charismatic/transformational leadership and organizational performance measures, we briefly explore this relationship in our study, but formulate no hypotheses about it.

Finally, both classical organizational theory (Burns & Stalker, 1961) and strategic management theory (Hedley, 1977; Porter, 1980) suggest several important situational and/or environmental determinants of corporate performance, the influence of which should not be ignored when examining the relationship between OC and performance. The survey on which this study is based accordingly took into account numerous contextual variables (e.g., company size, market share, investment opportunities, rate of technological change, intensity of competition concerning products, price and marketing, supplier power, company expansion, predictability of demand and economic cycles). These were then incorporated into our analyses (for more details, see Section 4). The following figure summarizes the expected relationships. The gap between the dotted line and the remaining graph denotes that the explorative bivariate analyses between leadership and organizational performance are not part of the framework represented in Fig. 1.

### 3. Sample and data collection

The sample consisted of 38 German and 40 Austrian executives (from 78 different companies), with an approximate 50/50 split between employed CEOs and entrepreneurial directors. Entrepreneurial status means that the company founder was still significantly involved in leading the firm. The companies were selected according to two main criteria: (1) top managers should be known for extraordinary leadership; (2) for entrepreneurial firms, the
entrepreneur should still be involved in top management, as mentioned above.3

Company size ranged from 26 to 15200 employees (mean 1133: s.d. 2347), with entrepreneurial firms being significantly smaller on average (330 ± 419 vs. 3142 ± 3795 employees). The mean age of questionnaire respondents was 42 (±10 years), the proportion of women being 45%. Among the executives surveyed, 5% were women and more than two thirds were between 40 and 60 years old.

Questionnaires were given to employees in close contact with him/her and one rank lower in the managerial hierarchy. These employees could fill in the questionnaire immediately or submit it anonymously. Follow-up calls and mailings took the response rate to 95%.

The survey investigated several variables apart from leadership behavior (e.g., company life cycle, changes in market conditions and competition, organizational policies). In order to keep it to an acceptable length, the questionnaire was therefore produced in three versions, each of which included all the leadership items along with a selection of questions relating to the other variables. For each executive, six or nine subordinate managers (total n = 546) filled in one of the three questionnaire parts, resulting in a total of 182 responses (two or three complete responses per executive).

4. Measures

All the scales employed in presenting the data are based on the German version of the GLOBE questionnaire, which contained 171 items in total. The leadership items assessed the extent to which the behavior described was perceived in executives by their subordinates, measured on a seven-point Likert scale ranging from “strongly disagree” to “strongly agree”.

Charismatic/value-based leadership (a = 0.89), team-oriented and participative leadership (a = 0.83 for both) had good internal consistency values. This was less the case for humane orientation (a = 0.72) and self-protective leadership (a = 0.68), while autonomy merely had a consistency value of a = 0.56.

OC was measured using a scale (a = 0.85) based on the ideas of Porter, Steers, Mowday, and Boulian (1974). It incorporates the following three dimensions that mirror closely those of self-concept-based theory: (1) a willingness to exert considerable effort on behalf of the organization, e.g., “being prepared to make personal sacrifices for the success of the company” (connected with self-efficacy); (2) a strong desire to maintain membership in the organization, e.g., “expecting to stay with the company for at least the three following years” (linked to social identification); and (3) a strong belief in and acceptance of organizational goals and values, e.g., “agreement with the board concerning the vision of the company” (connected with work as self-expression).

In contrast to the notion favored by Meyer and Allen, which is restricted to different types of attachment to the organization (affective, normative, continuance commitment; see, e.g. Meyer & Allen, 1997), this concept has the advantage of including performance-oriented aspects of OC, which seem likely to have a stronger relationship with company performance. Like other similar studies on OC (e.g., Deery & Iverson, 2005; Glisson & Durick, 1988; Walumbwa & Lawler, 2003; Walumbwa, Lawler, Wang, & Shi, 2004; Yousef, 2000), we will not differentiate between these three dimensions empirically but instead use a single-valued measure of OC.

Company performance was assessed by changes in sales volume, return on investment, and earnings during the previous four years. The first two items were rated on a seven-point scale ranging from “30% or less compared to the main competitor” to “more than 30% compared to the main competitor”. The measure of earnings was the percentage growth figure.4

One goal of this study being to explore whether OC influences company performance when considered alongside other factors, all the contextual variables mentioned above were tested for correlation with the three performance measures. Besides OC, company size, and the entrepreneurial status of the company, every variable showing a significant (rank) correlation with one or more of these was incorporated into the relevant analyses (see “Results” section). These variables were: company market share (in %), marketing and price competition, and company expansion. All except market share and headcount were rated on seven-point scales; for instance, that for price competition ranged from 1 (“virtually no competition (monopoly)”) to 7 (“fierce, ruinous competition (e.g., retail discounter)”).

The reliance of our study solely on self-reported measures raises the issue of common method variance, or more precisely, single-source bias (e.g., Avolio, Yammarino, & Bass, 1991; Podsakoff & Organ, 1986). Given the research design, we attempted to handle this problem in two ways, as follows.

First, for the relationships between leadership and OC, we conducted a Harman’s one-factor test (cf. Podsakoff & Organ, 1986, p. 536). As the results of the factor extraction allowed no clear rejection of the common method variance assumption, we checked the correlation results (see the “Results” section below) with partial correlations controlling for the extracted factor (cf. Podsakoff & Organ, 1986, p. 537). Since no correlation became insignificant, we assume that the observed relationships do not trace back to common method variance.5

Second, for the relationship between OC and organizational performance, potential single-source bias was eliminated by using distinct sources. As noted above, while all the subordinates of a particular leader were questioned.

3In order to find such companies that fulfilled those criteria we checked up in a first step appropriate management magazines. Further potential companies were found through private contact and recommendations using snowball principles.

4For this variable, as for the contextual predictor variables in the regression analyses, far outliers were filtered out before conducting the analyses.

5Some correlations changed their sign, however. This phenomenon “that the sign of the relationships will be artificially reversed” is a methodological drawback of this post hoc remedy against common method variance, as reported by Kemery and Dunlap (1986, p. 528).
about his or her leadership behavior, only some received the items relating to each of the additional variables (see “Sample and data collection”). This allowed us to use a subset of the questionnaires to assess OC and the remainder for organizational performance (with both subsets containing the leadership items).

Unfortunately, precise financial records were not available for our study for most of the surveyed companies, limiting the available performance measures to respondents’ subjective assessments. We are aware that this is a major methodological drawback of this study. Nonetheless, we argue for the validity of the data, as self-report variables that can be reality-checked rarely suffer significant distortion (Podsakoff & Organ, 1986, p. 532f., see also Judge, Cable, Boudreau, & Bretz, 1995; Wall et al., 2004).

5. Results

Hypotheses 1–5 posit a positive relationship between particular leadership dimensions and subordinates’ OC. Table 1 shows the bivariate correlations between all the leadership dimensions examined and OC. A comparison of means for the German versus the Austrian sample on the leadership dimensions and OC only showed one significant difference for autonomous leadership (not included in the hypotheses), where the Austrian sample had a higher average. The results presented refer to the data aggregated at company level. ICC and $r_{wg}$ values do not point towards problems with data aggregation. The mean $r_{wg}$ values for OC and the leadership scales range between 0.83 and 0.96 ($\pm 0.3$ and 0.06), except for autonomous leadership (0.77, $\pm 0.28$), with few companies falling below the 0.7 threshold commonly accepted in the literature (James, Demaree, & Wolf, 1993). ICC values, too, were slightly above 0.7 for most dimensions, except for OC (0.68) and self-protective leadership (0.52), which is still acceptable (Klein et al., 2000). Autonomous leadership once again had the lowest value (0.36).

These results support our hypotheses concerning the relationship between leadership and OC. All relationships between leadership and OC (except for participative leadership) become even stronger when controlling for company size.

H1a postulated that charismatic/value-based leadership has the strongest relationship with OC of any dimension. Judging by the correlation coefficients, this appears to be the case. We tested H1a by comparing the coefficients for charismatic leadership and the dimension showing the second-strongest relationship (team-oriented leadership). The difference between the two is significant (Steiger’s $Z$: 3.02, $p<0.01$; cf. Meng, Rosenthal, & Rubin, 1992), which supports hypothesis H1a.

H6 proposed a positive relationship between subordinates’ OC and company performance. Table 2 presents the bivariate (rank) correlations between OC and the three company performance measures (see above), with data aggregated at company level. Since the relevant data was missing for some companies, the $n$ here was smaller than the overall sample size (78).

The bivariate results are in line with H6 for all performance measures. In a further step we investigated, by means of regression analyses, whether OC is still a significant predictor of company performance when other variables that have been identified as being related to company performance are taken into consideration (see “Measures” section above). We are aware that our data arguably do not fulfill all requirements for a sound analysis of this type. However, our goal was not to construct a valid model for predicting company performance, but merely to explore whether OC remains a significant predictor of organizational performance in conjunction with other relevant predictors.

Our results show that OC significantly predicts organizational performance for all three employed measures. The hampering effect of marketing competition on sales volume and earnings growth seems plausible, as does the negative relationship between cost-intensive headcount and earnings growth. Table 3 presents the results of the regression analyses.

It must be conceded that this study has a few methodical shortcomings that should be taken into consideration. Despite our post hoc attempts at controlling for single-source bias (and their quite satisfactory results), the observed relationships between leadership and OC are still based on single source data, which leaves something to be desired (Podsakoff & Organ, 1986, p. 540). Furthermore, all performance indicators used are single-item measures and based on subjective assessment, albeit they are unlikely to be seriously distorted as a result (see Section 4).

6. Discussion

Our results showed a fairly clear and consistent pattern. Most leadership dimensions were related to OC; in the cases of charismatic/value-based, team-oriented leadership,
participative, humane, and self-protective leadership the links were as hypothesized, while autonomous leadership was indeed unrelated to followers’ OC.

Our theoretical explanation for the motivational effect of charismatic leadership, based on the assumption that individuals strive to maintain and improve their self-concept, is that this type of leadership is the most effective at integrating organizational values, goals, and norms into employees’ self-concepts. Consistent with earlier research, and as hypothesized, we found further empirical evidence for this proposition.

Several sources emphasize the role of charisma only in times of crisis or turmoil (e.g., Madsen & Snow, 1983; Trice & Beyer, 1991), when followers yearn for a charismatic leader. Our results, on the other hand, hint that charismatic leadership may indeed impact on desirable organizational behavior even in the absence of such conditions—as do, for instance, those of Den Hartog and Colleagues (1999). One explanation for this inconsistency may lie in the different ways in which charisma is conceptualized. The original concept of charisma, still used in many contemporary studies (e.g., Conger, 1989) goes back to Weber (1947), who saw it as a very confined and transitory phenomenon that arose in circumstances.

By contrast, the GLOBE studies focus on attributes and behaviors that are viewed universally as preferable. In this sense, the underlying concept is broader and more general. Accordingly, in GLOBE publications the adjective “charismatic” is frequently replaced with “value-based” when referring to leadership. Detailed analysis of the differences between traditional perspectives on charisma and those of the type adopted by GLOBE could be an area for further research.

Our results for team-oriented, participative, and humane-oriented leadership can be interpreted as support for the classic “human relations” assumption (Roethlisberger & Dickson, 1956), according to which group orientation and considerate, participative leadership foster goal identification, and so reduce resistance and withdrawal tendencies. In addition, our results support social exchange theory and its postulated link between perceived support by the organization and OC.

The autonomous leadership variable focuses on intercultural aspects of leadership within the GLOBE framework. Specifically, it enables comparison of collectivist and individualistic cultures and describes a leader’s independence vis-à-vis external partners and contextual variables rather than his or her behavior towards followers. It is therefore hardly surprising that no relationship was found between OC measures and this variable. Finally, the negative relationship between self-protective leadership and OC again reflects the influence of leadership on followers’ attachment to the organization.

Our results also support the claim that OC has beneficial effects for company performance, even when antecedents seen by strategic management literature as key determinants are incorporated into the analysis. Earlier research on the impact of OC often concentrated on single outcomes or those directly controllable by individuals. By contrast, and in line with more recent studies, our findings suggest that OC also correlates positively with economic measures of company success. It is true that this effect can hardly be unidirectional, as attachment to, identification with, and willingness to work hard for the company are arguably fostered by the feeling of being part of a successful organization. Furthermore, it can also be argued that OC is but one possible mediator between leadership and organizational outcomes. For instance, a recent study by Xenikou and Simosi (2006) showed an indirect, positive impact of leadership on performance via organizational culture. However, that does not reduce the relevance of our findings, the important point being that the mutually beneficial relationship between OC and company success can be positively influenced by leadership behavior.

We formulated no hypotheses concerning a direct relationship between leadership and organizational success. This was partly owing to the somewhat contradictory results of former studies. Another reason was that, as the GLOBE dimensions represent leadership behavior that is perceived as ideal by followers, they do not necessarily, per se, focus on the organization’s economic success; for instance, hard-driving goal- and performance-orientation might contribute to such success (at least in the short run) without being a leadership ideal for employees. Our results were by and large in line with this view: with all leadership dimensions entered into a regression for the performance measures, the R values for change in sales volume, return on investment, and earnings growth were 0.26, 0.35 and 0.37, respectively; but none of the leadership dimensions was a significant predictor per se. Examination of the correlations between

### Table 3 Regression analyses for the three performance measures (enter method).

<table>
<thead>
<tr>
<th>Predictor</th>
<th>Change in sales volume (n = 60; R² = 0.34)</th>
<th>Return on investment (n = 60; R² = 0.20)</th>
<th>Earnings growth (n = 60; R² = 0.33)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial firm</td>
<td>0.05</td>
<td>0.03</td>
<td>−0.22</td>
</tr>
<tr>
<td>Market share</td>
<td>0.20</td>
<td>0.20</td>
<td>0.10</td>
</tr>
<tr>
<td>Marketing competition</td>
<td>−0.43*</td>
<td>−0.14</td>
<td>−0.34*</td>
</tr>
<tr>
<td>Price competition</td>
<td>0.11</td>
<td>−0.04</td>
<td>−0.05</td>
</tr>
<tr>
<td>Company expansion</td>
<td>−0.08</td>
<td>−0.06</td>
<td>0.15</td>
</tr>
<tr>
<td>Headcount</td>
<td>0.01</td>
<td>−0.10</td>
<td>−0.32*</td>
</tr>
<tr>
<td>OC</td>
<td>0.31*</td>
<td>0.32*</td>
<td>0.40*</td>
</tr>
</tbody>
</table>

*p ≤ 0.05.

*p ≤ 0.01.
the various leadership dimensions and organizational performance revealed just two marginally significant correlations for one single measure of organizational performance (earnings growth), which was positively correlated with charisma and humane orientation ($r = 0.25, p < 0.06$).

Even so, and despite the paucity of direct links between leadership and performance displayed by our sample, this last result might be seen as (feeble) evidence for the so-called “upper echelons theory”, which holds that the specific characteristics and leadership behavior of top managers influence strategy formulation and performance (Hambrick & Mason, 1984). For charismatic leadership, this proposition has already been supported (Waldman et al., 2001).

An alternative explanation for this result may be found in a mechanism triggered by the particular choice of measures for organizational performance and related to the so-called “performance cue effect” (Staw, 1975). Several studies have shown that the perception of prototypical leadership qualities is affected by the performance level attributed to the leader, even independently of the leadership behavior actually displayed (Binning, Zaba, & Whatman, 1986; Phillips & Lord, 1981). And, arguably, earnings growth is the measure which would be most strongly associated with top management performance by employees and therefore most likely to provoke these idealizing attributions.

This last argument touches on an issue that might be somewhat problematic not only for this study, but for all those relying on the implicit leadership theories that form the specific focus of the GLOBE dimensions. Such theories being relatively stable social-cognitive perception patterns, it stands to reason that the more the constructs employed focus on them, the more the complex relationship between leadership expression and impression will be affected by the distorting effects of social perception. Another question for future research is therefore whether survey instruments based on implicit leadership theories result in more selective and biased social perception than those based on general theories.

Finally, it is true that the present study also adds to knowledge within the GLOBE framework, offering support for its assumption that leadership behavior which is strong on dimensions that are perceived as prototypical of an ideal leader has positive effects. At the same time, though, both it and GLOBE effectively ignore other important contributors to leadership effectiveness. For instance, leadership acceptance, a basic prerequisite for leadership according to the definition offered by GLOBE (See Section 2.1), was found to be influenced, not only by leader behavior, but also by situational factors like group processes (Ellemers, De Gilder & Haslam, 2004, p. 468).

Yet, despite all these caveats and considerations, our results support the relevance of leadership for OC, and of this latter for company performance—or, to put it in more abstract terms, the importance of a “soft” factor for “hard” economic outcomes.

Appendix A

Means, standard deviations and intercorrelations of all variables (for aggregated data, except Cronbach α values in parentheses).

<table>
<thead>
<tr>
<th>Mean</th>
<th>S.d.</th>
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<th>2</th>
<th>3</th>
<th>4</th>
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<th>9</th>
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<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
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</thead>
<tbody>
<tr>
<td>1. Charismatic-leader-based LS</td>
<td>5.61</td>
<td>0.53</td>
<td>(0.89)</td>
<td>0.59</td>
<td>0.77*</td>
<td>(0.83)</td>
<td>0.56</td>
<td>0.73*</td>
<td>(0.64)</td>
<td>0.31*</td>
<td>(0.56)</td>
<td>0.55*</td>
<td>0.58**</td>
<td>0.55**</td>
<td>0.16</td>
<td>(0.68)</td>
</tr>
<tr>
<td>2. Team-oriented LS</td>
<td>5.01</td>
<td>0.59</td>
<td>0.77*</td>
<td>(0.83)</td>
<td>0.56</td>
<td>0.73*</td>
<td>(0.64)</td>
<td>0.31*</td>
<td>(0.56)</td>
<td>0.55*</td>
<td>0.58**</td>
<td>0.55**</td>
<td>0.16</td>
<td>(0.68)</td>
<td>0.08</td>
<td>(0.09)</td>
</tr>
<tr>
<td>3. Participative LS</td>
<td>5.33</td>
<td>0.61</td>
<td>0.77*</td>
<td>(0.83)</td>
<td>0.56</td>
<td>0.73*</td>
<td>(0.64)</td>
<td>0.31*</td>
<td>(0.56)</td>
<td>0.55*</td>
<td>0.58**</td>
<td>0.55**</td>
<td>0.16</td>
<td>(0.68)</td>
<td>0.08</td>
<td>(0.09)</td>
</tr>
<tr>
<td>4. Humane-oriented LS</td>
<td>5.02</td>
<td>0.61</td>
<td>0.77*</td>
<td>(0.83)</td>
<td>0.56</td>
<td>0.73*</td>
<td>(0.64)</td>
<td>0.31*</td>
<td>(0.56)</td>
<td>0.55*</td>
<td>0.58**</td>
<td>0.55**</td>
<td>0.16</td>
<td>(0.68)</td>
<td>0.08</td>
<td>(0.09)</td>
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<tr>
<td>5. Autonomous LS</td>
<td>3.76</td>
<td>0.46</td>
<td>0.47</td>
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<td>0.02</td>
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<tr>
<td>6. Self-protective LS</td>
<td>2.96</td>
<td>0.46</td>
<td>0.47</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
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<tr>
<td>7. Organizational commitment</td>
<td>5.82</td>
<td>0.59</td>
<td>0.77*</td>
<td>(0.83)</td>
<td>0.56</td>
<td>0.73*</td>
<td>(0.64)</td>
<td>0.31*</td>
<td>(0.56)</td>
<td>0.55*</td>
<td>0.58**</td>
<td>0.55**</td>
<td>0.16</td>
<td>(0.68)</td>
<td>0.08</td>
<td>(0.09)</td>
</tr>
<tr>
<td>8. Change in sales volume</td>
<td>4.27</td>
<td>1.30</td>
<td>0.21</td>
<td>0.10</td>
<td>0.04</td>
<td>0.11</td>
<td>0.08</td>
<td>0.10</td>
<td>0.31*</td>
<td>0.10</td>
<td>0.31*</td>
<td>0.10</td>
<td>0.31*</td>
<td>0.10</td>
<td>0.31*</td>
<td>0.10</td>
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<tr>
<td>9. Return on sales</td>
<td>4.27</td>
<td>1.30</td>
<td>0.21</td>
<td>0.10</td>
<td>0.04</td>
<td>0.11</td>
<td>0.08</td>
<td>0.10</td>
<td>0.31*</td>
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<td>0.31*</td>
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<td>0.31*</td>
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<tr>
<td>10. Earnings growth</td>
<td>39.41</td>
<td>53.33</td>
<td>0.03</td>
<td>0.18</td>
<td>0.08</td>
<td>0.04</td>
<td>0.07</td>
<td>0.19</td>
<td>0.28</td>
<td>0.19</td>
<td>0.28</td>
<td>0.19</td>
<td>0.28</td>
<td>0.19</td>
<td>0.28</td>
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<tr>
<td>11. Market share</td>
<td>34.70</td>
<td>37.40</td>
<td>0.03</td>
<td>0.18</td>
<td>0.08</td>
<td>0.04</td>
<td>0.07</td>
<td>0.19</td>
<td>0.28</td>
<td>0.19</td>
<td>0.28</td>
<td>0.19</td>
<td>0.28</td>
<td>0.19</td>
<td>0.28</td>
<td>0.19</td>
</tr>
<tr>
<td>12. Price competition</td>
<td>5.38</td>
<td>1.40</td>
<td>0.09</td>
<td>0.05</td>
<td>0.07</td>
<td>0.08</td>
<td>0.07</td>
<td>0.19</td>
<td>0.28</td>
<td>0.19</td>
<td>0.28</td>
<td>0.19</td>
<td>0.28</td>
<td>0.19</td>
<td>0.28</td>
<td>0.19</td>
</tr>
<tr>
<td>13. Company expansion</td>
<td>5.41</td>
<td>1.40</td>
<td>0.09</td>
<td>0.05</td>
<td>0.07</td>
<td>0.08</td>
<td>0.07</td>
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<td>0.28</td>
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<td>0.28</td>
<td>0.19</td>
<td>0.28</td>
<td>0.19</td>
</tr>
<tr>
<td>14. Price competition</td>
<td>5.38</td>
<td>1.40</td>
<td>0.09</td>
<td>0.05</td>
<td>0.07</td>
<td>0.08</td>
<td>0.07</td>
<td>0.19</td>
<td>0.28</td>
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<td>0.19</td>
<td>0.28</td>
<td>0.19</td>
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<td>0.19</td>
</tr>
<tr>
<td>15. Headcount</td>
<td>1320.68</td>
<td>2647.07</td>
<td>0.02</td>
<td>0.00</td>
<td>0.09</td>
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<td>0.09</td>
<td>0.09</td>
<td>0.09</td>
<td>0.09</td>
<td>0.09</td>
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<td>0.09</td>
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</tbody>
</table>

$^{*}p < 0.05$ (two-tailed); $^{**}p < 0.01$ (two-tailed)
Appendix B

ICC and $r_{wg}$ values for leadership dimensions and OC are shown in Table B1.

References


<table>
<thead>
<tr>
<th>ICC value</th>
<th>$r_{wg}$ mean (s.d.)</th>
<th>n(%) of companies with $r_{wg}&lt;0.7$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charismatic/value-based LS 0.71</td>
<td>0.96 (0.07)</td>
<td>2 (2.6%)</td>
</tr>
<tr>
<td>Team-oriented LS 0.72</td>
<td>0.96 (0.06)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Participative LS 0.71</td>
<td>0.83 (0.30)</td>
<td>12 (15.4%)</td>
</tr>
<tr>
<td>Humane-oriented LS 0.71</td>
<td>0.94 (0.07)</td>
<td>1 (1.3%)</td>
</tr>
<tr>
<td>Autonomous LS 0.36</td>
<td>0.77 (0.28)</td>
<td>16 (20.5%)</td>
</tr>
<tr>
<td>Self-protective LS 0.52</td>
<td>0.96 (0.06)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Organizational commitment 0.68</td>
<td>0.94 (0.08)</td>
<td>1 (1.3%)</td>
</tr>
</tbody>
</table>


