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Diagnosing leadership – construction and validation of the leadership impact inventory

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Abstract

Purpose – The purpose is to examine the connection between leadership and its proximal and distal outcomes on employee, team and organization-level outcomes. As a more practical endeavor, a leadership measurement is constructed and validated.

Design/methodology/approach – The study takes a quantitative approach, statistically analyzing 301 online survey responses to a survey of leader attributes and their organizational impacts.

Findings – This study shows that the impact of leadership is associated more with actionable behaviors than personality traits. More specifically, leader success leans on leader dependability, management mode, emotive skills and coaching style, which relate to organizational outcomes. Additionally, preventative conflict management belongs to immediate supervisory foci, whereas already escalated conflicts ought to be outsourced to e.g. HR. Further, the findings verify that management is even more about communication than previously understood. Interestingly, employee satisfaction does not predict willingness to stay and is therefore irrelevant as a predictor of employee retention. This verifies the role of satisfaction as a proximal outcome and a post-goal state. Finally, the role of psychological safety is incoherent and equivocal in relation to organizational outcomes.

Practical implications – As a practical ramification, we devise an instrument, the Leadership Impact Inventory, for (1) diagnosing the quality and effect of organizational leadership in an easy-to-adopt, cost-effective and quick manner and (2) analyzing the influence of various leadership dimensions on satisfaction and goals on individual, team and organizational levels.

Originality/value – This study expands the earlier body of research on leader influence to factors promoting not only proximal outcomes that are typically post-goal states but also distal outcomes. Further, it examines outcomes on all organizational levels, as an extension to prior studies which are typically limited to the entire organization. Finally, the study does not explore leadership as a force or process separate from culture but rather appreciates their synergy through the inclusion of cultural features. This is achieved by monitoring leader success with such subjective aspects describing employee experience and organizational culture that are associated with follower performance.

Keywords Leadership, Measurement, Employee experience, Organizational outcomes

Paper type Research paper



1. Introduction

Leadership is merited as the cause of practically all variance in organizations, having earned credit as a mediator, moderator, catalyst, antecedent, correlate and predictor (Lappalainen, 2012) of follower (Gottfredson and Aguinis, 2017), group, organizational (Madachian *et al.*, 2017), financial and business outcomes (Yukl, 2008). In academic studies, these associations have been explained by mechanisms derived e.g. from job satisfaction theory, relational leadership theory, motivation and fairness theory (Uhl-Bien, 2006), social exchange theory, organizational justice theory (Cropanzano *et al.*, 2001) and leader-member exchange theory (Scandura and Graen, 1984). The theories argue that employees reciprocate effective leadership through quantitative increments in output volume, qualitative product enhancements and organizational citizenship behavior through employee satisfaction, commitment, engagement, group cohesion and collaboration (Macey and Schneider, 2008).

Considering the massive volumes of research on leadership, it is surprising how modestly the related leader performance measurement has evolved (Ukko *et al.*, 2007). This is not for lack of trying; admittedly, the domain abounds in efforts, unfortunately resulting in a lack of systemacy and considerable heterogeneity in management accounting and corporate governance (Abernethy *et al.*, 2010). The few scientific endeavors verifying the influence of leadership constitute promising openings in evidence-based management but suffer from several significant flaws.

First, the existing performance measurements have lacked empirical validity (Arnold *et al.*, 2000). Second, their focus has mainly been strategic (Ukko *et al.*, 2007), ignoring the fact that action occurs on the level of individuals (Hazy, 2006). Third, as leadership research is dominated by quantitative analyses, also studies of leadership performance have taken a quantitative preference, yielding mainly statistical data (Ukko *et al.*, 2007; Takahashi *et al.*, 2012). Fourth, as the domain has lacked theoretical integration, also individual-level leadership performance measurement is plagued by single-criterion approaches focusing on either traits or behavior and only seldom span across both paradigms concurrently (DeRue *et al.*, 2011). Fifth, performance measurement in its current form produces historical or retrospective data, lacking a leading, proactive or forward-looking perspective and predictive value. Sixth, earlier leadership performance measurements have largely overlooked the role of organizational culture, despite its undeniable and bi-directional influence on the quality of leadership (Ukko *et al.*, 2007). Seventh, measurements addressing both internal and external indicators remain scarce in terms of the purpose of use, target group, implementation and effects, making the selection of available instruments narrow and biased (Franco-Santos *et al.*, 2012). Eighth, extant measurement systems ignore the role of culture, despite its undeniable influence on leadership culture (Goodman *et al.*, 2001). As a conclusion, the performance information obtained with the current instruments is short of precision, fails to promote collective and organization-wide analysis (Ukko *et al.*, 2007) and is generally uncomprehensive, difficult to interpret and subjective (Rajala and Laihonen, 2019).

The efforts to overcome these weaknesses are sparse but significant first steps toward validated, relevant and evidence-based management practices that distance managerial decisions from personal preferences and unsystematic experience (Rousseau, 2006). To create legitimacy of measurement (Rajala and Laihonen, 2019), increase managerial learning through mental model change (Hall, 2011) relying on increased cognition and motivation (Hall, 2008) and generally add stakeholder value, the first multi-criteria approaches have been implemented to extend the scope of measurement (Kaplan and Norton, 2004; Hall, 2011) from financial to non-financial inventories (Franco-Santos *et al.*, 2012). For example, the inclusion of qualitative

methodology such as interviews has brought welcome “exactness” to leadership performance measurement (Ukko *et al.*, 2007, p. 47).

This research is an attempt to advance reliable, internal control of leadership as a vertical externality impacting subordinate and organizational performance (Hansen, 2010). To further the measurement of leadership effectiveness, we set out to fill the three fundamental gaps in earlier studies: lack of comprehensiveness (Hall, 2008), lack of validity (Arnold *et al.*, 2000) and lack of predictive value (Ukko *et al.*, 2007). The aim is to construct an all-in-one leadership measure that addresses leadership impact comprehensively through leader attributes and behaviors, organizational culture, employee experience and objective/statistical indicators. To validate the instrument, we pilot it in industry and release the final, refined version for organizational application.

This study provides one of the first theoretical accounts and empirical measurements of a broader notion of leadership. Our objective is to enable measurement of the impact of leadership cues even in real-time (Hazy, 2006), without massive bureaucracy or heavy administration. As a pragmatic outcome, we identify leadership metrics or KPIs that individual managers can adopt in order to ground in evidence their personal development efforts and micro-adjustments.

The present research strives to fill gaps in management accounting by fixing what earlier instruments lack in comprehensiveness. This is achieved by including subjective aspects describing employee experience and organizational culture, which are mediated by leadership and associated with follower performance. To supplement the qualitative and non-financial indicators providing leading information with more objective, lagging data, we adopt statistical questions within the reach of the measurement targets and subordinates.

The research pursues two aims. The primary aim is to expand theory by examining the relationship between leadership and individual, team and organization-level outcomes. The second, more practical aim, is to construct and validate a measurement, the Leadership Impact Inventory, to be applied as (1) a thermometer for diagnosing the momentary state and quality of leadership, (2) a detector of longer-term trends in leader behaviors and outcomes, (3) an instrument driving managerial behavior and (4) a before-after instrument verifying in an evidence-based way the impact of leadership interventions.

2. Shortcomings in leader performance measurement

Performance management has at least six functions: (1) target setting, (2) employee directing, (3) metrics development, (4) performance information production, (5) performance reporting and (6) application of performance information (Rajala and Laihonon, 2019). Metrics constitutes its fundamental component, with extant measurement systems having shown a positive impact on employees’ strategic foci. This influence is mediated by two mechanisms: first, measurement tends to produce positive behaviors by guiding action toward targeted outcomes, and second, it reproduces desired behavior by encouraging the repetition of particular, desired patterns (Hazy, 2006).

These mechanisms account for the keen academic interest in leadership performance management: ideally, performance management systems have a positive influence on managerial behavior. From this follows: if we get what we measure (Kaplan and Norton, 2004), what *should* we measure to maximize leadership impact?

The study of leadership impact has for long been strong in analyzing leader tasks and responsibilities, but examination of duties sheds little light on the required *performance* or the related qualifications and education needs (Mahoney *et al.*, 1965). Gradually, theoretical leaps have materialized in scales, inventories and instruments for the strategic leadership level, with only few attempts to establish the association, correlation or relationship between

operative leadership and follower performance. Their particular emphasis has been on understanding whether, how and why certain positive leader modes favorably influence subordinate outcomes (Gottfredson and Aguinis, 2017). Unfortunately, the study of the ostensibly linear pathway from leadership input to followership output is complicated by a plethora of phenomena.

First of all, the mere use of any performance management system tends to indirectly impact managerial performance. This interference has been proposed to occur through cognitive and motivational mechanisms by enhancing job clarity and increasing personal empowerment (Hall, 2008). However, this indirect influence is not of relevance here; we acknowledge it and simply substantiate our own interest in leadership performance management with the argument that performance measurement can be of benefit.

Second, we have a criterion problem at hand as performance is still viewed as quantifiable and financial outcomes, dismissing the subjective feelings and perceptions inherent in human processes and thereby portraying an incomplete picture of leadership functions. For example, in the absence of reliable metrics, the influence of leadership on such critical organizational processes as innovation remains largely unknown (Franco-Santos *et al.*, 2012). This gap in knowledge has pushed leadership analyses from objective task performance to subjective contextual performance (Niitamo, 1999) or organizational citizenship behavior (Gottfredson and Aguinis, 2017).

In alignment with this expansion in scope, contemporary leadership research has integrated concrete criteria measurable through other-ratings with self-ratings appropriate for affective, psychological and social phenomena. This induces an inter-rater reliability problem: other-reports are not commensurate with self-reports as the former analyzes objective outsider observations of *behavior* and the latter subjective *experiences and feelings*. To further cast doubt on measurement utility, the validity of self-reported assessment of behavior has been questioned as a stand-alone solution (Mahoney *et al.*, 1965): self-assessment of performance needs to be complemented with other-ratings (Hall, 2008). Even then, inter-rater agreement does not necessarily explain the ratee job performance (Murphy and De Shon, 2000).

Third, research on the determiners of subordinate performance is at a crossroads, abounding in variables and criteria and offering no single, consistent follower indicator as a measure of favorable staff outcomes. Quantitative and objective metrics, e.g. efficiency in employee task performance (Motowildo and Van Scotter, 1994) and quantifiable outputs, have traditionally been considered reliable indicators of subordinate achievement (Rantanen, 1995). However, employee performance could be examined qualitatively as subjective experiences such as turnover intentions (Jordan and Troth, 2011), satisfaction (Gottfredson and Aguinis, 2017), work engagement (Macey and Schneider, 2008), motivation (Locke, 1997) and commitment (Schneider *et al.*, 2003).

Yet another complication stems from the fact that the leader-follower relationship is not a direct causality or linear progression but mediated by a number of intervening mechanisms. For example, job characteristics and the person/job fit intuitively explain employee productivity (Gottfredson and Aguinis, 2017). Role unambiguity, contingent rewards, leader justice, fairness and equity, as well as organizational trust and employee motivation also drive follower performance (Podsakoff *et al.*, 2006), productivity and efficiency (Vo *et al.*, 2022). This line of theorizing is most critically stirred by employee motives, attitudes and traits: personal employee attributes fall outside the control of leadership but are known to mediate, e.g. job engagement (Lappalainen *et al.*, 2019). As a consequence, and similarly to leadership paradigms that have progressed from traits, styles and behavioral patterns to competences, emotions and psycho-social capital also

studies of followers have shifted from task performance to the psychological factors influencing employee contributions.

This takes us to the final complication: during the evolution of leadership studies, it has become apparent that for employee performance, it might not be the de facto status or quality of leadership that serves as the proxy mechanism but rather the employee *perceptions* of the leader-member exchange. The significance of the exchange can be explained by its role in enhancing employee feelings of psychological safety – a good leader-follower relationship is the strongest driver of follower performance. A related, inherent leadership challenge derives from the nature of the exchange: leaders must operate as chameleons, adopting different styles to adapt to individual differences in subordinate expectations (Liden and Maslyn, 1998). Diversity management invites stronger attention to subordinate views of the affective, social and relational qualities of leadership, as these perceptions moderate the effectiveness of single leadership behaviors when measured as subordinate performance outcomes. Concretely, examination of employee perceptions means a focus, e.g. on satisfaction, fairness, motivation, commitment and trust (Gottfredson and Aguinis, 2017).

To respond to these vulnerabilities in leadership performance management, this study takes on the fundamental challenge of advancing the reliability of leadership measurement. The abundance –not scarcity – of underlying theories of leadership, follower outputs and the related exchange (Gottfredson and Aguinis, 2017) has generated promising *constructs* for measurement, but performance monitoring and development calls for concreteness. Leaning on higher-level concepts does not support leader development or training endeavors, which is why the domain calls for focus, shape and materializations that help steer leadership development through actionable guidance. This necessitates slicing the previously identified higher-level constructs into more concrete, learnable, measurable and observable physical behaviors (Mahoney *et al.*, 1965), without overlooking the underlying motives driving leader action (Nederström and Niitamo, 2010).

The overall, theoretical objective of this research is to uncover behavioral indicators of effective leadership. As a practical aim, we construct and validate a multidimensional instrument for monitoring the perceived quality of leadership. Instead of taking a monocular perspective to measure leader success through any one of the previously dominating branches in leadership research, we focus comprehensively on both task and contextual performance on the operative leadership level.

3. Bipolarity of leader performance

The balance between management and leadership is the most established complementarity within supervisory tasks (Azad *et al.*, 2017) but certainly not the only one. Fundamentally, the dualities depart from the tenet that a happy employee is a productive one (Gottfredson and Aguinis, 2017). Leaders are expected to navigate between stable performance and agile adaptation, between efficiency and innovation, exploitation and exploration (Hazy, 2006), efficiency and effectiveness, directiveness and nondirectiveness, warmth and coldness of interaction, production and people (Tjosvold, 1984), tasks and contextuality, duties and relationships (Lappalainen, 2012), requirements and well-being, demands and rewards, force and persuasion, assertiveness and cooperation (Altmäe *et al.*, 2013).

This equivalence is present in the choice of foci underlying leadership measurements. Where financial measures provide more value as lagging or post-goal indicators, non-financial measures are leading or pre-goal indicators (Schiff and Hoffman, 1996). To ensure sufficient evidence, a cue combination of both metrics would be needed to ensure the relevance of the targets under scrutiny. Table 1 lists these competing or complementary perspectives of the present analysis.

Performance management systems rely on the assumption that they have consequences for both financial and non-financial results on all organizational levels. Unfortunately, the assumption remains without basis (Schneider *et al.*, 2003). Traditional options have leaned on purely monetary measures (Rajala and Laihonon, 2019) such as revenue, cost of goods sold, earnings, return on assets or net present value (Hazy, 2006). However, financial measures provide more value as lagging indicators, fortifying the calls for the use of non-financial measures as leading indicators (Schiff and Hoffman, 1996). To ensure sufficient evidence, a cue combination of both metrics needs to be included to ensure the relevance of the targets under scrutiny. As our aim is to construct a measurement that managers could apply as thermometers facilitating constant, routine development and instant interventions, the indicators should be selected from within the reach of subordinates, impacting the type of financial metrics applied.

Previous studies have called for the integration of leader qualities and organization culture in the analysis of follower performance. They have also proposed an examination of work performance through outcomes such as well-being, absenteeism, turnover and stress (Walumbwa *et al.*, 2010). Maintenance of work force and job tenure has also been identified as relevant indicators of leadership effectiveness (Hall, 2008).

4. Instrumentation and construct specification

Leadership is a meta-capability (Hazy, 2006), the measurement of which requires detailed, specific and evidence-based subscaling and item formulation. This work aims to fill three key gaps identified in earlier leadership measurement studies: lack of comprehensiveness, lack of theoretical integration and lack of validity. Paradoxically, the research domain is plentiful and abounds in theoretical explanations, but the explanations are often competing (Gottfredson and Aguinis, 2017) and unintegrated, resulting in narrowly scoped and biased diagnosing.

One shortcoming stems from the failure to analyze the synergy between leadership and culture, both of which fundamentally influence organizational outcomes: leadership as a force driving action and enabling achievement (Walsh and Martin, 2023) and culture as a social power (Hartneil *et al.*, 2011). Leadership drives, e.g. employee socialization, which mediates organizational outcomes (Johnson *et al.*, 2009). Similarly, culture has been shown to impact operations through, e.g. the mediating role of employee affects. Culture subsequently influences individuals' affective states (Harmon-Jones *et al.*, 2012) and affects, then, are linked with productivity (Macey and Schneider, 2008).

Paradigm focus of analysis	Traditional	Recent
Assets	tangible	intangible
Attributes	covert traits	overt skills
Behavior	observed	perceived
Data	quantitative	qualitative
Goals	explicit	implicit
Indicators	outputs	affects
Teachership theory	transactional	transformational
Method	objective	subjective
Performance	task	relational
Perspective	retrospective	prospective
Stakeholders	external	internal

Source(s): Authors' own work

Table 1.
Competing and
complementary foci in
leadership
performance
measurement

But what culture *is*, has not reached consensus, despite the multitude of conceptual and theoretical frameworks unanimously recognizing values, beliefs, norms and expectations as its integral components. What remains unrealistic against today's working life actuality is that the existing theories idealize homogeneity and agreement and devalue multivocality and disagreement. This contrasts with the current conception of complex phenomena like relationship conflicts as inherent to any human dynamics (Lappalainen *et al.*, 2019). As an example, the Competing Values Framework (Quinn and Rohrbaugh, 1983) looks at cultural orientations through the axes of focus and stability, viewing disharmony as an unwanted cultural trait (Smerek, 2010) and ignoring the potential of interpersonal discrepancy (Lappalainen *et al.*, 2019).

In pursuit of utility value, this study adopts the definition by Jansson *et al.* (2021) as a stepping stone: culture is molded by what those in power selectively transmit and manifest. In other words, individuals' (leaders') choices model, color and lead to organization-wide patterns of thinking and behavior. However attractive as a causal explanation, though, such a unilateral view is problematic in interpreting leadership so omnipotently. Instead, the relationship is reciprocal, with culture also shaping leadership, as depicted by Martin's (1995) three theoretical perspectives.

Not only are culture and leadership mutually dependent, but they, in their own avenues, also yield similar immediate outcomes manifesting as organizational citizenship behaviors, attitudes and modes *and* mediate similar employee, team and organizational outcomes. Yet, have mostly been examined (1) separately, ignoring their potential synergy and (2) on the level of organizations, overlooking individual-level outcomes (Hartneil *et al.*, 2011).

This study extends earlier models by integrating them into the same analysis on the grounds that culture is always mediated by human action (Jansson *et al.*, 2021) and vice versa (Lappalainen *et al.*, 2019). We rely on the logic provided by Alvesson and Einola (2022): culture is something enacted and modelled by leadership; it is not about rhetorics but about action and serving as an example. This inspired the present investigation to examine both culture and leadership as actionable traits, treating culture as "bedrock for behavior" (Goodman *et al.*, 2001) and leadership as a channel for modelling targeted behaviors. The lack of validity owes to the vague theoretical conceptualizations, which have, admittedly, yielded promising higher-level constructs. However, in the absence of concrete lower-level attributes that can be measured, the discussion remains on the level of abstractions, and we continue to seek empirical evidence substantiating leadership interventions (DeRue *et al.*, 2011).

Generally, leader behaviors can be categorized into three: task-oriented, relations-oriented and change-oriented behaviors. They all have their own primary objectives regarding efficiency, human resources and adaptation, respectively. Ideally, the behaviors do not serve competing aims but, instead, influence several performance determinants simultaneously (Yukl, 2008). To deepen understanding of targeted investments in managerial action and development, research has called for "careful attention to the conceptual specification of constructs" in managerial performance measurement (Hall, 2011, p. 80), which constitutes the second step in our study.

An example of a useful theorization underlying our study is the Empowering Leadership Questionnaire by Arnold *et al.* (2000), which offers potential leadership constructs for measurement through the requirements of empowered teams. The questionnaire identified five pivotal categories of leader behaviors: (1) leading by example, (2) coaching, (3) participative decision-making, (4) informing and (5) showing concern/inter-acting with the team.

Similar categories were unearthed by Judge *et al.* (2004), addressing the duality of production-oriented management and people-oriented leadership: (1) consideration, (2) initiating structure, (3) contingent rewards and (4) transformational leadership. The last construct seems inconsistent and overlapping with the others as it is a higher-level and

broader management philosophy, embracing manifestations of, e.g. consideration in that it strives to motivate staff by empowering and envisioning an inspiring future. *Consideration* refers to the degree to which a leader shows concern and respect for followers, engages in their welfare and expresses appreciation and support (Bass, 1958); *initiating structure* is the degree to which a leader defines and organizes the manager's and the subordinates' roles, is oriented toward goal attainment and establishes well-defined patterns and channels of communication (Fleishman and Hunt, 1973). *Contingent rewards* are give-and-take recognitions that are negotiated between the leader and the follower to build an environment of trust and fairness (Gottfredson and Aguinis, 2017).

Even though consideration and structure are presently deemed somewhat archaic as notions, their historical predominance provides an important signpost justifying academic attention to the bipolarity of two entirely different leader requirements. Both extremes are needed: their complementarity shows, e.g. in that leader consideration correlates with employee satisfaction, whereas initiating structure correlates with subordinate effectiveness (Judge *et al.*, 2004).

Lappalainen (2012) investigated effective leadership through capabilities and found four priorities for behavior: self-regulation, assertiveness, emotional availability and inspiration. This aligns with Ukko *et al.* (2007), who found that more effort should be put into the communication between management and employees. This relational dimension of the leader-member exchange is most strongly mediated by leader attributes and interaction (Dulebohn *et al.*, 2012). The relationship is critical as it determines the effectiveness of leader behavior when evaluated as subordinate outcomes (Gottfredson and Aguinis, 2017). In one of the first attempts to analyze the leader-follower relationship, Liden and Maslyn (1998) proposed affect, loyalty, contribution and professional respect as its key constituents.

Some studies have approached leadership performance measurement through learning and the related mental mode change. Organizational learning is not the sum of individuals learning but rather, their thoughts and actions are a condition for it, accentuated to diverse degrees depending on the agent's role. Managers' output weighs more as they interpret information for others and set the agenda. Such cognitive flexibility is critical for insight, creativity and innovation but often hurdled by the human tendency to selectively perceive information that confirms their previous assumptions. For new-creating activities, it is essential that managers model dynamic construction, correction, refinement and extension of earlier beliefs and knowledge (Hall, 2011).

Role modelling is more intensive, the more the subordinates respect the supervisor. Especially leader positivity, that is, their ability to make positive appraisals of circumstances, elicits employees' psychological capital and positive job performance and reduce counterproductive behavior. Psychological capital comprises four resources: efficacy, hope, optimism and resilience. Whereas the three other facets are less abstract in terms of work contribution, efficacy refers to the determination to invest the required resources to succeed in challenging tasks. Followers are more likely to set high standards of performance if their supervisor persists in goal attainment, not discouraged by setbacks (Walumbwa *et al.*, 2010).

Overall, earlier analyses have examined leadership outcomes through a number of measures, indicators and perspectives, as reviewed in Table 2.

5. Hypothesis building

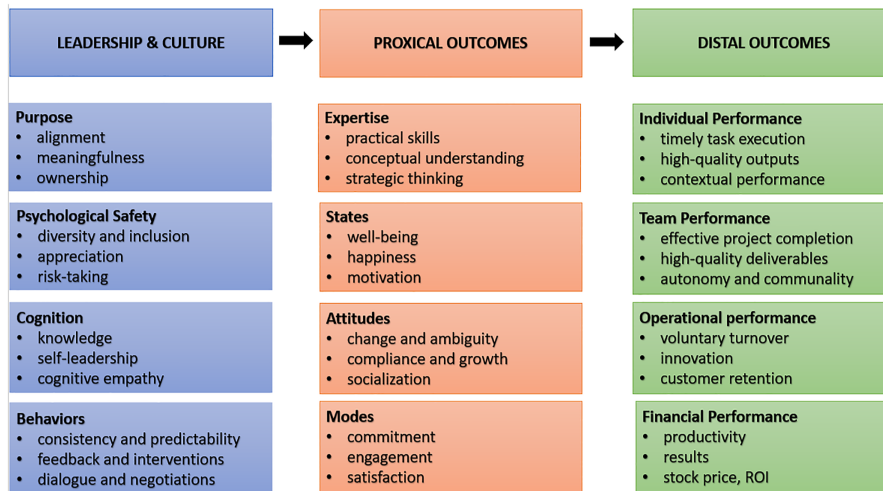
Strategic studies of human resources management have theoretically shown the connection between human resources investments and positive organizational outcomes (Jiang *et al.*, 2012). Furthermore, these investments have been conceptually shown to maximize outcomes on two levels: proximal and distal (Faekah *et al.*, 2014). Proximal outcomes include such

Leader attributes and behaviors	Organizational culture	Employee experience	Employee output	Statistical indicators
<i>Personality</i> <ul style="list-style-type: none">- Focus- Conscientiousness- Extroversion- Leadership <i>Self-leadership</i> <ul style="list-style-type: none">- Self-regulation- Approachability <i>Management</i> <ul style="list-style-type: none">- Clear job roles- Assertiveness <i>Empowerment</i> <ul style="list-style-type: none">- Ownership- Recognition of potential <i>Conflict management</i> <ul style="list-style-type: none">- Personal intervention	<i>Conflict management</i> <ul style="list-style-type: none">- Proactive prevention- Prompt intervention <i>Psychological safety</i> <ul style="list-style-type: none">- Managers' consistent loyalty- Vulnerability- Caring <i>Innovation</i> <ul style="list-style-type: none">- Trying without fear of failing	<i>Autonomy</i> <ul style="list-style-type: none">- Self-reliance <i>Motivation</i> <ul style="list-style-type: none">- Volitional action <i>Engagement</i> <ul style="list-style-type: none">- Dedication- Absorption- Vigor <i>Well-being</i> <ul style="list-style-type: none">- Stress- Sleep	<i>Service orientation</i> <ul style="list-style-type: none">- Level of service provided- Attitude to customers- Accountability <i>Coping performance</i> <ul style="list-style-type: none">- Goals- Recognition- Task completion	<i>Satisfaction</i> <i>Turnover intentions</i> <i>Sick leaves</i> <i>Fuss</i> <i>Efficiency of worktime</i>
DeRue <i>et al.</i> (2011) Jordan and Troth (2011) Barrick and Mount, 1993 Nederström and Niitamo (2010) Nederström (2017) Walumbwa <i>et al.</i> , (2010) Hall (2011) Scandura and Graen (1984) Ukko <i>et al.</i> (2007) Putnam (2010)	Hall (2011) Liden and Maslyn (1998) Lappalainen <i>et al.</i> (2019) Dimas <i>et al.</i> (2018) Schneider <i>et al.</i> (1998) Putnam (2010)	Schaufeli <i>et al.</i> (2006) Ryan and Deci (2017) Gottfredson and Aguinis (2017) Macey and Schneider (2008) Schneider <i>et al.</i> (2003) Locke (1997)	Jordan and Troth (2011) Gottfredson and Aguinis (2017) Rajala and Laihonon (2019) Hall, 2011 Dulebohn <i>et al.</i> (2012) Kim <i>et al.</i> (2020)	Walumbwa <i>et al.</i> (2010) Kesti (2012) Kesti and Syväjärvi (2015) Macey and Schneider, (2008) Leijerholt <i>et al.</i> (2022) Xuecheng <i>et al.</i> (2022) Kim <i>et al.</i> (2020)
Source(s): Authors' own work				

Table 2.
Indicators of leadership impact as proposed in earlier literature

employee-centered gains as human capital, satisfaction, motivation and engagement that follow directly from human resources investments (Montuori *et al.*, 2022). These qualitative dimensions illustrate the nature of the employee experience. Moreover, as mediators of performance, they offer potential and predictive value for distal outcomes, which are more concrete and often quantifiable. Distal outcomes indicate employee, team- or organization-level goal attainment in a more explicit and measurable way. Such concrete indicators include voluntary turnover and financial and operational outcomes (Jiang *et al.*, 2012), which directly link with organizational survival and market position. The interconnections are visualized in Figure 1.

Leadership constitutes a key channel for implementing human resources practices. Its effectiveness has been merited either to situational factors or leader qualities. This study takes an interest in individuals' attributes to understand the mechanisms behind leaders' social influence (Appelbaum *et al.*, 2015). Over the decades, these attributes have been investigated through several perspectives, the paradigms centering on leader personality traits (Dulebohn *et al.*, 2012), charisma and visionariness, management style, communication style, dialogical abilities (Galvin *et al.*, 2010), emotive skills (Lappalainen, 2012), emotional and social intelligence (Goleman *et al.*, 2001), power, influence and persuasion (Arenti, 2005).



Source(s): Authors' own work

Figure 1.
Interconnections
between leadership
and organizational
outcomes

This study set out to understand the influence of leadership on two levels: proximal outcomes are generally leading indicators, pre-goal states and relate to the qualitative employee experience, whereas distal outcomes are lagging, post-goal conditions and often quantitative (Schiff and Hoffman, 1996). Earlier studies have qualitatively examined leader impact through such subjective experiences as turnover intentions (Jordan and Troth, 2011), work engagement (Macey and Schneider, 2008), motivation (Locke, 1997), commitment (Schneider *et al.*, 2003) and satisfaction (Gottfredson and Aguinis, 2017).

Among these proximals, employee satisfaction was selected for scrutiny as an established target of measurement. It deserves its position in employee surveys as a factor influencing, e.g. employee attitudes and absenteeism (Montuori *et al.*, 2022). Satisfaction differs from other proximal outcomes in its orientation: as an outcome of past experiences and external conditions, it is a post-goal positive state (Goodman *et al.*, 2001) with less predictive value compared to, e.g. engagement and motivation, which are pre-goal positive states (Macey and Schneider, 2008).

Accordingly, the following hypothesis was formulated:

H1. Leader attributes affect employee satisfaction.

Leadership measuring rests on the idea that management qualities are associated with follower performance (Bititci *et al.*, 2006). More specifically, such outcomes as employee reactions and outputs are known to be mediated by employee perceptions of leader qualities and conduct (Franco-Santos *et al.*, 2012). Accordingly, the following hypothesis was formulated:

H2. Leader attributes affect individual outcomes.

Leaders drive not only individual but also team-wide outputs, e.g. through shared goal-setting (Höpfner and Keith, 2021), work climate (Walumbwa *et al.*, 2010) and work culture (McShane and Von Glinow, 2000). The perceptions followers harness of their managers yield wider implications beyond the private or unique employee experience. Accordingly, the following hypothesis was formulated:

H3. Leader attributes affect team outcomes.

Leadership characteristics are known to explain multiple aspects of the firm (Abernethy *et al.*, 2010) and public-sector behavior (Fernandez *et al.*, 2010) either indirectly or directly (Momeni, 2009) through, e.g. strategic decision-making (Boeker, 1997) and organizational climate. These community-wide influences translate, among others, into customer perceptions (Schneider *et al.*, 1998) and financial performance (Miloloza, 2018). Accordingly, the following hypothesis was formulated:

H4. Leader attributes affect organization-level outcomes.

6. Research methodology

6.1 Scale item generation

Earlier studies have called for an integrated conceptualization and measurement of leadership in a way that addresses both structure and consideration. Our focus is therefore on the three fundamental dimensions of leader behavior: task, relational and change to enable planning and scheduling of work, supporting followers and facilitating change, respectively (DeRue *et al.*, 2011).

To accomplish this, our research is conducted in three stages, of which the first two are theoretical and the third empirical: (1) literature review to identify the relevant global constructs, (2) item generation to construct the measurement and (3) empirical testing to validate the measurement. A meta-analytic technique is applied in the literature review to identify criteria that have been investigated across a sufficient number of academic studies (DeRue *et al.*, 2011). Specifically, we seek pertinence in constructs for verifying the quality and effect of managerial performance. As action occurs on the level of individuals (Hazy, 2006), our focus is on an individual leader level of analysis.

The second step focuses on slicing the higher-level global constructs into concrete and measurable behaviors or attributes to generate overall judgments of leader effectiveness in terms of both task and relational elements (DeRue *et al.*, 2011). To enable quick measurement interventions, this study seeks questions that can be responded to by immediate subordinates, to be analyzed as averaged follower ratings across followers.

The scale question items are derived from the global constructs listed in Table 2 based on and worded according to earlier literature. The main constructs are homogeneous item clusters joined by thematic unity: leader attributes, organizational culture and employee experience (Schneider *et al.*, 1998). In addition, a set of statistical indicators is adopted as control items.

As we sought information also for managerial development, we looked for content that was behavioral and actionable. In fact, the value of this study is in treating biological traits as actionable behaviors that can be regulated and managed. E.g. listening is a key managerial capability (Lappalainen, 2012), but as our aim was to underpin concrete action, we turned passive listening into active reaction and, instead, selected a question item from Schneider *et al.* (1998): My manager is responsive to my requests for help.

Table 4 lists the scale constructs, sub-constructs and the pilot wordings for the item statements. The respondents reacted on a Likert scale from 1 to 10 on an e-form survey. The polarity is built on conceptual extremes on a Likert scale from 1 to 10. Likert-type scales are used to assess perceptions and attitudes and they allow respondents to position on a continuum of values, yielding data on both the direction and intensity of the position (Liu *et al.*, 2017).

6.2 Sample and data collection

Building a truly random sample is difficult, and especially with targeted samples, avoiding sampling biases is close to impossible, which undermines the inferential generalizability of the results. The present authors therefore acknowledge the challenges with representativeness in this observational study and settle for carefully describing the results in the present sample.

The sample organizations joined the study on an invitation-only basis, following the principle of purposive or non-random sampling. As organizations, they harnessed an interest in leader and employee development, but the individuals invited had not yet begun their training.

The related inclusion criteria in the convenience sampling were: Finnish operating environment, knowledge-intensive industries, availability at the time, medium or large organization size and willingness to participate. The corresponding author invited all the partner organizations that she was offering training to at the time of data collection start in a university-operated executive education unit. Such a readily available sample speeds up data collection (Banerjee and Chaudhury, 2010). Out of the 10 organizations contacted, two declined as they had only recently responded to a survey, leaving eight for analysis.

We assessed the instrument through 309 voluntary participants. Despite the aim to infer conclusions related to leadership qualities and their impact on organizations in general, such generalizations dictate judgment as the selection process resulted in a homogeneous target group, described through the following inclusion criteria: educated knowledge workers operating in medium-sized or larger organizations in both public and private sectors in Finland, with an organization-level commitment to managerial and cultural development. We therefore analyze the results through these inclusion criteria.

Convenience samples tend to suffer from poor participation rates (Stratton, 2021). However, possibly due to personal contacting and anticipated future collaboration, we reached a total response rate of 43.6%. The sample make-up as well as response rates per organization are listed in Table 3.

6.3 Scale purification and construct validation

Scale purification was achieved by using exploratory factor analysis (i.e. principal components analysis). The study dimensions underwent principal component analysis to assess their unidimensionality. All items of one dimension were individually subjected to principal component analysis, aiming to identify any items that could be excluded from the final survey. The factors loadings for the remaining items surpassed 0.4. To facilitate further

Field	Respondents	Subsamples	Response rate/org (%)	Response rate out of total
Energy	38	45	84	12.2
Construction	78	200	39	25.2
Energy	51	243	21	20.9
Energy	16	17	89	5.2
Union	62	89	70	20.1
University	15	16	94	4.9
Social welfare and healthcare	15	50	30	4.9
Construction	34	49	69	11.0
Total sample	309	709		Average rate: 43.6%

Source(s): Authors' own work

Table 3.
Sample make-up and
response rates

		Global construct	Question item	Literature
1	LEADER DEPENDABILITY	Leader attribute social responsibility	My supervisor enjoys leading others	Nederström and Niitamo (2010)
2		Leader attribute extroversion	My supervisor enjoys performing in public	Zhang <i>et al.</i> (2022)
3		Leader attribute: extroversion	My supervisor thrives at teamwork and collaboration	Nederström and Niitamo (2010)
4		Leader attribute: focus	My supervisor looks at the bigger picture, prioritizing things that matter	Nederström and Niitamo (2010)
5		Leader attribute conscientiousness	My supervisor sets high standards for performance with his/her own behavior	Arnold <i>et al.</i> (2000)
6	LEADERS EMOTIONAL INTELLIGENCE	Leader attribute self-regulation	I give my supervisor (even negative) feedback without fear of retaliation	Lappalainen (2012)
7		Leader attribute: self-regulation	My supervisor is always in control and remains calm, even in crises	Lappalainen (2012)
8		Leader attribute: agreeableness	I share personal matters with my supervisor	Lappalainen (2012)
9		Leader attribute agreeableness	I would want to keep in touch with my supervisor if we no longer worked together	Liden and Maslyn (1998)
10		Leader attribute agreeableness	My supervisor is responsive to my requests for help or guidance	Schneider <i>et al.</i> (1998)
11	MANAGEMENT MODE	Leader attribute decision-making	My manager considers and prepares every decision carefully	Nederström and Niitamo (2010)
12		Leader attribute clarity of job role	My supervisor facilitates my work, enabling successful task completion	Rizzo <i>et al.</i> (1970)
13		Leader attribute assertiveness	My supervisor communicates with clarity	Lappalainen (2012)
14		Leader attribute assertiveness	My supervisor informs us proactively of important issues	Lappalainen (2015)
15		Leader attribute empowerment	My supervisor questions his/her previous preconceptions	Walumbwa <i>et al.</i> (2010)
16	COACHING STYLE	Leader attribute empowerment	My supervisor considers employee suggestions when making decisions that affect them	Arnold <i>et al.</i> (2000)
17		Leader attribute empowerment	My supervisor recognizes and appreciates employee potential	Scandura and Graen (1984)
18		Culture conflict management	The first signs of discrepancy are dealt with promptly and constructively	Bititci <i>et al.</i> (2006)
19		Leadership conflict management	My supervisor personally intervenes in difficult interpersonal situations	Lappalainen (2017)

Table 4.
The measurement
instruments after scale
purification

(continued)

		Global construct	Question item	Literature
20	PSYCHOLOGICAL SAFETY	Culture	People care about each other here	Vo <i>et al.</i> (2022)
21		Caring		
		Leadership risk-taking	Our management asks for, appreciates and acts on negative feedback	Lappalainen (2017)
22		Leadership loyalty	My supervisor would defend me to others if I made an honest mistake	Liden and Maslyn (1998)
26	EMPLOYEE COMMITMENT	Employee experience	I would like to stay till I retire	Schaufeli <i>et al.</i> (2006)
27		motivation		
		Employee experience: motivation	I do work for my supervisor that goes beyond what is specified in my job description	Liden and Maslyn (1998)
30		Employee experience: engagement	I can continue working for very long periods at a time	Schaufeli <i>et al.</i> (2006)

Source(s): Authors' own work

Table 4.

analysis, the means of the sum measures for the final dimensions were calculated. Several rounds of factoring were conducted and each phase eliminated some items (if the item did not load to existing factors or loaded alone among other items into one factor). As a result, the factor structure presented in Table 4 was extracted.

We elaborately included several performance measurement dimensions in the questionnaire, while acknowledging earlier findings indicating that it does not necessarily improve the comprehensiveness of the measurement system (Cheng and Luckett, 2004). Factor analysis allows us to rid the measurement of those question items that showed no association with the outcomes investigated. The remaining selection could be treated as a final scale, to be used to measure the impact of leadership in an organization. Table 4 lists the factors that surfaced, as well as the related 30 question items (extracted from the original 52 items) that remained to explain leadership impact.

Various criteria were used to ensure the validity and reliability of the constructs. These criteria included Cronbach's alpha and composite reliability (CR) to evaluate construct reliability, average variance extracted (AVE) and loadings to evaluate convergent validity and the Fornell–Larcker criterion to evaluate discriminant validity (Table 5). The internal consistency and reliability of the constructs were confirmed as the values of both Cronbach's alpha and CR exceeded 0.7, in line with the criteria proposed by Fornell and Larcker (1981). Since the AVE values for all constructs surpassed the 0.5 threshold, the convergent validity of the construct was confirmed as per Fornell and Larcker's criteria. As stated by Fornell and Larcker (1981), if the square root of AVE is greater than the correlation between the specific construct and the other constructs in the model, it confirms discriminant validity. The results of the discriminant validity assessment, presented in Table 5, confirm the construct's discriminant validity, as each construct correlation value is less than the diagonal values.

7. Results

Table 6 presents the results from the regression analyses for seven organizational attributes: five leadership attributes, one cultural attribute and one employee attribute, with the control variables included. Before the hypotheses were tested, a correlation matrix of the constructs

Attribute	Item	Loading	CR	AVE	Alpha	
Leader dependability	My supervisor enjoys leading others	0.727	0.839	0.513	0.756	Leader behaviors associated with employee satisfaction only when extroversion was coupled with leader perception of the bigger picture, conscientiousness and social responsibility. Naturally, perceiving the bigger picture is an integral function in the higher ranks, while the other three attributes (extroversion, conscientiousness and social responsibility) reveal the leader's dependability with tasks and people
	My supervisor enjoys performing in public	0.582				
	My supervisor thrives at teamwork and collaboration	0.737				
	My supervisor looks at the bigger picture, prioritizing things that matter	0.739				
	My supervisor sets high standards for performance with his/her own behavior	0.781				
Leader's emotional intelligence	I give my supervisor (even negative) feedback without fear of retaliation	0.797	0.891	0.622	0.846	Leaders' emotional intelligence yielded a positive impact on employee satisfaction. This aligns with earlier studies confirming the nature of leadership as emotive labor (Fineman, 2003). It also confirms the intimacy between subordinates and supervisors and the significance of this relationship for employee retention. EI deserves broader attention as a fundamental platform for all leader behaviors, decisions and outcomes and as a central enabler of all the other factors
	My supervisor is always in control and remains calm, even in crises	0.678				
	I share personal matters with my supervisor	0.849				
	I would want to keep in touch with my supervisor if we no longer worked together	0.819				
	My supervisor is responsive to my requests for help or guidance	0.790				
Management mode	My manager considers and prepares every decision carefully	0.734	0.888	0.665	0.830	We found a connection between management and employee satisfaction but no connection with individual or team outcomes, only with organizational ones. This highlights the value of the original management function as an enabler that provides structure and ensures the key organizational mechanisms
	My supervisor facilitates my work, enabling successful task completion	0.848				
	My supervisor communicates with clarity	0.863				
	My supervisor informs us proactively of important issues	0.811				

Table 5.
Construct reliability
and validity

(continued)

Attribute	Item	Loading	CR	AVE	Alpha	
Coaching style	My supervisor questions his/her previous preconceptions	0.794	0.889	0.730	0.813	The coaching leadership style was associated with employee satisfaction, individual goals and teams goals but not with organizational goals. This confirms the role of coaching leadership style for the employee experience and local outcomes
	My supervisor considers employee suggestions when making decisions that affect them	0.899				
	My supervisor recognizes and appreciates employee potential	0.866				
Conflict management culture	The first signs of discrepancy are dealt with promptly and constructively	0.913	0.909	0.833	0.799	Conflict management associated with goal achievement negatively on the individual level but positively on team and organizational levels. The validates the importance of proactive conflict preventions but also the ramifications on the community level if conflicts are ignored
	My supervisor personally intervenes in difficult interpersonal situations	0.913				
Psychological safety	People care about each other here	0.850	0.880	0.709	0.793	Our data yielded no connection between psychological safety and outcomes on any level. The dissociation undermines the role of psychological safety as an antecedent of performance outcomes, but provides no indication for behavioral outcomes
	Our management asks for, appreciates and acts on negative feedback	0.828				
	My supervisor would defend me to others if I made an honest mistake	0.848				
Employee commitment	I would like to stay till I retire	0.895	0.890	0.730	0.771	Employee commitment associated with employee satisfaction and organizational outcomes but not with team goals. This finding shows the importance of commitment-enabling conditions for employee retention and individual performance
	I do work for my supervisor that goes beyond what is specified in my job description	0.768				
	I can continue working for very long periods at a time	0.894				

Source(s): Authors' own work

Table 5.

was examined. The signs of the correlations appear to be consistent with the hypothesized relationships.

Also, VIF values were calculated in order to check any multicollinearity. The maximum VIF within the models was 1.071–3.133, which is clearly less than the threshold value (VIF not exceeding 10). Thus, multicollinearity is not a problem (Hair *et al.*, 1995).

	Mean	St.Dev	1	2	3	4	5	6	7	8	9	10	11
1 Dependability	4.54	0.764	1.000										
2 Emotional intelligence	4.82	0.954	0.537***	1.000									
3 Management	4.37	0.882	0.630***	0.546***	1.000								
4 Coaching	4.61	0.905	0.504***	0.683***	0.567***	1.000							
5 Conflict management	4.03	1.110	0.487***	0.511***	0.451***	0.493***	1.000						
6 Psychological safety	4.16	0.998	0.422***	0.468***	0.375***	0.460***	0.683***	1.000					
7 Employee commitment	4.63	1.000	0.276***	0.299***	0.299***	0.334***	0.364***	0.434***	1.000				
8 Satisfaction	4.67	0.968	0.569***	0.635***	0.575***	0.614***	0.533***	0.537***	0.615***	1.000			
9 Individual goals	3.15	0.548	0.060	0.028	0.083	0.116*	-0.075	-0.033	0.147**	0.088	1.000		
10 Team goals	3.10	0.577	0.213*	0.118*	0.213*	0.229***	0.221***	0.170**	0.168**	0.223***	0.495***	1.000	
11 Organizational goals	2.95	0.589	0.265***	0.156**	0.258***	0.206***	0.323***	0.300***	0.243***	0.327***	0.222***	0.464***	1.000

Source(s): Authors' own work

The proper R^2 value depends on the study area. For example, studies that include aspects that are affected by human behavior tend to have R^2 values below 50%. Thus, our results are in line with this and in line with many similar studies.

7.1 Hypothesized relationships

Table 7 shows the results from the regression analyses for Satisfaction, Individual goals, Team goals and Organizational goals. Regarding satisfaction, the model shows that the coefficients for the organizational attributes Leader Dependability, Leader's Emotional intelligence, Leader's Management mode, Leader's Coaching Style and Employee commitment are positive and significant. The coefficients for Conflict management culture and Psychological safety are not significant. To conclude the above, our results show that Dependability, Emotional intelligence, Management, Coaching and Employee commitment increase satisfaction, while Conflict management and Psychological safety do not.

Regarding individual goals, the model shows that the coefficients for the leadership attributes Coaching style and Employee commitment are positive and significant. However, the coefficient for Conflict management culture is negative and significant. The coefficients for Dependability, Emotional intelligence, Management and Psychological safety are not significant. To conclude the above, our results show that Coaching and Employee commitment increase the attainment of individual goals, while Conflict management hinders it. Dependability, Emotional intelligence, Management and Psychological safety do not affect the attainment of individual goals.

Regarding team goals, the model shows that the coefficients for the leadership attributes Coaching and Conflict management are positive and significant. The coefficients for Dependability, Emotional intelligence, Management, Psychological safety and Employee commitment are not significant. To conclude the above, our results show that Coaching and

	Satisfaction		Individual goals		Team goals		Organizational goals	
	Beta	<i>t</i>	Beta	<i>t</i>	Beta	<i>t</i>	Beta	<i>t</i>
(Constant)		-2.799		10.580		8.033		6.339
Respondent age	-0.106	-3.387**	0.032	0.505	-0.034	-0.550	-0.073	-1.241
History with the supervisor	0.033	1.107	0.063	1.059	0.121	2.072*	0.048	0.867
Job applications submitted	0.031	1.075	0.075	1.280	0.012	0.208	-0.005	-0.096
Dependability	0.174	4.158***	0.043	0.507	0.075	0.909	0.066	0.842
Emotional intelligence	0.290	5.839***	-0.190	-1.899	-0.181	-1.835	-0.167	-1.806
Management	0.132	3.036**	0.111	1.271	0.067	0.774	0.179	2.206*
Coaching	0.120	2.542*	0.199	2.096*	0.205	2.179*	0.043	0.486
Conflict management	-0.002	-0.052	-0.167	-1.971*	0.169	2.029*	0.193	2.461*
Psychological safety	0.050	1.181	-0.096	-1.140	-0.059	-0.708	0.126	1.604
Employee commitment	0.407	12.039***	0.206	3.027**	0.116	1.726	0.152	2.412*
F		98.414***		2.823**		3.544***		7.838***
R^2		0.775		0.090		0.110		0.215
Adj. R^2		0.767		0.058		0.079		0.188

Source(s): Authors' own work

Table 7.
Regression analysis results

Conflict management increase the attainment of team goals, while Conflict management and Dependability, Emotional intelligence, Management, Psychological safety and Employee commitment do not.

Regarding organizational goals, the model shows that the coefficients for the leadership attributes Management, Conflict management and Employee commitment are positive and significant. The coefficients for Dependability, Emotional intelligence, Coaching and Psychological safety are not significant. To conclude the above, our results show that Management, Conflict management and Employee commitment increase the attainment of organizational goals, while Dependability, Emotional intelligence, Coaching and Psychological safety do not.

7.2 Control variables

The control variable respondent age was significant in the model of satisfaction. The result means that the younger the respondent, the more satisfied he/she is with work. Correspondingly, the older, the less satisfied.

We can speculate that, upon entrance to working life, juniors are eager to test their wings and therefore their intrinsic motifs are high. Further, young people are intrinsically motivated by learning and the early stages of working life offer plentiful opportunities for that. Moreover, younger employees more often live alone and work may constitute the only meaningful thing in their life, which is why they invest more in their jobs and in turn gain more out of their professional lives. Seniors, on the other hand, have more likely experienced the dark sides of working life and have possibly become more cynical through these experiences. They anticipate fewer career opportunities and are possibly burdened by caring responsibilities that consume their personal resources.

Unfortunately, we showed that satisfaction does not predict willingness to stay but fortunately, this also implies that dissatisfaction does not necessarily lead to resignation. Employees feeling comfortable may pose a risk for both productivity and retention (Lappalainen *et al.*, 2019). Earlier studies explain this through the connections between bore-out and meaninglessness and inability to grow (Özsungur, 2020). Instead, factors promoting engagement serve both retention and attraction purposes and might also solve challenges with such diversity challenges as age management.

Job satisfaction was unassociated with the submission of job applications, signalling that the intent to resign *cannot* be predicted on the basis of satisfaction. This is interesting in the present world, where the final stages of the COVID pandemic made surface a concept – and in some parts of the world a phenomenon – called the Great Resignation, which assumed that employees would resign in masses from their jobs even in the absence of the next job (Lappalainen *et al.* 2024). Some indications globally supported the idea that in pursuit of meaningfulness and a good life, people would rather find themselves in between jobs than spend their days in dissatisfying work environments.

Our analysis shows, however, no correlation between dissatisfaction and intent to resign or satisfaction and willingness to stay, as measured by the number of job applications submitted. This aligns with earlier studies questioning the value of job satisfaction (Lappalainen *et al.*, 2019; Macey and Schneider, 2008), mostly managed through work-environmental measures, as a relevant measure for employee retention (Lindeberg *et al.*, 2022). We can therefore conclude that the underlying reasons triggering employees to resign are more pull-driven than push-driven.

The longer one has worked for the same supervisor, the better the team outcomes. The result of better team outcomes for older teams advocates the importance of organizational stability, team coherence, unity and longer-term relationships. Sustenance of team structure and make-up correlates with higher-level achievement on the team level, which,

unfortunately, contrasts with the current working life trends of agility, rapid career moves and constant restructuring in organizations.

Table 8 summarizes the results, showing statistically significant relationships between the selected attributes and organizational outcomes on individual, team and organizational levels.

8. Discussion

Leadership fads come and go, every five years, they say. The current hype around coaching and servant leadership styles is explained by their statuses as panaceas for any working life problem, explaining their almost blind and uncritical reception and deployment globally. Yet, traditional *management* with its key functions of role clarity, prompt decision-making and proactive and unambiguous communication is making a comeback, proving its impact on both individual-level satisfaction and organization-level goal attainment. Managerial choices should not be about straightforward selection between leadership and management; instead, it should be about being situation-smart about when, where and with whom to rely on which style. Ideally, the two co-exist and complement each other in the organizational toolkit.

Technically this means that organizational decision-making drives profitability and results, and on the grassroots-level, succeeds in strategic communication to the extent that individuals find meaningfulness in their roles and see a connection between themselves and the strategic level (Denning, 2006). This invites speculation of the added value that could potentially be created, if decisions were substantiated in a way that would allow employees to see the strategic role of their *team* and if teams were involved in decision-making and preparations for change.

The way an organization is managed does not have to be charismatic, divine or extraordinary, as long as managers are accountable and dependable. However, human aspects were found critical, too, confirming the contemporary paradigm of both-and leadership, instead of *either* management *or* leadership. Those in charge are expected to manage both tasks and relationships, both people and productivity, by relying both on intellectual and emotional capacities.

As a concrete manifestation, employees prefer coaching methodology to authoritarian ones. Our findings show that coaching has an impact on employee satisfaction, individual goals and team goals but not on organizational goals. This speaks for the change in managerial role from a dictatorial authority toward a coach who leads by example, e.g. by questioning his/her own preconceptions and appreciating the staff potential. The coaching methodology intuitively resonates well with the Scandinavian culture as highly educated and emancipated employees like to think independently and work autonomously.

Factor	Satisfaction	Ind goals	Team goals	Org goals
Leader dependability	+			
Leader's emotional intelligence	+			
Management mode	+			+
Coaching style	+	+	+	
Conflict management culture		-	+	+
Employee commitment	+	+		+
Respondent age	+			
Years with the same supervisor			+	
Source(s): Authors' own work				

Table 8.
Summary of the
statistically significant
relationships

Conflict management yielded one of the surprises, in an economy where managers are urgently striving to become versed in conflict management, as a result of the universal trend showing that supervisors respect employees' private space so much that in discrepancy, they fail to intervene. In fact, conflict management was associated with goal achievement negatively on the individual level but positively on the team and organization levels. The negative association on the individual level gives rise to several interpretations. First, the need for conflict management could be interpreted as a leadership outcome signalling poor leadership, and poor leadership, then, is seen as a logical hindrance to goal achievement. Second, the respondents may have interpreted the verb *intervene* in the survey as a reference to employer's – often HR's - directive, legal and unempathetic sanctions rather than well-intended action. Third, this result may imply that employees prefer a more dialogical culture where interpersonal friction is resolved preventatively with a low threshold *before* it escalates into conflict (Lappalainen, 2020).

Interestingly, even though individuals' outputs are weaker when conflicts are managed, team and organization-level goal achievement is higher. The logic could be explained through the basic human needs. In a culture with no history of teaching or learning conflict management skills, individuals tend to find involvement in their personal discrepancies intimidating. Conflict management processes are known to trigger load and ill-being upon initiation, even though the resolution eventually releases individuals of the anxiety or emotional load. Employer interventions disrupt psychological safety, which likely mediates individual outcomes. However, there is typically much pressure from the work community to resolve conflicts, as intuitively employees know, and statistically it has been shown, that one-on-one disputes tend to escalate and expand if left untouched. Contrastively, work communities as systems appreciate interventions that are proactive, preventive and benevolent (Lappalainen 2020).

Psychological safety has received immense attention recently among academics and practitioners. In conflict with this hype and the original assumptions in this study, psychological safety showed no association with subordinate satisfaction or outcomes on any level. One explanation could be the data collection period coinciding with the pandemic, which forced employees to work in isolation, without safety nets. This may have blurred the role of safety in working life. Another blurring factor may be the socially undesirable nature of psychological unsafety in culture and leadership, which may mean that (1) organizations do their utmost everything to avoid such undesired behaviors, which is why our respondents may take psychological safety as self-evident and (2) respondents rather leave the organization than tolerate psychological unsafety and therefore regard this as no issue.

However, non-existent, conflicting (Cole *et al.*, 2022), ambiguous (Kim *et al.*, 2020) or negative (Frazier *et al.*, 2017) associations between psychological safety and organizational outcomes have been tentatively offered also earlier. The dark side of psychological safety is associated with too much comfort and extreme levels of psychological safety: when perceived interpersonal risks are low, teams may be more likely to underperform or behave immorally (Frazier *et al.*, 2017).

Another explanation, although brutally painful, is that individuals can be effective and productive also when working under fear or pressure. Inevitably, such shortsightedness will corrupt innovativeness and well-being in the long run, eventually yielding statistical implications including rising sick leaves, higher employee turnover rates, premature retirement and questionable employee image and brand and subsequently lower productivity and profitability. Along these lines, earlier studies have found conflicting associations between psychological safety and team performance, admitting that even though psychological safety contributes to team processes as an enabler, it is not a driver of performance rather an engine instead of fuel of organizational performance (Kim *et al.*, 2020).

Thus, a debate that has slipped attention relates to the nature of the impact of psychological safety. Where it has roughly been associated with performance outcomes such as effectiveness and productivity, more research might show that it should, in fact, be regarded as a driver of behavioral outcomes such as learning, ideating and innovativeness.

Employee commitment showed no association with team goals but yielded a positive association with individual satisfaction, individual goals and organization-level goals. The relationship of commitment with satisfaction and both individual and organization-level goal achievement is intuitive, inviting deeper scrutiny of team-related mechanisms. The absence of a team-level association may be explained by the individualistic culture, where self-reliance, self-efficacy, independence and autonomy are valued (Barrick and Mount, 1993), fogging the connection between the individual and the team. This is supported by the recognized associations between individual's competitiveness and performance or career outcomes, which dissociate the individual from the team (Brown *et al.*, 1998).

The pandemic has been accused of further corrupting team coherence and distancing employees from one another not only physically but also mentally and socially (Bentley *et al.*, 2016). Further, low hierarchy in the Scandinavian culture may account for the power of motivating being limited only to individuals' mindsets and satisfaction, with no extension to team outcomes, in a culture where one-on-one relationships matter more than a faceless culture. Finally, this finding implies that individuals fail to see the link between the purpose of their role and the team or that organizations have failed to communicate the link.

8.1 Research contributions

Organizations have become impatient in their pursuits to elevate the quality of working life. Amidst scientific knowledge, many operators feel they are sufficiently well-informed of the theoretical grounds but painfully incompetent in and uninformed of concrete instruments and actionable guidance toward a change in organizational behavior and culture.

This study offers several contributions. First, it represents an effort to fix critical shortcomings in leadership measurement by both expanding and narrowing down earlier approaches. On the one hand, we aggregate foci in management accounting by including managerial traits as behavioral modes in the diagnosis of leadership effect (Abernethy *et al.*, 2010). On the other, we respond to the criticism expressed on construct proliferation in leadership studies (DeRue *et al.*, 2011) and manage the consequent heterogeneity by bringing shape, focus and theoretical precision to leadership performance measurement (Abernethy *et al.*, 2010). At the same time, we contribute with practical utility to a domain that has suffered from competing conceptual explanations and scarce empirical evidence. As a concrete outcome, we constructed an instrument that allows organizations to effectively measure their leadership "temperature" (Hazy, 2006, p. 60) and monitor the retrospective effectiveness and success of their leader practices.

The instrument can also be applied to prospectively anticipate employee contribution through elements such as engagement that show predictive value (Lappalainen *et al.*, 2019). If performance measurement systems and management style and/or organizational culture are bidirectionally interrelated (Bititci *et al.*, 2006) and if organizations tend to get what they measure, the instrument proposed here could be adopted to develop leadership and to steer attention toward targeted domains and raise awareness of their pertinence. Positive behaviors can be learned (DeRue *et al.*, 2011) and the instrument proposed here supports relevant leadership development.

Participative leadership is known to enhance employee commitment and one means to increase participation is to engage the entire organization in the analysis of organizational outcomes. Dialogical performance management has been proposed as a means to collectively

interpret performance information (Rajala and Laihonen, 2019) but this requires precise and evidence-based information for joint analysis (Ukko *et al.*, 2007). As our instrument relies on subordinate perceptions and the question items address concrete, easily analyzable behavioral or communicative manifestations of daily organizational life, it could serve as a platform for dialogical performance management discussions. Such dialogue, be it through annual personnel development discussions or in ad hoc encounters down the corridor, would enhance participatory management, cultural openness, trust and employee ownership of mundane workplace improvements.

Secondarily, this study sheds new light on some current, highly debated concepts. First of all, the data react to the hypothesized phenomenon called Great Resignation, showing that employee satisfaction is irrelevant for decisions to quit and thereby also for employee retention. Second, the analysis counterargues for the univocal role of psychological safety as a performance driver. Third, we challenge the overestimated role of leadership and underestimated status of management in the complex organizational reality, where clarity, structures and routines are often the best platforms for predictability and security.

Finally, as a bold speculation, albeit based on hesitant evidence from the present investigation, we feed to the discussion of the four-day work week. For efforts to promote work-life balance, our sample-reported 15% daily time loss provides an interesting argument for the debate.

8.2 Study limitations

Although our findings make an academic contribution to the leadership literature and a practical contribution to human resources practices, we acknowledge several limitations. As the measurement instrument devised is scoped extensively to cover the competing requirements posed on leadership, each aspect under scrutiny is addressed through a limited number of question items.

Certain weaknesses stemming from convenience sampling dictate judgment when interpreting the results (Stratton, 2021). The key bias assumably relates to the target group of the original survey call. The results might have appeared different, had the participating organizations been uncommitted to organizational development. The majority of the programs offered by the coordinating author focused on leader and cultural development. Investment in leader training reflects motivation for leadership development, which, then, tends to lead to a higher-quality leadership culture (Lappalainen, 2012). Even though the survey was filled prior to the training sessions, participation likely portrays interest and positive attitudes toward the thematic areas. Despite the biased sample, it might not be risky to claim that the parameters applied in sample selection mean result transferability to larger, knowledge-intensive organizations operating in the Scandinavian economy.

Further, our study is limited in its focus on an individual leader level of analysis. Further studies are needed to show whether the measure could be adopted for organization-wide measurement (Judge *et al.*, 2004). However, to counteract this possible weakness, the organization-level phenomenon of culture was included in the analysis.

A severe academic consideration stems from the possible reciprocal causality inherent in some of the phenomena selected for this study. More concretely, many of the constructs determining culture and leader behavior draw on leader skills, which, in turn, are driven by human processes, which, in turn, are influenced by employee actions and feedback. Longitudinal methodology is needed to verify these relationships and feedback loops (Yukl, 2008).

It is possible that exposure to postmodern leadership literature made us blind to more traditional or managerial functions and biased toward the psycho-social functions of leadership. Further, the procedure put forth here may paint an over-simplified picture

of leader-follower processes, even though we acknowledge the non-linear dynamics of organizational leadership (Hazy, 2006). Linear treatment of causes and implications or leadership cues and follower outcomes, was, however, a premeditated and theory-based approach to enable instant and cost-effective measurement of leadership cues by individual managers.

Subsequently, continued refinement is still needed to keep the scale up to par with the evolving organizational needs and leadership trends. As such, though, the scale proved valid, and the outcomes of this investigation are therefore promising.

8.3 Recommendations

This study offers several recommendations for organizational practice:

- (1) Organizations need to put more effort into substantiating the role and significance of individual employees and teams for the bigger picture. Particularly, goal-setting should extend from the focus of the individual to team goals to promote social relatedness, known to yield positive outcomes in terms of employee motivation (Vo *et al.*, 2022).
- (2) A solution to the weak link between top-level decision-making and team outcomes could be found in communication practices, especially in more personal narration and storytelling rather than simply delivering the actual decisions. Narratives have proven useful as a way of sparking action, transmitting values, fostering collaboration and leading people into the future (Denning, 2006).
- (3) The role of personality dimensions in leadership was shown to take a lower priority compared to behaviors, skills and competences. For example, instead of extroversion, leader recruitment and competence development ought, therefore, to seek social proficiency and motivation to constructively bring added value to one's immediate contacts.
- (4) Organizational restructuring should be given more thorough consideration and serve a better argued, more functional purpose, as team longevity yields targeted outcomes. Re-organizing for agility's sake disrupts productivity.
- (5) If employees resign not to leave the company but rather to join a new organization, the motifs can be speculated to be intrinsic rather than extrinsic. The implication for employee retention is that more effort is needed to ensure that the exact same factors that pull or attract employees to other employments can be found where these individuals already are. While organizations need to recognize their duties in terms of structures, processes and culture, they ought to invest in the quality of the workday and the individual-derived factors that color the employee experience. The relationship with the immediate supervisor plays a key role here.
- (6) Job satisfaction constitutes a traditional target of leadership measurement, enhanced through work conditions and the external work environment. However, as a post-goal state, although positive, is shows no relationship with financial and operational outcomes. These distal outcomes seem to require measures and leader behaviors that resonate with employees' *inner* worlds, influenced by sensitive catering to employees' social and emotional needs (Macey and Schneider, 2008). This re-enforces the role of leaders' emotional intelligence.
- (7) Thus far, job satisfaction has, in fact, constituted a measure of *employer* performance. In this sample, employee commitment and job satisfaction were found to be linked,

even though the former represents a pre-goal state connected with the internal work environment and the latter a post-goal state with the external work environment. If commitment is an attitude or mode of working and satisfaction is a related outcome, then one implication worth future analyses could be whether employee accountability should be extended to their attitudes, when measuring employee satisfaction. Culture is everybody's business. Unfortunately, it is too often outsourced or delegated to HR (Goodman *et al.*, 2001), despite the understanding that norms and values cascade down in direct line, with leadership exercising power and influence as the role model. The role of leaders and the role boundaries between managers and HR especially in conflicted workplace situations need systemacy and clarity: immediate managers ought to boldly take more preventive action whenever they see early signs of discrepancy. The directive measures can then be left to HR's discretion, if the early action does not capitalize. It is critical to understand that interventions in already escalated disputes are experienced negatively on the individual level. On the other hand, legislation obligates the employer to offer resolution processes, so reacting too late is better than not reacting at all.

- (8) On average, our sample spends 15% of their work time in unnecessary fuss. Controlled, planned, well-managed idleness is important for innovation activity and recovery, while fuss means unproductivity – time and effort wasted in either performing wrong chores or performing chores wrongly. The discussion of the four-day work week invites attention to workday efficiency. 15% translates into 75% of one workday. Allowing employees to shape their routines might produce working-life innovations that make a shorter work week a realistic option.

Finally, this study verifies the role of behaviors and actions in successful management, as opposed to permanent personality traits. The finding is soothing as it shows that leader development is about skilling rather than genetic traits: with well-informed and targeted human resources management, individuals *can* grow into great leaders with practice and time.

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