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Strategic Leadership: Values, Styles, and Organizational Performance

Suzanne M. Carter[1] and Charles R. Greer[1]

Abstract

Strategic leaders are being challenged by stakeholder demands that organizations meet triple bottom line performance measures. Nonetheless, there is a paucity of empirical research on how strategic leaders' values and leadership styles are related to such measures. We describe values and established and evolving leadership styles and review the results of empirical studies investigating their relationship with organizational performance. Gaps in our knowledge of such relationships are identified and suggestions for future research are provided. A continuum of leadership styles, from transactional through responsible, is developed using the dimensions of stakeholder salience and economic, social, and environmental performance outcomes.

Keywords

strategic management, strategic leadership, leadership styles, values, organizational performance

A great deal of scholarship over the past 30 years has been devoted to the analysis and comparison of different leadership styles. Much of this work has dealt with transactional (Bass, 1985; Bass, Avolio, Jung, & Berson, 2003), transformational (Bass, 1985; Bass et al., 2003), and charismatic leadership (Conger & Kanungo, 1987), whereas more recent work is beginning to address styles and approaches such as authentic (Avolio & Gardner, 2005), servant (Van Dierendonck, 2011), and responsible leadership (Waldman & Galvin, 2008). These efforts have provided a better understanding of how the influence of leadership styles is reflected in individual, team, and group performance outcomes. However, little of this research has been conducted in the context of strategic leadership. Instead it has focused on lower level and midlevel managers, dyadic relationships, and the effects these styles have on individual or small unit performance.[1] Knowledge of strategic leadership is essential as the role has become more critical and the demands have increased in complexity. Strategic leaders are no longer responsible for simply maximizing shareholder wealth, but instead are expected to meet an increasing array of stakeholder expectations. From sustainability initiatives to socially driven demands from customers, strategic leaders and their top management teams (TMTs) are trying to meet the challenges of diverging stakeholder expectations.

As the roles of strategic leaders expand, we need to understand how these leaders have the greatest positive impact on our organizations while meeting societal expectations. This realization prompts the following question: What does it take to be a successful strategic leader in today's business environment, and in particular, do the values and leadership styles of our strategic leaders differentially affect multiple dimensions of organizational performance? In this article, we (a) discuss the role of values in strategic leadership and the implications for organizational performance, (b) examine well-established and emerging literatures on leadership styles and their implications for organizational performance, (c) discuss the implications for strategic leaders of stakeholder expectations on multidimensional outcomes, and (d) provide suggestions for future research. Additionally, because much of the research focusing on leadership styles has been conducted in different domains, we develop and integrate that work within a strategic leadership framework. We also make a unique contribution by examining the developing body of literature that addresses expanding views of organizational performance and the challenges faced by strategic leaders in meeting the expectations of multiple stakeholders.

Evolution of Strategic Leadership Research

There is substantial interest in strategic leadership, such as reflected in work by Vera and Crossan (2004), Colbert,

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Kristof-Brown, Bradley, and Barrick (2008), and de Luque, Washburn, Waldman, and House (2008). Such interest has been highlighted in the comprehensive treatment of the subject by Finkelstein, Hambrick, and Cannella (2009).[2] Unfortunately, progress in this area has been slow and uneven. The end of the 1970s and beginning of the 1980s marked a low point in leadership research with little new theory development and scholars questioning the fundamental impact of leadership (Boal & Hooijberg, 2000). The emergence of research on TMTs and upper echelons theory in the mid-1980s have been credited with playing a major role in building a sense of excitement for leadership research (Boal & Hooijberg, 2000). Nonetheless, some mainstream leadership scholars have been critical of strategic leadership research. A comprehensive leadership review by House and Aditya (1997) described the body of strategic leadership research as mostly case studies, neglected by empirical studies, and "largely atheoretical and . . . until recently largely unresearched" (pp. 446-447). Moreover, they emphasized the paucity of research on the relationship of strategic leadership with organizational performance (House & Aditya, 1997). A recent review has also called for more research on strategic leadership (Gardner, Lowe, Moss, Mahoney, & Cogliser, 2010).

Even so, since the late 1980s, substantive theoretical and empirical work within the strategic leadership arena has filled in some gaps in our knowledge and the contributions of path-breaking studies on TMT and upper echelons theory have been substantial (Cannella & Monroe, 1997; Finkelstein et al., 2009; Hambrick & Mason, 1984). Nonetheless, some of the work has been limited by reliance on demographic variables as proxies for intervening variables (such as cognitive style and values) and by failures to measure subjective concepts (such as communication and conflict; Boal & Hooijberg, 2000; Lawrence, 1997; Priem, Lyon, & Dess, 1999). These failures have been critical since empirical evidence on intervening variables can help us better understand hypothesized relationships. Indeed, the plethora of individual-level studies demonstrate the significant impact that leadership style and values have on intermediate outcomes such as culture, organizational citizenship behaviors, and job satisfaction (Gardner et al., 2010). On the positive side, a few scholars have begun to empirically examine the influence of leadership style in the context of strategic leadership. For example, this recent work has studied effects on organizational performance and intermediate outcomes of the values of strategic leaders (de Luque et al., 2008), transformational leadership styles (Ng & Sears, 2012; Waldman, Siegel, & Javidan, 2006), and charismatic leadership styles (Waldman et al., 2006).

Definition of Strategic Leadership

The literature provides several perspectives that help define strategic leadership. One perspective focuses on "executives who have overall responsibility for an organization, their characteristics, what they do, how they do it, and particularly, how they affect organizational outcomes" (Finkelstein et al., 2009, p. 4). These researchers have defined the scope of strategic leadership to include CEOs, the heads of business units, TMTs, boards of directors (Finkelstein et al., 2009), and dominant coalitions (Boal & Hooijberg, 2000). Hambrick has defined strategic leadership as being concerned with the entire scope of activities and strategic choices of the individuals at the pinnacle of the organization. This definition emphasizes the relational aspects in terms of both strategic and symbolic activities (Cannella, 2001). The greater breadth, pervasiveness, and enduring effects of strategic leadership differentiate it from leadership within the organization at lower levels (Goldman & Casey, 2010).[3] For the purpose of this article, we will view strategic leadership as being concerned with the leadership "of" organizations as opposed to "in" organizations (Boal & Hooijberg, 2000). Our attention is on those individuals having overall responsibility for the organization—not just the CEO but also the dominant coalition.[4] In summary, each of these perspectives adds another dimension to the role of the strategic leader and reflects the increased challenges of multiple and sometimes conflicting expectations.

Impact of Strategic Leadership on Organizational Performance

How then, do strategic leaders affect organizational performance? Context has played an important role in early research on strategic leadership. Indeed, some of the results of research by Lieberson and O'Connor (1972) were interpreted as evidence that leadership plays a secondary role relative to environmental influences. On the other hand, later research by Thomas (1988) found that leadership by CEOs had substantial impact on firm profit and sales, which represented a departure from the Lieberson and O'Connor view. Indeed, there was ongoing debate for some time about whether strategic leadership really mattered (Boal & Hooijberg, 2000). With the development of upper echelons theory (Hambrick, 2007; Hambrick & Mason, 1984), it was argued that "executives' experiences, values, and personalities greatly influence their interpretations of the situations they face, and, in turn, affect their choices" (Hambrick, 2007, p. 334). These choices, in turn, influence organizational performance.

A key tenet of upper echelons theory is that we can test the likelihood that certain actions will occur based on observable characteristics, for example, functional background, education, tenure, and so on. Values serve to filter information and bring managers to decisions and certain strategic choices (Hambrick, 2007; Hambrick & Mason, 1984). The black box of intervening variables has been difficult to study given the inherent problems of surveying CEOs and dominant coalitions with a battery of psychology tests (Hambrick, 2007). Moreover, actual psychological and social processes have not been studied because few researchers are interested in and have the skills to examine both micro processes and macro-organizational phenomena (Hambrick, 2007).

Fortunately, we have evidence from other disciplines as to the influence of leader behavior on performance of groups and organizations. There is ample evidence that leadership values and psychological processes play an important role on both group and organizational outcomes in the form of corporate culture, and even organizational performance, for example, escalation of commitment (Staw & Ross, 1987), risk aversion (Gilley, McGee, & Rasheed, 2004), and framing (Bazerman, 1994). Moreover, there is growing interest in how these values and processes might influence strategic choice and organizational performance. While upper echelons research has tended to use proxies for these values and leadership styles, research on lower level leaders "in" organizations, using measures of these intervening variables of interest, can inform our understanding of how effective strategic leaders influence organizational performance. We draw on findings from disciplines, such as social psychology and organizational behavior, to provide insights of the influence of such variables.

Evolving Views of Organizational Performance

Most research on strategic leadership has examined organizational performance effects from a financial perspective alone. Indeed, in the original upper echelons framework, organizational performance indicators included profitability, growth, and survival, which are the outcomes most prominent in the strategy literature (Hambrick & Mason, 1984). Stakeholder theory has long held that leaders and their organizations are held accountable by a large number of stakeholders and that limiting the assessment of their effectiveness to the realm of economic success, as observed through shareholder value or return on assets (ROA), is shortsighted (Maak, 2007). Although there is evidence that strategic leaders often emphasize economic over noneconomic responsibilities (Agle, Mitchell, & Sonnenfeld, 1999; Jawar & McLaughlin, 2001), many organizations are evaluated by their value creation in multiple arenas, as well as by their value to shareholders. Indeed, "businesses and their leaders are increasingly held accountable for what they do–and fail to do by multiple stakeholders and society at large" (Maak, 2007, p. 330).

What is required then, as Maak (2007) suggests, is for leaders to "bundle the energy of different constituencies and enable . . . the creation of value networks of multiple stakeholders . . . which enhance social capital and thereby contribute to both a sustainable business and the common good" (p. 329). Moreover, strategic leaders need to develop both human and social capital in managing external relationships (Hitt & Ireland, 2002). Such social capital, which is jointly owned and increases with use, is developed through the recognition and maintenance of relationships outside the organization itself (Maak, 2007). The notion of value creation is supported by the rationale that companies should not just optimize short-term financial performance, but instead should create shared value in society by addressing societal needs and challenges, in addition to the organization's needs (Porter & Kramer, 2011). This notion is reinforced by a 2011 survey of millennials, which found that 92% of respondents said that a firm's success should be measured by more than profit. When asked to name three terms for the purpose of business, 51% indicated societal development, whereas only 39% indicated profit (Deloitte, 2012).

A common interpretation of the importance of multiple measures of performance effectiveness is the triple bottom line, which refers to financial, social, and environmental performance indicators (Elkington, 1994). Also referred to as profits, people, and planet (Fry & Slocum, 2008; Slaper & Hall, 2011), these measures are viewed differentially in terms of relevance and priority by various stakeholders (McWilliams & Siegel, 2011). Financial measures include outcomes such as return on investment, revenue, and net income. Historically, most measures of organizational performance have been financial in nature, in line with Friedman's views on maximization of profit (M. Schwartz & Saiia, 2012). However, social measures, such as indicators of community vitality, charitable contributions, employee health and well-being, and organizational commitment have gained traction (Fry & Slocum, 2008; Slaper & Hall, 2011). Environmental measures of the ability to influence natural resource viability (Slaper & Hall, 2011) include electricity consumption, hazardous waste generation, and greenhouse gas emissions.

Research in corporate social responsibility (CSR) has recognized the CEO's role in corporate social performance through the leader's influence on various stakeholders (Finkelstein & Hambrick, 1996; Hambrick & Mason, 1984; Werbel & Carter, 2002; Wood, 1991). Scholars have also begun to examine how the TMT influences corporate social performance (W. M. Wong, Ormiston, & Tetlock, 2011). For example, both the TMT's integrative complexity and decentralization of the organization play significant roles in achieving higher levels of corporate social performance. Examinations of leadership styles have found significant evidence that values, which we address in the next section, play a key role in styles, and in the leader's ability to meet multiple stakeholder needs (Mitchell, Agle, & Wood, 1997).

Values of Strategic Leaders

Both theoretical and empirical research on the values of strategic leaders has been somewhat limited, although there has been a substantial amount of work at micro levels. Examples at the individual level include the well-known cultural value framework of power distance, individualism, masculinity, and uncertainty avoidance (Hofstede & Bond, 1988) and Cameron and Quinn's (2006) competing values of flexibility versus control and internal versus external focus. S. H. Schwartz's (1999) typology of cultural values provides another example with types that include affective autonomy, conservatism, egalitarianism, harmony, hierarchy, intellectual autonomy, and mastery. At the managerial level, the personal values of managers, such as collectivism, self-enhancement, and traditional values have been found to be related to subordinates' perceptions of charismatic leadership, which are, in turn, related to managerial performance, subordinate effort, and subordinate organizational citizenship behaviors (Sosik, 2005). It has been suggested that charismatic leaders also run the risk of creating employee disenchantment when they are perceived as being hypocritical to organizational values, as a result of failures to deliver on commitments in rapidly changing situations (Cha & Edmondson, 2006). Also, the congruence of managers' values has been found to mediate the relationship between charismatic leadership and the frequency of deviant behavior by employees (Brown & Treviño, 2006b).

From the perspective of strategic leadership, a distillation of value schemes from various disciplines has identified several relevant dimensions that include collectivism, rationality, novelty, duty, materialism, and power (Hambrick & Brandon, 1988). Moreover, values may be considered as instrumental or terminal (end-state), with terminal values being either personal or social (Rokeach, 1973). Models have been developed in the context of strategic leadership to explain the influence of executives' values on their strategic choices and behaviors (Finkelstein et al., 2009; Hambrick & Brandon, 1988). Values in this realm have been defined as "a broad and relatively enduring preference for some state of affairs" (Hambrick & Brandon, 1988, p. 5). Executives' values are thought to affect their actions, both directly and indirectly (Hambrick & Brandon, 1988). For example, direct effects occur when an executive is guided by his or her values of egalitarianism to trim perquisites for the TMT. In contrast, the indirect effects of values, which are more common than direct effects, occur through their influence on the executive's perceptions of environmental stimuli (perceptual screening). Importantly, discretion is argued to moderate the relationships between an executive's values and actions (Hambrick & Brandon, 1988). Indeed, managers exhibit their personal values through their ability to exercise discretion (Hemingway & Maclagan, 2004). Moreover, it has been argued that executives' actions and strategic choices are constrained by values, cognitive style, and personality (Finkelstein et al., 2009). Furthermore, values are not equally salient. Values conform to a hierarchy of importance (Finkelstein et al., 2009; Wowak & Hambrick, 2010). When strategic leaders are confronted with a situation that requires a choice between different strategic options, their values come into play. It is likely that forced choices direct the attention of strategic leaders to the needs of conflicting stakeholder expectations.

Recently, scholars have noted the paucity of empirical research on values at the strategic leadership level (Finkelstein et al., 2009; Miles, 2007). Indeed, the focus in academic research on leadership values and styles, which was most prevalent in the 1970s, has fallen precipitously. In contrast, from the mid-1980s until more recently, greater attention has been devoted to topics such as teams, alliances, and knowledge, with less attention to leadership styles and values (Miles, 2007). Although there may be only a tenuous connection between academic research on executive values and the practices of organizations, ideologies may have shifted such that values of knowledge sharing and innovation may have been undermined (Miles, 2007). Another values-related concern is that theoretical and empirical leadership literature has been overwhelmingly dominated by an American perspective, with emphasis on rationality, individualism, and follower responsibilities, while not attending to rationales involving sense of duty, religion, noncentrality of work, and altruism (House & Aditya, 1997). Nonetheless, the value hierarchies of strategic leaders may be increasing in salience, given the recent trend toward triple bottom line expectations. Indeed, the commitment of managers to address environmental issues, and thus make salient the environmental performance of the organization, may stem from the manager's own values (Boiral, Cayer, & Baron, 2009). Moreover, it has been suggested that attention to these triple bottom line causes is being attended to by those at the top levels of the organization in order to change and shape organizational values and culture (Fry & Slocum, 2008; Jarnagin & Slocum, 2007).

Values and Organizational Performance

There has been a paucity of empirical evidence linking strategic leadership values to organizational effectiveness. However, some intermediating variables have been examined. For example, a few researchers have recently begun to examine the role of values in influencing strategic leadership behaviors and it has been found that CEOs who place greater weight on economic values are perceived by their followers to exhibit autocratic leadership (de Luque et al., 2008). In contrast, those CEOs who place greater weight on stakeholder values are perceived by followers to exhibit visionary leadership. Visionary leadership, a part of the broader process of transformational leadership (Sashkin & Sashkin, 2003; Yukl, 2006), has been found to have a positive effect on organizational performance through a mediating variable of extra effort. On the other hand, autocratic leadership was not found to be significantly related to organizational performance (de Luque et al., 2008). In one of the few empirical studies involving CEO values, specifically "other-regarding" versus "self-regarding" values, researchers found no direct relationships between those values and triple bottom line measures of corporate performance (Agle et al., 1999). The study found only modest evidence that CEO values moderate the relationship between the CEO's perceptions of the attributes of stakeholders and the perceived salience of stakeholders. Also, the study found only one significant relationship between several measures of the perceived salience of stakeholders and organizational performance. Each of these findings suggests that different organizational outcomes are likely to be emphasized by strategic leaders who attend to different values.

With a view toward the future, there have been questions about whether concepts emphasized in MBA programs, such as agency theory and transaction-cost economics, will cause the value hierarchies of future strategic leaders to become almost exclusively focused on money and profits (Slater & Dixon-Fowler, 2010). A recent study questioned whether such values are consistent with triple bottom line considerations and the effects on the environment (Slater & Dixon-Fowler, 2010). Although no support was found for this line of reasoning, the question deserves more study. Does the salience of issues affect strategic leaders to a greater extent than their values? Or do strategic leaders feel a significant pull from the board of directors to limit their concerns to shareholder wealth? The paucity of evidence regarding strategic leadership values and organizational performance suggests the need for empirical research.

Styles of Strategic Leadership

As is true with strategic leadership values, questions about the effects of strategic leadership on organizational performance also remain because measures of leadership style are unavailable from archival data. The degree of difficulty in obtaining such information on senior executives, particularly for large companies, has been described as follows: "Top executives are very reluctant to submit to batteries of psychological tests. The larger and more visible the company, the greater the reluctance" (Finkelstein et al., 2009, p. 50). As a result, much of the empirical leadership research that addresses factors such as leadership style has been conducted at relatively low organizational levels, such as army platoons (Bass et al., 2003) and teams (G. Chen, Kirkman, Kanfer, Allen, & Rosen, 2007; Cole, Bedeian, & Bruch, 2011), instead of at executive levels (Waldman et al., 2006). Moreover, although there have been thousands of leadership studies, most of these have examined leaders and their immediate followers, without regard to culture, other organizational variables, the leader's superiors, the leader's peers, external stakeholders, and the type of products or services involved (House & Aditya, 1997). Waldman et al. (2006) and de Luque et al. (2008) have begun to incorporate measures of the style or values of strategic leaders.

To further explore how leadership style might influence strategic leadership choice and organizational outcomes, we next provide a brief overview of different styles (for readers from other disciplines) and the empirical evidence on their relationships with organizational performance.

Established Perspectives on Leadership Styles

Several leadership styles are relevant to strategic leadership, particularly those that focus on leader behavior and that have been the subject of more recent investigation.[5] Here, we will discuss the more established behavioral styles of transactional, transformational, and charismatic leadership.[6] Then in the following section, we will discuss the styles identified with emerging theories of authentic, servant, and responsible leadership. The emerging theories reflect the recognition of scholars that leaders may be attending to multiple stakeholders to a greater extent than in the past.

It is important to note that there is overlap between some of the dimensions of transactional, transformational, and charismatic leadership. For example, a meta-analysis of the validity of transactional and transformational styles of leadership has found them to be highly related and yet distinct in ways that are difficult to separate (Judge & Piccolo, 2004). The potential overlap between transactional and transformational styles of leadership is reflected in their description as "broad metacategories" (Yukl, 2006, p. 263). Moreover, although charismatic leadership has some similarities with transformational leadership, leadership scholars have argued that it constitutes a different approach, while noting that greater clarity on the distinctions is needed (Pawar & Eastman, 1997; Yukl, 2006). These empirical issues notwithstanding, we will examine these leadership styles separately.

Table 1 summarizes empirical findings, as reported in the literature, on relationships between leadership styles and triple bottom line outcomes (financial, social, and environmental) at the organizational level. Although we do not claim that our search for such studies was comprehensive, we were guided by an intention to obtain representative studies. As indicated in the following discussion, there has been little research on the relationship of leadership styles to some triple bottom line outcomes.

Transactional leadership. Transactional leadership is considered to be a process in which leaders provide followers with reward-based transactions that motivate them to

Table 1. Strategic Leadership Styles and Organizational Outcomes.

Leadership style	Empirical evidence on relationships: Financial	Social	Environmental
Transactional		Organizational identification (Epitropaki & Martin, 2005)	
		Diversity practices moderated by age and values (Ng & Sears, 2012)	
Transformational	Index of Branch Bank Performance (Geyer & Steyrer, 1998)	**Social responsibility practices (Waldman, Siegel, & Javidan, 2006)**	
	Profit (Rowold & Heinitz, 2007)	Employee performance (Nemanich & Keller, 2007; Piccolo & Colquitt, 2006)	
	Strategic growth (ROI, increase in sales, market share; D. Q. Chen, Preston, & Xia, 2010)	Job satisfaction (Nemanich & Keller, 2007; Walumbwa, Wang, Lawler, & Shi, 2004)	
	Perceived organizational performance (Zhu, Chew, & Spangler, 2005)	Organizational commitment (Walumbwa et al., 2004)	
	ROA mediated by TMT goal congruence (Colbert, Kristof-Brown, Bradley, & Barrick, 2008)	**Diversity practices (Ng & Sears, 2012)**	
Charismatic	**Net profit moderated by uncertainty (Waldman, Ramírez, House, & Puranam, 2001)**	Employee extra effort (Rowold & Heinitz, 2007)	
	ROE, net profit margin, strategic change (Waldman, Javidan, & Varella, 2004)		
Authentic	Unit sales growth mediated by trust (Clapp-Smith, Vogelgesang, & Avey, 2009)	Organizational citizenship behaviors (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008)	
	Index of revenue and employment growth mediated by TMT affective tone (Hmieleski, Cole, & Baron, 2012)		
Servant	High-performance organization factors (management quality, openness and action orientation, long-term orientation, continuous improvement, workforce quality)—significant with formal leader (de Waal & Sivro, 2012)	Organizational citizenship behaviors (Irving & Longbotham, 2007)	
		Corporate social responsibility (Jin & Drozdenko, 2009)	
Responsible			Attention to secondary stakeholders (Buysse & Verbeke, 2003)[a]

Note. ROA = return on assets; ROE = return on equity; ROI = return on investment. Cell entries in boldface indicate findings for CEOs, whereas cell entries in italics are for top management teams.
a. This study did not examine responsible leadership per se, but surveyed environmental leaders and found proactive environmental strategies to be associated with multiple stakeholder attention.

achieve (Smith, Montagno, & Kuzmenko, 2004). Much of the research on transactional leadership has focused on reinforcement contingencies, such as followers' performance of desired behaviors in return for praise and rewards, or preventing behaviors warranting discipline (Bass, 1985; Bass et al., 2003). Although transactional leadership and its reliance on power also have serious limitations (e.g., potential manipulation, lack of inspiration), effective transactional leadership serves the valuable role of setting unambiguous performance standards and expectations (Bass, 1985; Bass et al., 2003). Notions of fairness and reciprocity are part of the transactional approach (Yukl, 2006). Such leadership also helps to establish a leader's reputation as one who delivers rewards agreed on in implicit contracts in exchange for performance (Bass, 1985; Bass et al., 2003). The rationale for transactional leadership is straightforward. Followers who perform their responsibilities (as defined) are rewarded for meeting performance standards. This approach incorporates the notion of a psychological contract, which can provide a sense of equity (Sashkin & Sashkin, 2003). Transactional leadership has also been found to be more effective in the shorter term relative to the longer term (Bass et al., 2003) and has also been described as a barter relationship with followers, which is consistent with shorter term results (Sashkin & Sashkin, 2003). However, the work to date suggests that although transactional leadership has some positive effects, leaders who rely solely on this approach may not perform well in the long term.

Transactional leadership and organizational performance. Elements of transactional leadership, such as providing contingent rewards, have been found to be positively associated with employee performance and effort (Bass, 1985). However, when the contingencies involve aversive reinforcements, the effectiveness of the style generally declines (Bass, 1985). Interestingly, recent research has also found a positive relationship between transactional leadership and diversity practices when the leaders (CEOs) are older and have higher social values (Ng & Sears, 2012). Because of the limitations of transactional leadership, it is often contrasted (unfavorably) with transformational leadership (cf. Tucker & Russell, 2004; Vera & Crossan, 2004). Unsurprisingly, much of the empirical work suggests that transformational leadership has greater performance outcomes. For example, at lower organizational levels, transactional leadership has been found to have a positive relationship with the intermediate outcome of organizational identification, but the relationship is not as strong as with transformational leadership (Epitropaki & Martin, 2005). Nonetheless, the establishment of clear standards, expectations, and trust in the leader that occur with effective transactional leadership are needed as a prerequisite for transformational leadership (Bass et al., 2003).

On the whole, we found little research on transactional leadership at the strategic leader level, although studies of CEOs have often compared transactional with transformational leadership. An exception is a recent study at the CEO level by Ng and Sears (2012), which suggests that social values moderate the relationship between transactional leadership and a social outcome performance measure. We found no TMT studies on transactional leadership as related to triple bottom line performance.

Transformational leadership. In contrast to transactional leadership, the leader and follower relationship in transformational leadership may be described as a bonding process (Sashkin & Sashkin, 2003). In transformational leadership, the processes of developing a vision, communicating, and inspiring others to follow the vision, are critically important (Goldman & Casey, 2010; Sashkin & Sashkin, 2003). It has been suggested that transformational leadership also promotes organizational change by infusing energy into followers (Tucker & Russell, 2004). An important distinction of the transformational style is that it helps followers identify with the organization's values, mission, and visions (Bass et al., 2003). Such identification is critical for effectiveness at the level at which strategic leaders operate. Transformational leaders also help followers understand the importance of the work, encourage them to look beyond their own self-interest for the greater good of the organization, and help invoke the higher order needs of their followers (Yukl, 2006). The potential linkages with triple bottom line measures are clearer with the transformational style than the transactional style because such leaders tend to reflect social values. Moreover, the transformational style is more effective than the transactional style in environmental contexts characterized by uncertainty, change, and stress (Bass et al., 2003).

Some scholars also argue that transformational leadership is a specific form of strategic leadership that "emphasizes the transformation of organizational members and alignment of individuals and collective interests" (Pawar & Eastman, 1997, p. 84). Moreover, it has also been argued that although both transactional and transformational leadership are needed (Bass, 1985; Bass et al., 2003), the connection of transformational leadership with values highlights the importance of understanding the role of values in strategic leadership.

Transformational leadership and organizational performance. When compared with transactional leadership, there are indications that the performance effects of transformational leadership may be more apparent over longer time periods, such as a result of the effects of trust (Bass et al., 2003) and organizational culture (Geyer & Steyrer, 1998). Such leadership also reflects a lighter touch as it has been suggested that transformational leaders influence the internal mind-set of the organization's people, its culture, and the culture beyond the organization. They help the organization adapt more effectively to its environment (Tucker & Russell, 2004). At the individual level, transformational leadership has been found to be related to employee performance (Nemanich & Keller, 2007; Piccolo & Colquitt, 2006), job satisfaction (Nemanich & Keller, 2007; Walumbwa, Wang, Lawler, & Shi, 2004), organizational identification (Epitropaki & Martin, 2005), and organizational commitment (Walumbwa et al., 2004). Transformational leadership has also been found to be related to organizational citizenship behaviors and employee performance through the mediating effects of leader–member exchange (Wang, Law, Hackett, Wang, & Chen, 2005),

Moreover, transformational leaders should have more organizational success in dynamic environments because of their focus on building cultures that emphasize being proactive, empowered, and innovative (Smith et al., 2004). This emphasis on innovation is argued to promote corporate entrepreneurship and strategic renewal activities (Ling, Simsek, Lubatkin, & Veiga, 2008). We suggest that many of the characteristics of the transformational leader tend to link directly with measures of performance that are applied to strategic leaders today. For example, organization members often look to their top management to determine cultural values and expectations of their organization's response to its environment.

Nonetheless, there is not a great deal of empirical evidence linking transformational leadership to organizational performance, although there is some support for parts of the triple bottom line. For example, a study of banks found that transformational leadership has a stronger impact on branch performance in the longer term, as measured by an index of branch performance (e.g., loans and number of accounts; Geyer & Steyrer, 1998), a financial measure of triple bottom line performance. Similarly, transformational leadership of branch managers in public transportation has been found to be positively associated with profit (Rowold & Heinitz, 2007). At the strategic level, transformational leadership by CEOs has also been found to be related to perceptional measures of organizational performance (Zhu, Chew, & Spangler, 2005). It has also been found that CEO transformational leaders are likely to have higher levels of organizational performance (as measured by ROA) than nontransformational leaders. These effects occur through the CEOs' abilities to achieve goal congruence between themselves and their vice presidents (Colbert et al., 2008). Additionally, recent research involving chief information officers and TMTs found that demand-side leadership (effectiveness in strategy, planning, and vision) was positively associated with the strategic growth of organizations. In this research, demand-side leadership was considered to be a form of transformational leadership (D. Q. Chen, Preston, & Xia, 2010). Other research has linked transformational leadership by CEOs to triple bottom line measures, such as diversity practices (Ng & Sears, 2012) and CSR activities (Waldman et al., 2006). However, given the transformational leader's interest in long-term performance outcomes, there is surprisingly little evidence on how transformational leaders at the CEO level perform on environmental measures such as pollution reduction and voluntary sustainability efforts. Moreover, at this stage, there is very limited evidence that transformational leadership at the TMT level is associated with triple bottom line performance outcomes.

Charismatic leadership. Charismatic leadership involves inspiring others to share a common vision and set of values (Murphy & Ensher, 2008; Smith et al., 2004) and has a collective focus (Bligh & Robinson, 2010). Moreover, charismatic leadership is action oriented (Bligh & Robinson, 2010) and conveys movement toward a vision that conflicts with the status quo. This often occurs with inspiration through actions that may be considered heroic, with an element of self-sacrifice, such as personal risk taking and unconventional expertise (Conger & Kanungo, 1987; Yukl, 2006) or unconventional behavior (Murphy & Ensher, 2008). Such leadership may also involve the use of inclusive language to build support among followers (Seyranian & Bligh, 2008). Charisma can be especially important in influencing the actions of followers and the implementation of strategies, although it is probably less important for the decision-making role of strategic leaders (Cannella & Monroe, 1997).

The effects of socialized charismatic leadership are in contrast to the personalized form, in which desires for power are focused on personal gain with attendant exploitation of others (Waldman et al., 2006). The elements of socialized charismatic leadership, in which desires for power are channeled toward the benefit of the organization, are of particular relevance to strategic leadership. Although connections between this style and performance on triple bottom line measures seem likely, research is needed to confirm such expectations. On the other hand, the negative aspects of charismatic leadership, such as its indirect link to narcissism (Galvin, Waldman, & Balthazard, 2010), have been a topic for research. Narcissism is characteristic of many strategic leaders and can have surprising benefits, for example, persuasion, risk taking, and attracting followers. However, the downside effects, for example, sensitivity to criticism, poor listening skills, and lack of empathy (Maccoby, 2004), are inconsistent with conditions required for sustainability.

Charismatic leadership and organizational performance. The effects of charismatic behaviors can occur indirectly, through changes to organizational culture and a heightened sense of cohesion and effort on the part of the TMT and lower groups. Such leadership can also be reflected in role modeling at lower management levels and in increased operational performance (Waldman & Yammarino, 1999) and employee extra effort (Rowold & Heinitz, 2007). It has also been suggested that socialized charisma will result in successful integration and transformation of firms adapting to mergers, whereas personalized charisma will result in stress, resistance to change, and turnover (Waldman & Javidan, 2009). Beyond the predictions of theory, there is some empirical evidence of these relationships. Specifically, a positive relationship has been found between charismatic leadership of CEOs and net profit margin, when moderated by higher levels of environmental uncertainty (Waldman, Ramírez, House, & Puranam, 2001), as well as return on equity. Moreover, charisma has been found to have a positive effect on strategic change within organizations (Waldman, Javidan, & Varella, 2004). At lower levels of analysis, results from a meta-analysis indicate that charismatic leadership styles and subordinate performance are significantly correlated at r = .21 and .49 for individuals and groups, respectively (DeGroot, Kiker & Cross, 2000).

Not all studies have found a positive relationship of charisma with performance. One study found no evidence that CEO charisma influenced subsequent organizational performance, even after environmental uncertainty was taken into consideration (Agle, Nagarajan, Sonnenfeld, & Srinivasan, 2006). Another found no evidence of a link between CEO charisma and firm performance measured by shareholder return or ROA, although charismatic CEOs were able to garner higher compensation (Tosi, Misangyi, Fanelli, Waldman, & Yammarino, 2004). Evidence of the influence of charismatic strategic leadership is most prevalent in the financial components of triple bottom line performance. Nonetheless, we found no research offering evidence that charismatic leadership affects social or environmental outcomes at the CEO level. Nor did we find studies examining the effect of charismatic leadership on triple bottom line performance outcomes at the TMT level. In summary, the empirical research on the more-established behavioral leadership styles provides a mixed picture of the contributions of leadership style to organizational performance, some of which may be due to limitations in research methods. More research, using improved methods in many cases, is needed before strong conclusions can be drawn.

Emerging Perspectives on Leadership Styles

Leadership theorists have identified additional behavioral leadership styles that may potentially influence organizational performance on several dimensions. Among these are the authentic leadership approach and servant, spiritual, ethical, moral, responsible, and entrepreneurial styles. Although each of these styles may contribute to the understanding of strategic leadership, we focus on authentic leadership because of the expanding body of empirical research, and on servant and responsible leadership because of interest at the strategic level. Empirical investigations of these emerging styles have attempted to determine whether such styles differentially affect an organization's performance, either directly through strategic decisions of the CEO, or indirectly such as through group behavior or organizational culture. Given our interest in strategic leaderships' impact on triple bottom line performance, these emerging leadership styles appear to hold much promise. For example, the developers of responsible leadership theories have argued that responsible leaders place greater emphasis on organizational triple bottom line outcomes such as corporate reputation, CSR, environmental soundness, and other key social performance dimensions. We now turn our attention to these styles.

Authentic leadership. Unlike the styles discussed to this point, authentic leadership is an approach or root construct that can underlie other leadership styles. As such it can enable the effectiveness of the positive leadership styles (Avolio & Gardner, 2005; Bass & Steidlmeier, 1999). Organizational behavior researchers have identified four dimensions that make up the authentic leadership approach. These include self-awareness, relational transparency, internalized moral perspective, and balanced processing (i.e., evaluating all pertinent data before making a decision; Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008). It has been proposed that authentic leadership promotes trusting relationships with followers (Gardner, Avolio, Luthans, May, & Walumbwa, 2005). Importantly, a measure of authentic leadership that incorporates these dimensions has been shown to have discriminant validity relative to related leadership constructs such as transformational and ethical leadership (Gardner, Cogliser, Davis, & Dickens, 2011; Walumbwa et al., 2008). Although recent research has supported the discriminant validity of the measure, it has also pointed to the need for more construct validation (Neider & Schriesheim, 2011). In their review of the authentic leadership literature and research agenda, Gardner et al. (2011) suggested that authentic leadership is strongly linked with moral leadership (Ladkin & Taylor, 2010) and other values-based frameworks, such as ethical and spiritual leadership. Research based on interviews has also highlighted the important role of values for authentic leaders, their emphasis on meaningful relationships over the long term, and their passion for what they want to accomplish (George, Sims, McLean, & Mayer, 2007). Authentic leadership has also been described as being able to incorporate "transformational, charismatic, servant, spiritual or other forms of leadership" (Avolio & Gardner, 2005, p. 329). The compatibility of authentic leadership with such styles, and their potential for positive effects, suggests the need for more research on the authentic leadership approach. The values-based element of this approach also suggests that authentic leaders may be more likely to address the needs of multiple stakeholders and triple bottom line performance expectations.

Authentic leadership and organizational performance. Researchers have found that authentic leadership is positively related to intermediate outcomes, such as organizational citizenship behaviors, follower satisfaction (Walumbwa et al., 2008), organizational commitment (Walumbwa et al., 2008), and trust in leadership (Clapp-Smith, Vogelgesang, & Avey, 2009; Walumbwa et al., 2008; C. A. Wong & Cummings, 2009). However, there has been little attention to organizational performance and only limited empirical evidence that authentic leadership is related to organizational outcomes (Gardner et al., 2011). Nonetheless, there have been a few studies of performance at the organizational level, such as one involving a small chain of retail stores. This study found that authentic leadership was positively related to unit sales growth. Moreover, trust in management partially mediated the relationship (Clapp-Smith et al., 2009). Another study found that organizational performance, as measured by an index of revenue and employment growth, was indirectly related to authentic leadership through the affective tone of the TMT (Hmieleski, Cole, & Baron, 2012). We know of no studies at the CEO or TMT level exploring the potential effects of authentic leadership to other triple bottom line performance outcomes outside the financial realm.

Servant leadership. Servant leaders have been described as those who place the good of those being led over the self-interest of the leader. Such leaders are said to value and develop people, build community, and share power and status for the common good of each individual, the organization, and those served by the organization (Smith et al., 2004). They also lead by setting an example for others to follow and place emphasis on strong interpersonal relationships (Liden, Wayne, Zhao, & Henderson, 2008). This style may also be characterized by an altruistic mission to serve others and empathic sensitivity to their needs (Searle & Barbuto, 2011). This form of leadership also addresses the importance of multiple stakeholders. A conceptual model of servant leadership suggests that there are six main characteristics of servant leaders—empowering and developing people, humility, authenticity, interpersonal acceptance, providing direction, and stewardship (Van Dierendonck, 2011). Nonetheless, there may be definitional problems with the construct (Avolio, Walumbwa, & Weber, 2009).

Because of the similarity of some of the theoretical underpinnings for both servant leadership and transformational leadership, conceptual comparisons have been conducted to determine the contribution of each construct (Smith et al., 2004). It has been argued that servant leaders are more inclined toward egalitarianism and to create organizational cultures that are focused on the personal growth of the members, which has been referred to as a spiritual generative culture (Smith et al., 2004). A distinction between servant and transformational leadership is that the former is proposed to be more effective in stable environments that allow a developmental approach, whereas transformational leadership is needed in more dynamic environments (Smith et al., 2004). An example of servant leadership is provided by TD Industries (http://www.tdindustries.com/AboutUs/ServantLeadership.aspx), an employee-owned firm that has appeared on the *Forbes* list of the Best Companies to Work For. The leadership team of this employee-owned firm ascribes to servant leadership (Levering & Moskowitz, 2008). Although there has been little emphasis in empirical research on servant leadership at the strategic level, the question of its suitability for uncertain and dynamic environments suggests the need for future research.

Servant leadership and organizational performance. Although there has been little empirical research on servant leadership, at the individual level the construct has been found to be positively associated with job satisfaction, safety concerns for others, and organizational commitment of followers (Avolio et al., 2009). A recent study by de Waal and Sivro (2012) suggested that the role of servant leadership in high-performance organizations showed differential influence on intermediate outcomes such as openness and action orientation, long-term orientation, and workforce quality, depending on whether the leader was in a formal or direct role. At the level of teams, a positive association has also been found between servant leadership and perceived team effectiveness (Irving & Longbotham, 2007). There has been progress in the development of instrumentation and a validation study that demonstrated the distinctiveness of servant leadership, which should facilitate research in the future (Liden et al., 2008). Although we found no empirical studies of the relationship of servant leadership with organizational outcomes either for CEOs or TMTs, we agree with other researchers who have suggested studies of whether such leadership may be related to CSR (Van Dierendonck, 2011) or other triple bottom line performance outcomes.

Responsible leadership. A particularly relevant leadership style that has emerged from the ethics literature is that of the responsible leader. It has been argued that responsible leadership is distinct from other leadership constructs in that it draws on discourse ethics theory and views leadership as a leader–stakeholder interaction. Moreover, it does not view leadership effectiveness in terms of financial performance as a driver of leadership behavior, but rather as directed toward gaining legitimate solutions for all affected parties (Voegtlin, Patzer, & Scherer, 2012). A central theme of such leadership is the obligation to balance the needs of multiple stakeholders (Waldman & Galvin, 2008).[7] Responsible leadership is especially relevant for strategic leadership. The adoption of the Sarbanes-Oxley Act was in response to the absence of responsible leadership at the strategic level and the failure to consider effects on all stakeholders (Waldman & Galvin, 2008).

In contrast to the focus of most leadership theories on leader–follower relationships, responsible leadership emphasizes a stakeholder approach and is more receptive of the notion of triple bottom line (Maak & Pless, 2006). Responsible leadership transcends culturally specific views of the qualities of ethical leaders (Voegtlin et al., 2012). Examples of responsible leadership include voluntarily protecting human rights or labor standards in multinational operations where governmental regulations are absent or ineffectual (Voegtlin et al., 2012). Other examples include developing stakeholder networks through frequent interactions and discourse and mobilizing stakeholders, such as for sustainability issues through engagement (Maak, 2007). Another view of responsible leadership is that it encompasses other leadership theories and provides an ideal type (Cameron, 2011). Accordingly, the investigation of the responsible leadership style may provide unique insights into CEO effectiveness.

Responsible leadership and organizational performance. Although there is little research linking responsible leadership

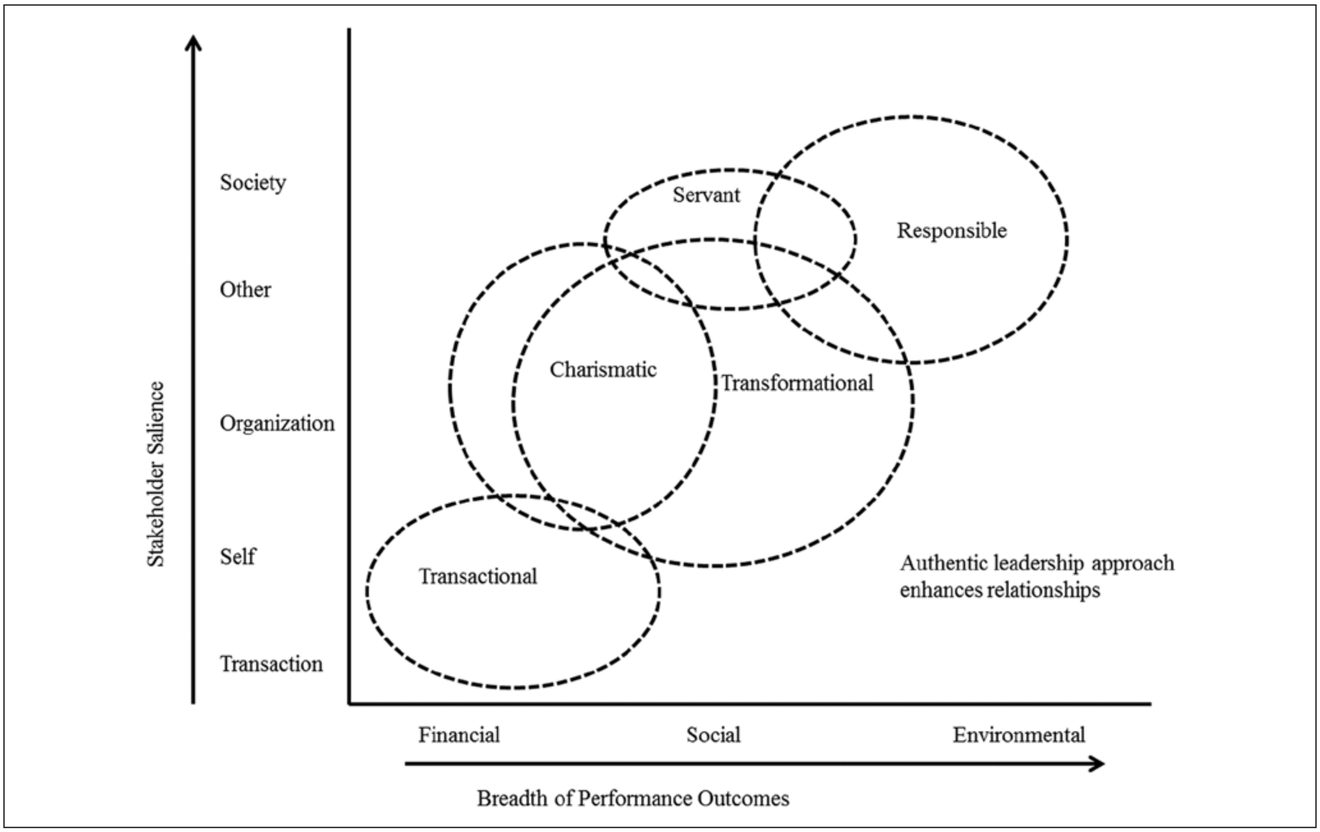

Figure 1. Continuum of leadership styles, stakeholder salience, and breadth of performance outcomes.

to organizational performance, there has been theoretical work suggesting such relationships. For example, it has been suggested that responsible leadership develops social capital and shared value by building sustainable businesses and contributing to the common good (Maak, 2007). A recent model of responsible leadership, cast in the context of globalization, suggests that responsible leadership can help develop legitimacy and trust with a broader range of stakeholders and build social capital at the macro level (Voegtlin et al., 2012). At the organizational level, the model suggests that such leadership leads to intermediate outcomes, such as the development of an ethical culture and the encouragement of CSR. The model's developers also suggest that increased social capital and the pursuit of legitimate courses of action lead to increased organizational performance. Scholars examining sustainability and environmental strategies of organizations have argued that leaders are key drivers in the organization's development of sustainable and environmentally sound strategies (Boiral et al., 2009; Quinn & Dalton, 2009). We agree that there should be more attention to the role of strategic leadership and values in theoretical stances on the relationship between CSR and organizational performance (Orlitzky, Siegel, & Waldman, 2011). In an empirical study tangentially related to responsible leadership, environmental leaders were surveyed to determine the perceived proactive environmental strategies of their organizations. Those organizations that had the highest level of environmental leadership were found to attend to a greater number of stakeholders than others (Buysse & Verbeke, 2003). Although several scholars expect to see a relationship between responsible leadership at the top management level and organizational performance, empirical evidence is extremely limited. Most scholars are merely offering theoretical arguments for why we might see higher levels of organizational performance in this context.

Strategic Leadership and Stakeholders

As indicated in the preceding discussion and in Figure 1, our review of styles relevant to strategic leadership and their effects on organizational performance suggests a continuum of concern for stakeholder interests, as well as triple bottom line measures. Figure 1 reveals that the range of stakeholders who leaders view as salient in their decision making (Mitchell, Agle, & Wood, 1997) expands from bottom to top in the sequence from transactional, charismatic, transformational, servant, to responsible leadership. (It may be argued that the order of transformational and charismatic leadership is interchangeable.) The figure also reflects increasing attention and dedication by strategic leaders to triple bottom line measures of organizational performance, moving from left to right. The size of the ovals indicated in the figure represents the degree to which scholars have devoted attention to multiple stakeholders and various performance outcome relationships. Moreover, note that the root construct of authentic leadership operates across multiple levels and as conceived, will serve to enhance the effectiveness of positive leadership styles. As mentioned previously, there is significant construct overlap between leadership styles, not all of which is reflected in the figure. Figure 1 focuses only on leadership styles and their relationship to stakeholder salience and performance outcomes.

As for the vertical axis, our discussions of transactional leaders indicate that they tend to place most emphasis on the transaction itself, along with concerns for reinforcement, fairness, and reciprocity, and rewards for those followers who complete the transaction (Bass, 1985; Bass et al., 2003; Yukl, 2006). Transformational leaders emphasize the importance of looking beyond self-interests and toward organizational objectives. They encourage their followers to work for the good of the organization (Graham, 1991; Yukl, 2006) and inspire them to follow a transforming vision (Goldman & Casey, 2010; Sashkin & Sashkin, 2003). Charismatic leadership (in the socialized form) is similar in this regard as the leader further deemphasizes the individual by engaging in acts of self-sacrifice and personal risk taking for the greater good (Conger & Kanungo, 1987; Waldman et al., 2006; Yukl, 2006).

Moving to the emerging perspectives on leadership, we find that authentic leaders place substantial emphasis on relationships, particularly those involving a moral perspective (Walumbwa et al., 2008) and the long term (George et al., 2007). Such findings point to the importance of taking others into consideration. Servant leaders not only consider the follower as their primary concern, more than themselves but also lead with concern for community or societal expectations as well (Smith et al., 2004). Responsible leaders are argued to be most attuned to the needs of multiple stakeholders (Waldman & Galvin, 2008) and triple bottom line measures of performance (Maak & Pless, 2006). The implications of expanding sets of stakeholders, moving across the continuum to the level of responsible leadership, are that those strategic leaders who value and engage in a responsible leadership style may be the most effective in meeting triple bottom line expectations of multiple stakeholders. However, it is also likely that those same CEOs and TMTs are likely to be highly stretched as they respond to many sets of stakeholders and triple bottom line performance expectations. Although in Figure 1 we interpret the theoretical literature as suggesting more concern for triple bottom line performance in moving from transactional to responsible leadership styles, there is insufficient empirical evidence at present (such as summarized in Table 1) to support such a conclusion. Nonetheless, we feel that the theoretical arguments set forth to date would warrant an empirical examination of several of these unaddressed issues. We first set forth a set of general propositions based on theory set forth to date, and then we address the challenges of moving beyond current studies by making suggestions for future research:

Proposition 1: Leadership styles at the strategic leader level are differentially associated with attention to organizational triple bottom line performance outcomes (financial, social, and environmental).

Proposition 2: As a strategic leaders' primary focus on stakeholders moves from transaction, to self, to organization, to other, to society, there is a corresponding continuum of change in leadership style at the strategic level from transactional to responsible.

We interpret the literature as implying that strategic leaders understand the importance of meeting the financial obligations of the company, given the emphasis on meeting shareholder expectations and monitoring by the board of directors. Accordingly, we do not expect this emphasis on financial outcomes to decrease even as leadership styles move from transactional to responsible on the leadership style continuum. Moreover, as styles move to the right on the style continuum we expect leaders to attend to a broader range of performance outcomes as reflected in triple bottom line outcomes:

Proposition 3: The emphasis of strategic leaders on financial performance outcomes does not decrease as styles shift to the right on the leadership continuum.

Proposition 4: The range of organizational triple bottom line performance outcomes (financial, social, and environmental) to which strategic leaders attend, broadens as strategic leader styles move from transactional to responsible.

Future Directions for Researchers

As indicated in our discussion, there has been only a modest amount of empirical research on the relationship of strategic leadership styles and organizational performance, especially in consideration of triple bottom line performance outcomes. This shortage of empirical work is largely a result of the difficulty of obtaining information about the leadership styles of CEOs and TMTs (Finkelstein et al., 2009). As a result, our conclusions have been necessarily limited by the amount of research that is available.

Accordingly, there is need for greater understanding of the factors that determine the performance of strategic leaders, using measures of effectiveness beyond financial performance alone. In this section, we address the need for research on the interaction of the dominant coalition's leadership styles, the notion of shared value, and the development of integrative theory. We then discuss the need for research on the squeeze on strategic leaders resulting from pressures for triple bottom line performance and the alternative of co-CEOs, as a response to such pressure.

Interaction of Leadership Styles of the Dominant Coalition

Strategic leadership, when brought back to its roots of the upper echelons perspective, portrays strategic choices made, not solely by the CEO of the organization but also by the dominant coalition (Vera & Crossan, 2004). With few exceptions, research on how leadership styles affect organizational performance has been concerned only with the leadership style of the CEO, without considering the style of the dominant coalition. There is a great deal to learn yet about how the interaction of various leadership styles translates into organizational performance. CEOs often need to be ambidextrous in their leadership styles, being able to adopt a different style when it will be most effective (Vera & Crossan, 2004). The presence of multiple leadership styles among the dominant coalition might also provide differential effects to the organization's performance (Kendall, 1995). Some upper echelon studies have examined how TMT cohesiveness or diversity leads to differential organizational performance. For example, it has been found that dissimilarity in organizational values held by the CEO and TMT members are negatively associated with TMT members' views of the performance of the CEO as a strategic leader (Lankau, Ward, Amason, Ng, Sonnenfeld, & Agle, 2007). These, and similar issues regarding TMT cohesiveness and TMT diversity should also be addressed in association with leadership style effectiveness.

More studies of the relationship between TMT leadership styles and organizational effectiveness are needed. An initial study in this line of inquiry found that TMTs working with and reporting to transformational CEO leaders tend to be more inclined toward risk taking. There was also more decentralization of responsibilities. Both outcomes were related to corporate entrepreneurship (Ling et al., 2008). TMT dynamics, such as sense of control over the environment, team cohesion, and team intellectual flexibility, have also been found to be related (differentially) to CEO personality traits, as measured by conscientiousness, emotional stability, agreeableness, and extraversion and openness (Peterson, Smith, Martorana, & Owens, 2003).

Beyond Financial Performance Outcomes

It is becoming more common to find firms moving beyond the notion of CSR to creating shared value (Porter & Kramer, 2011; M. Schwartz & Saiia, 2012). Moreover, it has been argued that shared value can be captured at multiple levels of the organization through strategic decisions made throughout the value chain (Porter & Kramer, 2011). Decisions regarding procurement, operations efficiency, human resource decisions, and so on, have the potential to benefit not just the organization but society as well. The ability of the strategic leader to generate social capital (Hitt & Ireland, 2002; Maurer, Bansal, & Crossan, 2011) is a critical element in developing shared value between the corporation and society. Unsurprisingly, TMTs of public companies are being pressured to move beyond shareholder measures of performance. Admittedly, these measurements are difficult to develop and it is often difficult to ascertain how various stakeholders will interpret such measures (McWilliams & Siegel, 2011). Even so, some organizations, such as social enterprises, are being structured in innovative ways to allow for missions other than that of profit maximization. These organizations, whose leaders arguably have a much more diverse set of stakeholders to satisfy, may find that triple bottom line approaches stretch their strategic leaders beyond their capabilities. It is clear from our review of empirical studies at the strategic leadership level that TMT composition has been neglected in investigations of the relationship between leadership styles and triple bottom line performance outcomes. Although we are beginning to understand that leadership style can influence various dimensions of organizational performance, more work is needed in this area.

Integrative Theories

Researchers have been encouraged to develop more integrative theories in order for us to better understand, among other issues, whether one style of leadership is more or less effective, depending on the demands of the leaders as well as the followers (Avolio, 2007). Integrative approaches are likely to be relevant when scholars study leadership at strategic levels. In addition, there are critical contexts, such as those of organizations facing dynamic environments, where leaders will likely use TMTs to a greater extent when arriving at strategic decisions (Avolio, 2007). Indeed, Sharma (2000), in studying firms in the Canadian oil and gas industry, found that managers who interpreted environmental issues as opportunities instead of threats, tended to engage in voluntary environmental strategies more than others. These and other contextual elements need to be extended in our theory building and empirical investigations so that we can obtain a clearer picture of the effectiveness of the strategic leader.

Squeeze on Strategic Leaders

As noted earlier, the performance of strategic leaders is being assessed by various stakeholders according to multiple criteria that include financial (shareholder as primary stakeholder), social (employees, community at large), and environmental (watchdog groups, government) measures. Strategic leaders are being increasingly squeezed by the conflicting demands of stakeholders. With the greater demands on strategic leaders, there have been corresponding increases in their turnover. Indeed, the annual turnover of CEOs has increased from approximately 5% in the 1990s to approximately 15% from 2005 to 2009, with the average tenure of CEOs now at 4.8 years (Stoddard, 2009). Moreover, academic studies have found substantial increases in the rate of CEO dismissals since the 1980s (Wiersema & Zhang, 2011). These indicators of leadership failure signal the need for a better understanding of strategic leadership and the changing roles and demands placed on such leaders. The most often cited mediator of the upper echelons' ability to affect organizational performance is managerial discretion (Hambrick & Mason, 1984). Perhaps the lack of discretion resulting from more stakeholders is taking a toll, which highlights the need for research on this issue.

Co-CEOs as a Response to Increasing Demands

With greater pressures to satisfy triple bottom line measures and with more stakeholders to whom CEOs are responsible, some firms have chosen to employ two CEOs to handle such responsibilities. Over the past 30 years, there has been an increase in firms being led by dual or co-CEOs (Love & Priem, 2007). For example, SAP, which was facing lagging growth prospects, recently returned to a dual-CEO approach (Fuhrmans, 2010). Other examples of firms that have used the arrangement at some point include Chrysler, Dell Computers, Nordstrom, Swab & Associates, Unilever (Love & Priem, 2007), Research in Motion (Savitz, 2012), and Martha Stewart Living Omnimedia (Gershberg & MacMillan, 2008).

The degree to which the leadership styles of CEOs, when paired together, influence organizational performance may provide an interesting question for future research. Interestingly, co-CEO arrangements have been used for some time in Europe as well as Asia (Love & Priem, 2007) and are somewhat common in family businesses (Astrachan & Aronoff, 1997). The interaction of leadership styles of the co-CEOs and other members of the TMT may provide interesting questions as well. For instance, many firms such as Best Buy, Citigroup, Deloitte, and Prudential Financial (Ethics and Compliance Officer Association, 2012) have appointed ethics officers to deal with the myriad responsibilities associated with moving toward a triple bottom line approach. These officers likely have a different leadership style than their CEOs. The importance of triple bottom line measures and failures in this regard has been reflected in the proposition that co-CEO arrangements may be adopted in response to serious illegalities (Love & Priem, 2007). A particularly relevant research question could be whether certain dual leadership styles among TMT members tend to enhance or detract from overall performance outcomes.

Conclusions

As noted in our discussions, there has been little research on the relationship of the values of strategic leaders with organizational performance. On the other hand, as noted earlier, there has been some promising research more recently, demonstrating that values emphasizing economics and concern for stakeholders, respectively, are associated with different leadership styles, which in turn, are differentially related to organizational performance (de Luque et al., 2008). In addition, recent work has highlighted the relationship between the values of strategic leaders and innovation and has called on researchers to look more closely at values (Miles, 2007). As noted, the values of CEOs will be more important in the future as they balance the trade-offs of triple bottom line measures of performance.

Similarly, there has been only limited empirical research on the relationship between strategic leadership styles and organizational performance. Nonetheless, we found conceptual support for the notion that there is a progression from transactional toward responsible leadership on a stakeholder dimension anchored by a relatively narrow view of stakeholders on one end and an expansive view of stakeholders on the other end. We also found conceptual support for the notion that this progression of leadership styles may be similarly mapped on the dimension of triple bottom line performance from financial to social to environmental. The mapping of leadership styles on these two dimensions of stakeholder expansiveness and triple bottom line performance, respectively, provides an integrative view of several important concepts in strategic leadership. Such an integrative view may provide useful structure for literature that has been somewhat fragmented. However, as we have previously discussed, empirical research is needed to provide support for such notions. Our summary of empirical research in Table 1 identifies several gaps that should be addressed. As the roles of strategic leaders continue to expand, attention to the performance implications of these changes is warranted.

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Notes

1. Although numerous studies have examined the influence of leadership styles and values on individual-level outcomes such as trust and positive job attitudes, in this article we focus on group- and organizational-level outcomes.
2. Whereas the Finkelstein et al. (2009) treatment of strategic leadership is comprehensive, our focus on values and leadership styles provides a different perspective, which is reflected in only 15% of common references.
3. The term *supervisory leadership* is sometimes used in the strategy literature to refer to leadership other than that at the strategic level. We have avoided the use of this term because of its somewhat pejorative connotation.
4. Strategic leadership has also been described in more behavioral terms, such as anticipating and thinking strategically (Ireland & Hitt, 2005) as well as in terms of activities (Boal & Hooijberg, 2000). Examples of such activities include strategic decision making, visioning, developing capabilities, and imparting values (Boal & Hooijberg, 2000), and serving as a figurehead and a liaison with the rest of the organization (Mintzberg, 1973). It has been suggested that the most fundamental activities of strategic leadership are concerned with building and sustaining absorptive capacity, adaptive capacity, and managerial wisdom (discernment of environmental variations; Boal & Hooijberg, 2000). Some of the most critical activities of strategic leaders are environmental scanning and strategy formulation (Goldman & Casey, 2010; Yukl, 2006).
5. Sashkin and Sashkin (2003) classify leadership research according to three themes, which include traits, behavior, and context. Because of the interest reflected by the contemporary strategy literature, our discussion focuses on leadership constructs that fall into the behavioral theme.
6. While classic leadership styles, such as people versus task orientation, are foundational concepts, we focus on styles or approaches that are of contemporary interest. We also use the term *style* inclusively, as in Eagly, Johannesen-Schmidt, and van Engen (2003), Oreg and Berson (2011), Vinkenburg, van Engen, Eagly, and Johannesen-Schmidt (2011), Weichun, Riggio, Avolio, and Sosik (2011), and others.
7. It should be noted that other leadership theories take an ethics perspective as well. For example, Brown and Treviño (2006a), indicate that ethical leadership has a common concern for a moral dimension of leadership with spiritual, authentic, and transformational leadership. To keep our discussion focused, we will address the research conducted specifically on “responsible leadership.”

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