**THE INFLUENCE OF THE CONSIDERATION OF FUTURE CONSEQUENCES ON LEADERSHIP EFFECTIVENESS THROUGH THE EMPOWERING LEADERSHIP OF THE EXECUTIVE TEAM AND THE TRANSFORMATIONAL LEADERSHIP OF MIDDLE MANAGEMENT**

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**ABSTRACT**

This study aims to analyze the direct and indirect effects of the consideration of future consequences on leadership effectiveness through the empowering leadership of the executive team and the transformational leadership of middle management. The research was undertaken at a corporation that provides its managers with leadership and management training for organizational growth. A group of 330 employees participated in the study. After applying a confirmatory factor analysis to the scale used in the research, the relationships among the research variables were analyzed, using the Structural Equation Modeling (SEM). According to the results of the study, the following were determined: a) the consideration of future consequences has positive influence on leadership effectiveness through the empowering leadership of the executive team, and the transformational leadership of middle management, b) As the empowering leadership of the executive team has direct positive influence on leadership effectiveness, it also asserts indirect positive influence through the transformational leadership of middle management, c) the transformational leadership of middle management has direct positive influence on leadership effectiveness.

**Key words:** top executive team, empowering leadership, transformational leadership, consideration future consequences, leadership effectiveness.

**Jel Codes:** M12, M54, D83.

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**1- INTRODUCTION**

Change and dynamism are two of the most important characteristics of business life today. The changes in customers' preferences and demands in the market, the changes taking place in competitor enterprises, in technology, in the legislation are the elements that reorganize an organization's production processes, structure, operations and relations. In order to continue living in a fluctuating and unsteady market, both the organization and the individual need to constantly develop and sustain their survival reflexes.

While organizations that wish to continue their existence in the market focus on leadership within the organization, individuals place importance on personal development (Houghton & Neck, 2002). Today, leaders are not at the top of the organization, they are at every level. Managers at every level are expected to be leaders to their subordinates and to engage in visionary behavior, such as envisioning the future, encouraging growth, and stimulating learning (Vera & Crossan, 2004). Organizations that have need for effective leaders develop training programs to offer employees the opportunity to develop their skills; they provide coaching services and devise projects for this purpose. The goal of these efforts is to ensure that the organization can sustain its existence both now and in the future and to train leaders that can guarantee such future.

At which level the leadership may be, whether it is self-leadership or leading others, in every situation, leaders are future-oriented (Vera & Crossan, 2004). Thoms and Greenberger (1995) have determined that people's future time perspective is closely related to their skills of formulating a vision where trained individuals are able to improve their leadership skills, as well as adopt a long-term perspective and an approach to life-long development. Study results show leaders not only improve themselves but also their subordinates and they are able to transform their subordinates into effective and productive individuals (Uymaz, 2015).

Leaders motivate their subordinates in terms of personal development, transforming them into high-performance individuals who are able to realize their goals. For example, Latu, Mast, Lammers and Bombari (2013) found that women managers who are pointed out as role models, and who are trained, supported and motivated, are able to develop leadership skills.

The upper echelons theory stresses the influence of higher management on organizational performance (Carmeli, Schaubroeck & Tishler, 2011) and organizational structure (Hambrick, 2007). The literature defines the executive team as the CEO (Chief Executive Officer), CFO (Chief Financial Officer), COO (Chief Operation Officer), CIO (Chief Information Officer), and CHRO (Chief Human Resources Officer). These executives play an important role in building, operating and controlling the systems that define the organization's strategic direction (Carmeli & Halevi, 2009). Research has shown however that the impact on organizational performance of the leadership behavior of high-level executives is not direct, but indirect (Peterson, Smith, Martorana, & Owens, 2003). Other managers who are not part of top management spread the vision, strategy and decisions taken by the executive team into the organization. The organization's success, performance and future depend on the vital leadership skills of middle- and first-level leaders.

Different leadership models are needed simultaneously at different levels of the organization. These are manifested as empowering, transformational, transactional, charismatic, servant, and authentic leadership models. The type of leadership that allows different levels of leadership in the organization is empowering leadership (Vecchio, Justin, & Pearce, 2010). Empowering leaders communicate with their subordinates in a way that will create the passion, stability, and trust that will lead everyone towards a common goal; they will display model behavior that encourages cooperation, urging subordinates to remain loyal to the objectives of the organization, the team and the individual. Empowering leadership facilitates the formation of behavioral integration in subordinates (Carmeli et al., 2011). It improves the capacity of subordinates not only at team (McNatt & Judge, 2004) level but also at the individual level. Empowering leaders give their subordinates autonomy and development support.

Empowering leadership has common characteristics with other leadership models but there are also important differences (Pearce & Sims, 2002). The most important difference is that the empowering leader strives to strengthen the subordinates' leadership skills and aims to transform them into leaders. Empowering leadership facilitates behavioral integration (Carmeli et al., 2011) and positively influences subordinates’ leadership potency. Vecchio et al. (2010) define empowering leadership as the sharing of power and leadership. Fordand and Fottler (1995) states this sharing of power is carried out between top-level executives and managers, and especially among knowledge workers. Empowering leaders delegate powers and responsibilities to their subordinates. This vision foresees the delegation of the personal and organizational skills needed for organizational development and transformation in order to realize goals and strategies. Middle-level managers need leadership skills to realize the organizational goals that are required for organizational development and transformation.

Contemporarily, there is great change in every field and transformational leaders occupy a critical place in organizations. This is because transformational leaders make important and constructive contribution to the employees, the business, and the organization (Bass, 1999). Transformational leadership is a model of leadership in which subordinates adopt a common organizational awareness and vision and are guided in the direction of achieving the targets and goals of the organization (Bass, Avolio, & Jung, 1995). The support given to fulfill the vision with which the transformational leader provides the subordinates ensures that followers become high-performing individuals (Vera & Crossan, 2004), thereby promoting organizational development and simultaneous growth via personal improvement (Bass & Bass, 2008; Seltzer & Bass, 1990). This basic relationship between managers and subordinates must be managed and it is the potential that emerges from this effort that is converted into performance. Goals defined for both the organization and the employee are what guide the attitudes and behavior of first the leaders, then all employees (Thoms & Greenberger, 1995; Zhang, Wang, & Pearce, 2014). This is why change and growth (Tsai, 2001) need to be managed from a multifaceted perspective (Berson, Nemanich, Waldman, Galvin, & Keller, 2006).

As other leadership models, both the empowering leadership and the transformational leadership are future oriented (Vera & Crossan, 2004). This is because one of the goals of the leaders is to prepare the organization for the future, and to guarantee the sustainability of its future. Strathman, Gleicher, Boninger, and Edwards (1994) distinguish individuals by their preference for results now or in the future. The first group takes present decisions and behavior as a reference for future decisions and has a long-term perspective. For such people, today's benefits may be sacrificed for the goals ahead. Sacrifices may be made for what is to be gained in the future. In the second group, instead of future results, present benefits and results are the preference. For these individuals, the future is the future and present opportunities should not be missed. Today's benefits should not be foregone for future benefits; no sacrifice should be made. In today's world of rapid change and constant crisis, while leaders focus on the future, they also place importance on present results and benefits (Ainin, Jaafar, & Dezdar, 2015; Marien, 2002).

This study examines the impact of executive team's attitudes towards the consideration of future consequences, and their empowering leadership on the transformational leadership of middle managers and leadership effectiveness.

**2- METHOD**

**2.1. Theoretical Background and Hypotheses**

*2.1.1. The influence of consideration of future consequences on the empowering leadership and the transformational leadership*

Empowering leaders are defined as leaders with high consideration of future consequences vision and goals. These leaders answer questions such as *"What is our business?", "Why does our unit/department/organization exist?",* and *"What do we want to become?"* (Zhang et al., 2014). In order to realize defined goals, they ensure the development of employees, motivate them, become their role models, and transform them into high-performing individuals. With their long-term perceptions, leaders prepare the organization and subordinates for the future and expect a form of management from all levels of employee that are goal-oriented and in line with the defined vision.

***H1:*** *Consideration of future consequences is positively related to the empowering leadership.*

Studies have shown that individuals exhibit better performance and dedication if they are stimulated about the future (Peters, Joireman, & Ridgway, 2005). The individual's consideration of the future is closely related to his/her level of awareness (Schwarz, 2008). Transformational leaders devise a future with a clear vision as to how subordinates will fit into that future, providing individualized support to prepare subordinates for the future. Leaders who think for the long term support their subordinates' personal development in order to realize their goals. Intellectual stimulation changes subordinates' mental models and causes them to question their ways of doing business (Bass, 1999).

The leader defines the vision and goals as well as the future of the organization (Bass, 1985). These definitions also include designing the organization's processes, structure, and the needed development as well as the changes of its members (Marien, 2002).

***H2:*** *Consideration of future consequences is positively related to the transformational leadership.*

Yukl defines leadership as the power to influence people (2010). Empowering leadership is the power of influencing other people, delegating the domain to others and allowing them to use it (Houghton & Yoho, 2005). Leaders, as everyone else, make sacrifices to ensure the future is sustainable (Ainin et al., 2015). The basic characteristic of empowering leadership is the facilitation and support of autonomy (Amundsen & Martinsen, 2014). An autonomy-supportive managerial style yields a variety of positive subordinate outcome, such as task motivation and psychological adjustment on the job (Baard, Deci, & Ryan, 2004). The empowering leadership of higher management ensures the development and the maturing of the leadership skills of other managers and delegates leadership functions to these managers.

***H3:*** *Empowering leadership is positively related to the transformational leadership.*

*2.1.2. The influence of the empowering leadership of executive team and the transformational leadership of middle management on leadership effectiveness*

Empowering leaders and transformational leaders are important antecedents of the organizational climate. Both types of leaders make sure the working atmosphere is one that strengthens subordinates. These leaders encourage subordinates to develop and practice new ways and methods. Encouraging new ways and methods serves not only the business but also is necessary to ensure the personal development of employees and the improvement of their leadership skills. This provides employees with a positive, progressive and supportive working environment. For the employee, the organization's most important representative is the employee's own line manager (Scott & Bruce, 1994). This is why the subordinate's thoughts about the manager's attitudes and behavior create his/her perception of the manager's effectiveness as a leader. The employee is likely to accept this perception of the manager as a general rule for the organization (Jaiswal & Dhar, 2015).

***H4:*** *Empowering leadership is positively related to the leadership effectiveness*

Bass, Avolio, Jung, and Berson have defined transformational leadership as a multidimensional leadership (2003). Avolio, Bass and Jung have described the dimensions as individualized consideration, idealized influence, intellectual stimulation, and inspirational motivation (1999).

*Individualized consideration*: Leaders see their subordinates not only as members of the group but at the same time as individuals and therefore take interest in the needs of each subordinate. Job assignments are designed in such a way as to give subordinates a learning opportunity.

*Idealized influence*: Leaders become role models for their subordinates in terms of attitudes and behavior. The leader earns the respect, loyalty and admiration of subordinates with his/her attitudes and behavior and at the same time gives them a sense of being in unity. Leaders strive to integrate with subordinates, both on a mental basis and behaviorally.

*Intellectual stimulation*: The leader obtains the necessary cognitive resources for subordinates and stimulates them to work differently.

*Inspirational motivation*: Not only does the leader make sure a vision is formulated for the future, but also teaches the ways and means to reach such vision, showing subordinates they too can get there (Avolio et al., 1999). For the employee, the organization's most important representative is the employee's own line manager (Scott & Bruce, 1994). This is why the subordinate's thoughts about the manager's attitudes and behavior create his/her perception of the manager's effectiveness as a leader. The employee is likely to accept the perception of the manager as a general rule for the organization (Jaiswal & Dhar, 2015).

***H5:*** *Transformational leadership is positively related to leadership effectiveness*

**2.2. Participants and Procedure**

The study was conducted in a company in Turkey that provides services in the communications sector. The company held a one-year training and coaching program for 65 middle managers that aimed to develop their leadership skills. 34 of the 65 managers volunteered to participate in the research. 34 managers assessed the company's top management in terms of their consideration of future consequences, empowering leadership and leadership effectiveness. The 296 employees working under the 34 managers assessed their managers in terms of their consideration of future consequences, transformational leadership and leadership effectiveness.

**2.3. Measures**

The questions were generally based on a 5-item Likert-type scale. The data collected were first analyzed using confirmatory factor analysis for the entire scale. The analysis exhibited satisfactory results. X2= 703.09, RMR= .04, GFI= .92, NFI= .90, TLI= .93, RMSEA= .06. In the reliability analysis of the entire scale, the Cronbach's Alpha coefficient was found to be α= .85. A Cronbach Alpha coefficient of >.70 is accepted as an indication of scale reliability (Morgan, Leech, Glorckne & Barret, 2004).

2.3.1. Consideration of future consequences

The 12-statement scale develop by Strathman et al. (1994) was used for the consideration of future consequences. The Cronbach's Alpha coefficient was found to be α= .80.

*2.3.2. Empowering Leadership*

The 18-statement empowering leadership scale developed by Amundsen and Matinsen (2014) was used in the study. The middle management used the scale to assess the empowering leadership attitude and behavior of top management. The Cronbach's Alpha coefficient was found to be α= .82.

*2.3.3. Transformational Leadership*

The 20-statement of multifactor leadership questionnaire developed by Bass & Avolio (1997) was adapted for transformational leadership scale. The participants used the scale to assess the transformational leadership attitude and behavior of their managers. The Cronbach's Alpha coefficient was found to be α= .92.

*2.3.4. Leadership Effectiveness*

The leadership effectiveness scale developed by De Hoogh, Hartog, and Koopman (2005) was used. The Cronbach's Alpha coefficient was found to be α= .88.

**2.4. Analysis and Results**

The study analyzed the causal link between the structural equivalence model and the variables. The variables of the study were the consideration of future consequences (the exogenous latent variable), the empowering leadership (first grade endogenous latent variable), transformational leadership, and leadership effectiveness (second grade endogenous latent variables). The analyses were performed in the SPSS 17 and AMOS 18.

Table 1. Means, standard deviations and correlations

The correlation table found statistically significant and positive correlations between the consideration of future consequences, empowering leadership, transformational leadership, and leadership effectiveness.

Table 2. Results of regression.

As can be seen the Regression Table 2, a multicollinearity test was performed to determine whether there was high correlation between variables. The test results (VIF values < 2.5) determined that multicollinearity did not exist. Besides the multicollinearity test, a regression analysis was performed in order to examine the direct effects between variables.

The relationships between the variables in the study model were analyzed on the basis of the structural equivalence model. The results of the analysis of the model, X2= 703.09, RMR= .04, GFI= .92, NFI= .90, TLI= .93, RMSEA= .06, exhibited satisfying results. Figure 1. shows standardized structural coefficients and Table 3 portrays the direct, indirect and total effects between the variables.

Figure 1. Results of structural equation model.

The results of the standardized parameter estimates (Table 3) show that the consideration of future consequences had strong impact on empowering leadership (.61, p<.01, r2=37) and on the transformational leadership (.43, p<.01, r2=18); on the basis of these results, hypotheses 1 and 2 have been accepted. The total effect of consideration of future consequences on the transformational leadership is .78 (.61 X .58= .35 + .43= .78 p<.01).

The effect of the empowering leadership, however, on the transformational leadership, was found to be (.58, p<.01, R2=.34), leading to the acceptance of hypothesis 3. It was observed that the effect of the empowering leadership on leadership effectiveness was (.37, p<.01), the effect of the transformational leadership on leadership effectiveness was (.45, p<.01), and according to these findings, hypotheses 4 and 5 were accepted.

**3. CONCLUSION**

The study examined the effect on empowering leadership of the long-term perspective of the executive team and the effect of the two variables on the transformational leadership skills and effectiveness of middle managers. The research results revealed that a long-term perspective on the part of the leader had positive effect on leadership behavior and effectiveness. The executive team uses empowering leadership behavior to support management in achieving autonomy and development in its search for the answers to the questions such as *"What is our business?", "Why does our unit/department/organization exist?",* and *"What do we want to become?"* (Zhang et al., 2014). Executive team delegates leadership power and authority to managers, thereby developing their leadership skills. With a long-term perspective, top management not only provides managers with leadership training and coaching, but also supports managers by encouraging autonomy and giving them the authority and the context in which to apply their leadership skills (Baard et al., 2004). The autonomy and development support that the executive team provides other managers with not only enhance their own leadership effectiveness but also provide middle managers with leadership opportunities.

Bass et al. have defined transformational leadership as a multidimensional leadership (2003). Avolio et al. have described the dimensions as individualized consideration, idealized influence, intellectual stimulation, and inspirational motivation (1999). In the corporation where the research was conducted, coaching was provided to facilitate the leadership training of middle managers and to make it easier for them to implement the skills they learned. According to the results of the research, with the knowledge, skills, and autonomy support provided by top management, subordinates were able to be more effective leaders to their own subordinates. At whatever level the leader might be in an organization, he/she must support the development, motivation and the autonomy of subordinates. This multidimensional approach is important in terms of the effectiveness of leadership (Bass & Avolio, 1997). It is foreseen that managers will not exhibit strong leadership behavior if their autonomy is not supported as much as their development is. In essence, this is a process that must be managed from a multidimensional perspective, one that involves all employees, from top management to the employee at the very bottom of the hierarchy and encompasses development, autonomy and delegation.

*3.1. Limitations and suggestions for future research*

The research did not include a review of the basic personality traits of the leaders evaluated in the paper. Personality traits might be added to the research as another variable.

Second, the management performance system, evaluation criteria and the rewards system were not included in the research. The guiding and disciplining impact of these factors on leadership was not examined.

Another factor is that the data represents information collected from a one-year leadership training and coaching program. It can be seen that both the executive team and middle managers display high levels of awareness as a result of the impact of the program. The study may be repeated some time later for the purpose of comparing results. The permanence and sustainability of leadership skills and effectiveness and whether they have become a part of the corporate culture may be further explored.

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Table 1. Means, standard deviations and correlations.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | M | SD | 1 | 2 | 3 | 4 |
| 1. | Consideration of future consequences | 3.20 | 1.04 |  |  |  |  |
| 2. | Empowering leadership | 3.70 | .80 | .43\*\* |  |  |  |
| 3. | Transformational leadership | 3.78 | .70 | .38\*\* | .36\*\* |  |  |
| 4. | Leadership effectiveness | 3.40 | 1.02 | .28\*\* | .32\*\* | .30\*\* |  |

\*p<.05, \*\*p<.01, n= 330

Table 2. Results of regression.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Dependent variables | Empowering leadership | | | | Transformational leadership | | | | Leadership effectiveness | | | |
| Independent variables | COE (t) | | TOL | VIF | COE (t) | | TOL | VIF | COE (t) | | TOL | VIF |
| Constant | 5.22\*\* | 20.01 |  |  | 3.88\*\* | 18.50 |  |  | 3.02\*\* | 11.15 |  |  |
| Consideration of future consequences | 0.88\*\* | 12.12 | .95 | 1.81 | 0.59\*\* | 14.78 | 0.82 | 1.51 |  |  |  |  |
| Empowering leadership |  |  |  |  | 0.35\*\* | 9.82 | 0.82 | 1.51 | 0.33\*\* | 8.21 | 0.86 | 1.40 |
| Transformational leadership |  |  |  |  |  |  |  |  | 0.29\*\* | 7.01 | 0.86 | 1.40 |
| R2 | 0.46 |  |  |  | 0.35 |  |  |  | 0.27 |  |  |  |
| Adjusted R2 | 0.45 |  |  |  | 0.34 |  |  |  | 0.26 |  |  |  |
| F | 155.1\*\* |  |  |  | 138.4\*\* |  |  |  | 111.3\*\* |  |  |  |
| Standard error | 0.80 |  |  |  | 1.02 |  |  |  | .82 |  |  |  |

\* p<.05, \*\*p<.01, (two tailed); COE= Coefficients; t= t statistics; TOL= Tolerance; VIF= Variance inflation factor.

Empowering Leadership

β= .37\*\*

ƴ=.61\*\*

Leadership effectiveness

Consideration of Future Consequences

β= .58\*\*

β= .45\*\*

ƴ=.43\*\*

Transformational leadership

Figure 1. Results of structural equation model.

Table 3. Structural model results (direct, indirect and total effects)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | | | Direct effectsa | C.R. | Indirect effects | Total effects |
| Consideration of future consequences |  | Empowering leadership | .61\*\* | 22.5 |  | .61\*\* |
| Consideration of future consequences |  | Transformational leadership | .43\*\* | 16 | .35\*\* | .78\*\* |
| Consideration of future consequences |  | Leadership effectiveness |  |  | .69\*\* | .69\*\* |
| Empowering leadership |  | Transformational leadership | .58\*\* | 18.9 |  | .58\*\* |
| Empowering leadership |  | Leadership effectiveness | .37\*\* | 14.7 | .26\*\* | .63\*\* |
| Transformational leadership |  | Leadership effectiveness | .45\*\* | 15.6 |  | .45\*\* |

a Standardized Structural Coefficients; \* p<.05, \*\*p<.01.