ABSTRACT

Purpose: This is a conceptual study that tries to draw attention on the effects of solo versus shared leadership on firms’ performance in perspective of contingency theory. The study emphasizes on teamwork and collective management approach towards handling different contingencies of an organization arising from the rapidly changing business environment.

Design/methodology/approach: The study inculcates opinions of various scholars, who specialize in the field of leadership, shared leadership, and contingency theory. Based on the review of previous literature a theoretical framework has been developed. The independent variables are solo leadership and shared leadership, while contingency theory is the dependent variable. The model proposes that the outcome of this relationship results in better organizational performance. The theoretical framework leads to the development of some interesting propositions which could be empirically validated by the future researchers.

Findings: The study findings reveal that shared leadership and contingency perspective to management are two interrelated phenomena that can cater to the modern day hyper competitive business environment.

Originality/value: Shared leadership coupled with contingency approach to management can provide a new dimension for future researchers. Shared leaders with their collective knowledge and diversified backgrounds can easily adapt to the contingency approaches of management and can reach a better possible conclusion.

Keywords: Leadership, Solo Leadership, Shared Leadership, Teamwork, Contingency Theory.

INTRODUCTION

Leadership refers to power relationship between leaders and their followers that want real changes and outcomes which reflect their shared purposes. It can be viewed as a product of one’s position, personality traits, and observable behaviors, dependent upon the situation in which it is
exercised and conditional to how the leader and his followers react and interact with each other (Clegg et al., 2009; Daft, 2002).

In organizations, leadership refers to the influence of leaders and followers to achieve organizational objectives through change. It involves directing, controlling, motivating, and inspiring staff towards the achievement of organizational goals. In a traditional model of organizational leadership, a solo leader is an individual with maximum authority and with vision for productive performance, who communicates organizational policies and ensures institutional control (Lussier & Achua, 2007; Clegg et al., 2009; Wood & Fields, 2007).

The modern day competitive environment brings the need for a more innovative and systemic approach. Today organizations are faced with an exceptional rate of environmental change due to pressures from globalization and swift conversion and dispersion of technologies. This has complicated the work procedures to the extent where it cannot be overlooked by a solo leader. Furthermore, it brings the need for a shift in organizations’ approach towards a more sophisticated way of management with creative solutions to multifaceted problems and contingencies and team-based knowledge work (Schneider, 2002; Bligh et al., 2006).

The increasing attention on team-based knowledge work has resulted in expansion of the traditional models of solo leadership to a further advanced model, called shared leadership. Shared leadership provides a management model based on the philosophy of shared governance and is defined by scholars as a dynamic, interactive influence process among individuals in groups for which the objective is to lead one another for the achievement of group or organizational goals. (Houghton et al., 2003; Bligh et al., 2006; Jackson, 2000).

The ideology of shared leadership suggests that individuals or teams know best how management processes can be improved. Furthermore, it is an accountability based approach which expects work participation from all members of the system (Jackson, 2000; Spooner, Keenan, & Card, 1997; Porter-O’Grady & Krueger-Wilson, 1995; Porter-O’Grady et al., 1997).

The exceptional rate of environmental changes faced by organizations compelled scholars like Lawrence and Lorsch (1967), Galbraith (1973), Kieser & Kubicek (1983), Scott (1992) to present the contingency approach in organizational theory. Contingency theory suggests that the environmental uncertainty and its rate of change, impact the development of internal features in organizations. The researchers are of the view that various contingencies force organizations to change. It can therefore be said that change from solo to shared leadership is also a bi-product of such contingencies based changes in organizations, which is necessary for meeting the modern day challenges faced by business organizations.

The significance of the study is derived from the fact that due to hyper competition it has become necessary for organizations to go through structural changes that include change in management and operational methods. The change from solo to shared leadership according to the overall environment with contingency approach will be an effective way of looking at the phenomenon.

This study therefore tries to draw attention on the effects of solo versus shared leadership in the perspective of contingency theory. In this context, the study discusses relevant literature on leadership and contingency approach to management, and develops propositions. Study limitations and conclusion are also mentioned at the end.
LITERATURE REVIEW

Leadership is defined by scholars as the process by which an agent encourages a subordinate to behave in a desired manner, the presence of a particular influence relationship in two or more persons, an interpersonal relationship in which others comply because they want to not because they have to (Monga, 1969; Bennis, 1959; Hollander & Jullian, 1969).

In organizational context, leadership plays a very important role in the success or failure of every organization. Researchers are of the view that superior organizational performance is not a matter of luck; it is determined largely by choices leaders make. In a community, leader is one among many equals. Decentralization is an essential aspect of true community, and decisions are reached by consensus. Scholars argue that solo leadership is no more sustainable for any organization’s survival (Kocolowski, 2010; Daft, 2002; Duignan & Bezzina, 2006).

According to early organization theories, an institute’s existence is greatly dependent upon its adoption of the environmental changes. In the past, the sharing of leadership and responsibility was of advantage to any organization, whereas today it has become extremely significant for the overall existence of the same. Without it, the entire organization may fail in achieving the desired objectives (Ashby, 1952; Schneider, 2002; Jackson, 2000; Merkens & Spencer, 1998).

Kocolowski (2010) cited Sally (2002), pointing out that shared leadership has existed since ancient times: “Republican Rome had a successful system of co-leadership that lasted for over four centuries. This structure of co-leadership was so effective that it extended from the lower levels of the Roman magistracy to the very top position, that of consul” (Sally, 2002; Kocolowski, 2010, p. 23).

Ensley et al. (2006) are of the opinion that shared leadership is conducted by the team as a whole, instead of an individual. To this end, shared leadership benefits from the knowledge of the collective. While solo leadership involves a team leader responsible for the team operations and performance, shared leadership emphasizes on sharing of leadership among the team members (Ensley at al., 2006; Cox et al., 2003; Wood & Fields, 2007; Pearce & Conge, in press).

Kocolowski (2010) states that the term shared leadership has been extensively defined by Conger and Pearce (2003) as “A dynamic, interactive influence process among individuals in groups for which the objective is to lead one another to the achievement of group or organizational goals or both”. Conger and Pearce added, “This influence process often involves peer, or lateral, influence and at other times involves upward or downward hierarchical influence”. Pearce (1997), Yukl (1998), Pearce and Sims (2000), and Pearce and Conger (in press) all suggest that shared leadership stems from the members of teams and not from solo team leaders (Carson et al., 2007; Kocolowski, 2010, p. 24; Conger & Pearce, 2003).

Meindl et al. (2002) state that the conceptualization of leadership from an individual to a team requires most modern and innovative approach to acquire the essence of shared leadership at the level of teams as a whole. He mentions that “viewing leadership in terms of reciprocal, recursive influence processes among multiple parties in a system context is very different from studying unidirectional effects of a solo leader on subordinate, and new research methods may be needed to describe and analyze the complex nature of leadership processes in social systems (Meindl at al., 2002; Yukl, 1998, p. 459).

Shared leadership arises from within a team. It is a concept that insists that leadership can be efficiently shared or distributed among the team members. Shared leadership is facilitated by an
overall team environment that consists of three dimensions: shared purpose, social support, and voice (Ensley et al., 2006; Wood & Fields, 2007; Pearce & Conge, in press; Carson et al., 2007, p. 1222).

The commonly known successful cases of firms managed by co-CEOs include Research in Motion, Twitter, California Pizza Kitchen, and Motorola. Similarly, co-CEOs Dave Pottruck and Charles Schwab at the investment firm who partnered for five years gathered recognition and was made possible only because of their complementary talents and shared vision. This successful collective management made a great example of benefitting from the potentials of differing leadership strengths of a co-CEO structure. However, companies like Enron, Adelphia, Global Crossing, Tyco, WorldCom etc were destroyed due to problems with corporate governance which was, one way or the other, affected due to solo leadership approach and decision making. McKinsey survey noted that 44 percent of corporate directors could not completely understand the organizations they managed (Arnone & Stumpf, 2010; Sims & Quatro, 2005; Felton & Watson, 2002; Sims & Quatro, 2005).

As aforesaid, an organization’s existence is greatly dependent upon its adoption of the environmental changes. Similarly, contingency theory suggests that the environmental uncertainty impacts the development of internal features in organizations. In this context, it can be said that change from solo to shared leadership is also a bi-product of such contingencies’ based changes, which is necessary for meeting the modern day challenges faced by business organizations. (Schneider, 2002; Jackson, 2000; Merkens & Spencer, 1998 Lawrence and Lorsch, 1967; Jay Galbraith, 1973; Kieser & Kubicek, 1983; Scott, 1992).

The following section discusses contingency perspective in detail.

CONTINGENCY PERSPECTIVE

The term was initially presented by Lawrence and Lorsch in 1967 through their study, “Differentiation and Integration in Complex Organizations”, conducted on six organizations operating in the same industrial environment. The authors’ stated that the amount of uncertainty and rate of change in an environment impacts the development of internal features in organizations. "Contingency theory is guided by the general orienting hypothesis that organizations whose internal features best match the demands of their environments will achieve the best adaptation" (Scott, 1992, p. 89). Scott further adds that in contingency theory "the best way to organize depends on the nature of the environment to which the organization relates".

There are different subunits within an organization that may confront different external demands. Scott (1992) states that "to cope with these various environments, organizations create specialized subunits with differing structural features" (Scott, 1992, p. 89) for instance, varying levels of formalization, centralized vs. decentralized, planning time horizon. "The more varied the types of environments confronted by an organization, the more differentiated its structure needs to be" (Scott, 1992, p. 89). Similarly, the more differentiated a structure is, the more difficult it will be to coordinate the activities of the subunits, resultanty more resources will be needed to be applied for coordination.

Lawrence and Lorsch (1967) argued that in complex environments, organizations developed separate departments to confront differing environmental segments. However, the development of these separate departments created coordination problems. Therefore, the organization’s success rate can be determined by the extent that the companies could differentiate to the level required by the environment and at the same time integrate these different departments into collective actions.
The inter-departmental conflict inherent in such differentiation is often caused by mutual task dependence, task-related asymmetries, conflicting performance criteria, dependence on common resources, communication obstacles, and ambiguity of goals as well as organizational differentiation (Scott, 1992).

Researchers like Woodward (1958), Blau and Schoenherr (1971), Burns and Stalker (1961), and Lawrence and Lorsch (1967) focused on different contextual factors and investigated their influence. For instance, Woodward (1958) looked into the production technology, challenging the classical management's belief in the existence of universal principles, whereas Blau and Schoenherr (1971) into the size of the organizations. Similarly, Burns and Stalker (1961) and Lawrence and Lorsch (1967) focused on the economic environment, particularly the market competition and technological changes. (Woodward, 1958; Blau & Schoenherr, 1971; Burns & Stalker, 1961; Lawrence & Lorsch, 1967)

Hence, all the researchers pioneering contingency theory emphasize on differentiation and integration within organizations stimulated by the overall environmental changes. Similarly, shared leadership, an interactive influence process, is a shift in organizations’ approach towards creative solutions to multifaceted problems and contingencies and team-based knowledge work. This shows strong correlation within the two in which organizational leaders with their diverse backgrounds, can better differentiate and integrate within the organization, according to the overall environmental changes and can fit to the situation. (Woodward, 1958; Blau & Schoenherr, 1971; Burns & Stalker, 1961; Lawrence & Lorsch, 1967; Scott 1992; Schneider, 2002; Bligh et al., 2006).

**Figure 1: Theoretical Model of “The effects of solo versus shared leadership on firm’s performance: a perspective of contingency theory**
THEORETICAL FRAMEWORK

This study proposes a theoretical framework in which the independent variables are solo leadership and shared leadership. The dependent variable is contingency management which leads to better performance as the final outcome. This relationship is reflected in Figure 1.

PROPOSITIONS

A solo leader is an individual with maximum authority and with vision for productive performance, who communicates organizational policies and ensures institutional control (Wood & Fields, 2007). Solo leaders therefore understand the organization well and can manage environmental contingencies in appropriate manner.

Proposition 1: Solo leadership is the preferred form of management approach to handle different contingencies of an organization arising from the changing business environment conflicts.

Shared leadership is a dynamic, interactive influence process of individuals in groups for which the objective is to lead one another to the achievement of group or organizational goals or both. Shared leadership benefits from the knowledge of the collective (Conger & Pearce, 2003; Ensley et al., 2006). Shared leaders, through their diversified backgrounds, can therefore handle different organizational contingencies more appropriately.

Proposition 2: Shared leadership is the preferred form of management approach to handle the different contingencies of an organization arising from the changing business environment.

CONCLUSION

Lawrence & Lorsch (1967) in their study on Contingency theory, drew emphasis on phenomena like departmental differentiation and integration. The modern day competitive environment requires all the progressive managers to understand these phenomena and operate accordingly. In case of shared leadership, leaders through their collective knowledge and understanding, and diversified backgrounds can reach to a better conclusion than people with individual management approaches. Most of the scholars, mentioned earlier, emphasize on team work, team management, and team learning, thus following the concept of “whole is greater than the sum of its parts” (Senge, 1990).

Though, the research on shared leadership is at a very early stage, however significant benefits and limitations have emerged from the few studies that have been conducted. Leaders can materialize on their individual strengths, and organizations can harvest from the multiplicity of thinking in decision making process. Leaders like William Hewlett and David Packard have left good examples of shared leadership (Miles & Watkins, 2007).

This study, however, does not ensure that Solo leadership or Shared Leadership can be taken as a final solution to any management problems. There are many scholars who are of the opinion that shared leadership itself may be a problem towards making management decisions. Despite the advantages of shared leadership approach, the inherent limitations found in the research can not be overlooked. Resistance to the approach of shared leadership or as a matter of fact resistance to change can make its execution extremely difficult (Kocolowski, 2010). Buckmaster (2004) is of the opinion
that besides the fact that there is a serious need for new methods of leadership in the rapidly developing and growing business environment, there are intrinsic disagreements in the adaptation of the shared leadership practices. The author further states that

“One of the challenges that I have often faced as a consultant trying to move people towards more collaborative ways of functioning is to deal with the fears and concerns that individualism as well as individual effort and reward will vanish entirely. I don’t think we have adequate answers to these concerns yet and until we do, resistance to shared leadership is likely to continue and rightfully so” (Buckmaster, 2004, p. 19).

Carson et al. (2007) are of the opinion that shared leadership relies on team members’ collective assessments of sharing of leadership responsibilities, a system that may not become successful to acquire the relational nature of the blueprints of shared control in teams.

In addition, a main study limitations is that it has not been empirically validated. Further, resource constraint hindered going in details and doing further research.

Contingency theory emphasis on departmental differentiation and integration. Whereas, shared leadership approach involves the concept of benefitting from the knowledge of the collective. Under hyper competitive business environment, the concept of shared leadership coupled with contingency approach to management can provide a new dimension for future researchers. Shared leaders through their collective knowledge, understanding, and diversified backgrounds can easily adopt the contingency approaches of management and can reach to a better possible conclusion.

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