

Leadership Style Effectiveness and Accountability in Times of Crisis: The Moderating Effect of National Culture

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ABSTRACT

This study proposes that in times of crisis, traditional leadership styles such as charismatic and transformational may not be perceived as the most effective ones. Accountability may dictate followers' perception of leadership style effectiveness. The discussion provides a rationale for a study of this nature, placing it in the context of the emergent field of cross-cultural studies in leadership. A questionnaire is developed, tested and refined, providing a background to empirically test a taxonomy of leadership style effectiveness and accountability in times of crisis. The study also tests the moderating effect of national culture on the hypothesized relationship, especially as expressed in the legal environment of two countries reviewed, the US and France. Hofstede's values are used to that effect. Managerial implications provide the ground for searching novel leadership styles in order to successfully influence followers.

INTRODUCTION

This discussion focuses on building a taxonomy of leadership style effectiveness and accountability in times of crisis in the United States and France. The research has three intertwined objectives: (1) offer a theoretical framework of leadership style effectiveness and accountability; (2) develop and test an instrument measuring the impact of accountability on followers' perceptions of leadership style effectiveness; (3) lastly, test the moderating effect of national culture as exhibited in the two countries' rules, regulations, and laws.

Data was collected in the United States and will be used to develop and refine an instrument to test the relationship between leadership accountability and followers' perceptions of leadership style effectiveness. The questionnaire found in appendix was used to this effect. The refined version will be a shorter version of the instrument, the process of refining making it possible to eliminate poorly worded items. The final version thus obtained will be used to empirically test

the hypothesized relationship. Data will be likewise collected in France, serving a similar purpose as the one served by data collected in the United States. The legal environment in the United States and France will serve as the platform to test the moderating effect of national culture on the relationship between leadership style accountability and followers' perceptions of leadership style effectiveness.

PRIOR RESEARCH

Leadership style effectiveness is a field that is heavily researched (Bruno & Lay, 2008; Byrne & Bradley, 2007; Cassiday, 2005; Church et al., 2008) albeit one that remains complex (Dickson, Hartog & Mitchelson, 2003) even if only because of the difficulty in agreeing with the definition of the concept (Yukl, 2006). The difficulty is compounded when one introduces the cross-cultural dimension (Dickson et al., 2003). However, it is important to study cross-cultural leadership style effectiveness, especially because of increased globalization (Testa, in press). Furthermore, it has been recognized that national culture as translated into the laws and regulations of a country influences leadership style effectiveness (Cassiday, 2005; Church et al., 2005; Hofstede, 2001). Thus, it is only natural to infer that the legal environment in the two countries under review will moderate the relationship between leadership accountability and followers' perceptions of leadership style effectiveness.

GAP

Therefore, though extensively researched (Crossan, Vera & Nanjad, 2008; Dickson et al., 2003; Flamholtz & Kannan-Narasimhan, 2005; Harrison & Clough, 2006; Koene et al., 2002) and much progress has been made (Dickson et al., 2003) calls abound for further research in this field. For instance, Church et al. (2008) underscored the need for more studies in cross-cultural comparison of leadership style and the ability of traits to predict everyday behaviors of leaders across cultures. Other studies stressed similar calls. These range from the need to identify effective leadership practices (Crossan et al., 2008), find the most successful leadership style (Dickson et al., 2008) to the importance of studies in leadership accountability (Hall, Blass, Ferris & Massengale, 2004), and lastly, to calls for more empirical research on the moderating role of context (Koene et al., 2002), here, the legal environment of the two countries under review.

PURPOSE OF THE STUDY

Thus, the purpose of this study as hinted at the outset, is threefold: First, offer a theoretical framework of leadership style accountability and followers' perceptions of leadership style effectiveness. Second, develop, refine and test an instrument measuring the afore mentioned relationship. Third and last, and given the notion that legality pervades accountability, the study will test the moderating effect of national culture as seen in the countries' rules and Laws, on the relationship between leadership style accountability and the perceptions followers hold of the leadership style effectiveness.

RESEARCH QUESTION

Do followers perceive leadership style as more effective when leadership is executed with accountability? In other words, does accountability on leaders' part impact followers' perceptions of leadership effectiveness? And by inference, do followers only react positively if they feel leadership is exercised with accountability?

RATIONALE FOR THE STUDY

The recent events in the American economy and business world provide a rationale for a study of this nature. Traditionally, CEOs and other individuals in positions of leadership were implicitly trusted without any strict expectations of accountability on their part (Hall et al., 2004). In US history, ENRON is the closest one gets to requests of accountability, if any. Today, however, the public and the community at large request, expect and even demand individuals in position of leadership act with accountability. In other words, decisions and actions by leaders are no longer automatically assumed to be prudent and intended for the greater good of society and its members and, thus, are no longer blindly accepted. The public now holds leaders to higher fiduciary standards, demanding there be a rationale for the behavior to be condoned and accepted, and for the leadership style exhibited to yield the desired results.

VALUE OF THE STUDY

A study of this nature is of benefit to law makers and policy makers. The US and France have had different histories, when it comes to enacting laws that govern leaders' behaviors. This study should reveal that society is shifting towards the age of accountability. The second beneficiaries of this discussion are economic actors who are realizing the measures taken so far to boost the US economy are not bearing fruit. The reason for this state of affairs may be the perceived lack of accountability on leaders' part. If the leadership exhibited were to be perceived as transparent and having an accountability component, it would likely produce the desired results, helping to reverse the current trend in our economic environment. Lastly, this study is positioned in the emergent field of research on cross-cultural leadership style effectiveness, a field that is of interest to academicians, scholars and researchers.

LEADERSHIP STYLE EFFECTIVENESS

A review of the literature indicates that leadership style is perceived as effective if it is leadership style that fits the situation with which leaders are confronted (Bruno & Lay, 2008). Furthermore, studies (Byrme & Bradley 2007; Koene et al., 2002; Testa, in press) underscored that leadership style effectiveness was the kind that fostered competitive advantage and was critical for the economic survival and success for business. This kind of leadership style inspired trust from followers (Cassiday, 2005) recognized the power of effective communication (Church et al., 2008), and was a combination of many factors, rather than one variable defining such an intricate concept (Ligon, Hunter & Mumford, 2008).

Traditionally, leadership style effectiveness has been defined as flexible, participative (Dickson et al., 2003). This type of leadership style was exercised by leaders who were ready to learn, had the ability to think in terms of contingency, were just, honest, strong, acted with integrity, and were skilled at building confidence in followers (Crossan et al., 2008). Furthermore, this was leadership that was humble but efficient, eliciting motivation such that followers would be inspired to take on extra roles and duties (Testa, in press).

This study proposes that effective leadership style today can only be perceived as effective if it is exercised with accountability. This leadership style requires leaders to show emotional intelligence (Harrison & Clough, 2006) and understand that accountability empowers followers (Dickson et al., 2003). This in turn will make followers understand leaders have their best

interests at heart (Koene et al., 2002), resulting in positive financial performance and followers' satisfaction.

In this study, leadership style effectiveness will thus be understood as the kind that is pervaded with accountability, trust, and transparency, making followers feel empowered, and leading to followers' positive reactions, translating into followers' high levels of motivation and compliance.

ACCOUNTABILITY

Understood to influence trust, Hall et al. (2004) defined accountability as the ability to respond and take responsibility for one's action, doing so in a transparent manner. It also involves readiness to suffer consequences or conversely take credit. Here, accountability does not involve reporting or monitoring. It is viewed as a social responsibility issue (Jenkins & Yakovleva, 2006), one that will come to be seen as the norm (Licht, Goldschmidt & Schwartz, 2007), not the exception.

NATIONAL CULTURE LEGAL ENVIRONMENT IN THE US AND FRANCE

The collapse of prominent corporations such as Enron, WorldCom, Tyco and, more recently, the financial demise of giants like Merrill Lynch, AIG, and the big-three auto-makers, have had far-reaching, domino-like effects on the US economy and, thus, have made prominent the issue of accountability by leaders and decision makers of US corporations. These events have naturally heightened the consciousness of citizens with respect to the inevitable need for rules, regulations and laws that compel accountability of corporate leaders. Given that privileges are granted to corporations by society, members of the public justifiably believe there should be transparency within corporate governance. Harshbarger and Jois (2007) suggest that corporate failings have led to loud demands for accountability and questions about ethics and integrity of leaders. This is particularly so when funds that are earmarked for the benefit of individual citizens are being diverted toward keeping afloat corporations whose impending demise is believed to have been caused by perceived imprudence and breach of fiduciary duty by corporate leaders toward those citizens.

In response to the Enron and WorldCom scandals, the Sarbanes-Oxley Act of 2002 ("SOX") was enacted (Harshbarger & Jois, 2007). SOX is one example of recent US legislation that directly impacts corporate governance. The continued collapse of large publicly held corporations has, however, signaled the need for further legislation governing such entities and, particularly, the requirement for accountability and means of enforcing accountability standards.

This segment of the study will provide a cross-cultural analysis of legal environments of the U.S. and France with respect to corporate governance and the impact of the respective legal environments on accountability by corporate leaders. The study will also present an overview of legal consequences and/or enforcement methods associated with breach of rules, regulations and laws related to corporate governance and accountability standards.

PROPOSITIONS

Proposition 1: In the United States, individuals will equate effective leadership style with accountability.

Proposition 2: In France, individuals will expect accountability on leaders' part, even if not equated with effective leadership style.

MANAGERIAL IMPLICATIONS

For CEOs and other corporate heads, celebrity status has ended. Going forward, leaders will no longer be given blank checks, and good faith will no longer suffice to justify lack of accountability. One may rightly say we live in the age of accountability. This awareness should make individuals in position of authority reconsider their managerial and leadership styles and to enhance the effectiveness of the same by infusing accountability and transparency in their everyday behavior.

APPENDIX

Leadership Style and Effectiveness and Accountability in Times of Crisis: The Moderating Role of National Culture: Pilot Study Questionnaire

Leadership Style Effectiveness and Accountability in Times of Crisis: The Moderating Effect of National Culture in the United States and in France

Generally Speaking:		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
1)	when leaders say what they do it is better	SA	A	N	D	SD
2)	leaders are more effective when transparent	SA	A	N	D	SD
3)	leaders who show what they do are best	SA	A	N	D	SD
4)	leaders are effective when what they do is clear	SA	A	N	D	SD
5)	leaders who succeed are transparent	SA	A	N	D	SD
6)	transparent leadership is mainly found in the US	SA	A	N	D	SD
7)	it is in the US that leaders are transparent	SA	A	N	D	SD
8)	the US is the place where most transparent leaders are found	SA	A	N	D	SD
9)	the US is where transparent leaders are mostly found	SA	A	N	D	SD
10)	most transparent leaders are found in the US	SA	A	N	D	SD
11)	the US can be considered the place where the most transparent leaders can be found	SA	A	N	D	SD
Generally speaking, you feel that:		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
12)	recently, there have been a shift in demand for transparency	SA	A	N	D	SD
13)	the trend is shifting when it comes to expecting transparency from leaders	SA	A	N	D	SD
14)	today, there is a change in expectations of	SA	A	N	D	SD

	transparency from leaders					
15)	the trend towards expectations of transparency is not the same as it used to be	SA	A	N	D	SD
16)	economic crises induce a greater demand for transparency	SA	A	N	D	SD
17)	difficult economic times elicit expectations of greater transparency	SA	A	N	D	SD
18)	when the economy is bad individuals expect increased transparency	SA	A	N	D	SD
19)	bad economic times tend to cause people to demand more transparency	SA	A	N	D	SD
20)	when the economy is in turmoil, people tend to expect that leaders will be more transparent	SA	A	N	D	SD

Generally speaking you think what makes leaders effective in times of crises is:		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
21)	greater transparency	SA	A	N	D	SD
22)	tell followers what they are doing to fix the crisis at hand	SA	A	N	D	SD
23)	being clear about the means of resolving the crisis they are facing	SA	A	N	D	SD
24)	clearly indicating to the public what actions are being taken to resolve the crisis at hand	SA	A	N	D	SD
25)	showing followers the ways and means to the end of the crisis they are dealing with	SA	A	N	D	SD
26)	greater accountability	SA	A	N	D	SD
27)	indicating those in charge are accountable	SA	A	N	D	SD
28)	clearly signaling leaders account for their decisions and actions	SA	A	N	D	SD
29)	leaders behaving in a manner that shows accountability	SA	A	N	D	SD
30)	a clear indication that leaders are accountable for their actions	SA	A	N	D	SD
31)	higher pay	SA	A	N	D	SD
32)	giving leaders a bigger compensation	SA	A	N	D	SD
33)	paying leaders more money	SA	A	N	D	SD
34)	giving leaders higher salaries	SA	A	N	D	SD
35)	increasing the amount of money leaders make	SA	A	N	D	SD
Please think of the impact of the perception of leader's accountability on followers' perception of leadership		SA	A	N	D	SD

style effectiveness. When followers perceive the leader to be accountable						
36)	they think the leadership style is effective	SA	A	N	D	SD
37)	they believe this type of leadership bears results	SA	A	N	D	SD
38)	they tend to believe this leadership style leads to the achievement of goals	SA	A	N	D	SD
39)	they think that type of leadership is conducive to positive results	SA	A	N	D	SD
40)	they think this style of leadership leads to success	SA	A	N	D	SD
41)	they tend to believe the leadership style exercised is one that will lead to the achievement of goals	SA	A	N	D	SD
Please think of the impact of the perception of leader's effectiveness on followers' behavior. When followers perceive the leader to be effective		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
42)	they are ready to trust the leadership exhibited	SA	A	N	D	SD
43)	they trust the decisions made will be successful	SA	A	N	D	SD
44)	they believe the actions leaders take will have positive results	SA	A	N	D	SD
45)	they are trusting of the direction the leader is taking them into	SA	A	N	D	SD
46)	they are assured of the success of the leader's actions	SA	A	N	D	SD
Generally speaking you think the leader should do the following to be perceived as effective:		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
47)	show transparency	SA	A	N	D	SD
48)	show accountability	SA	A	N	D	SD
49)	increase his or her compensation	SA	A	N	D	SD
50)	show rationality	SA	A	N	D	SD
51)	show concern for followers	SA	A	N	D	SD
52)	be transparent	SA	A	N	D	SD
53)	act in a rational way	SA	A	N	D	SD
54)	put the blame on followers	SA	A	N	D	SD
55)	ask for higher incentives	SA	A	N	D	SD
56)	signal readiness to render accounts	SA	A	N	D	SD
Please answer the following questions as honestly as you can		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree

57)	I have tried to answer all questions honestly	SA	A	N	D	SD
58)	I responded to all of the statements	SA	A	N	D	SD
59)	I conscientiously answered all survey items	SA	A	N	D	SD
60)	I made a conscious effort to answer all questions with honesty	SA	A	N	D	SD

Please provide the following background information:

61. What is the **number of employees** in your organization (check only one):

- ☐ 1. 1-100 employees ☐ 5. 751-1,000 employees
☐ 2. 101-250 employees ☐ 6. 1,001-1,500 employees
☐ 3. 251-500 employees ☐ 7. 1,501-2,000 employees
☐ 4. 501-750 employees ☐ 8. >2,000 employees

62. What is the **main business** of your organization (Check one or more, if needed):

- ☐ 1. Agriculture, mining, forestry, fishing ☐ 8. Communication, utilities ☐ 15. Legal services
☐ 2. Construction ☐ 9. Wholesale, retail trade or both ☐ 16. Recreation and Services
☐ 3. Manufacturing ☐ 10. Banking and finance ☐ 17. Health care
☐ 4. Transportation ☐ 11. Insurance ☐ 18. Training and education
☐ 5. Hotel and services ☐ 12. Accounting ☐ 19. Oil industry
☐ 6. Government (Public administration) ☐ 13. Real estate ☐ 20. Non-profit org.
☐ 7. Food industry and restaurants ☐ 14. Consulting ☐ 21. Environmental services
☐ 22. Other: _____

63. **Country** where you are presently working (name): _____ City _____

64. How long you have been **working** for your organization: _____ years _____ months

65. How long you have been in your **current position**: _____ years _____ months

66. Your current position or **job title** is: _____

67. What is the highest level of your **education** (check only one):

- ☐ 1. No high school ☐ 4. Finished college
☐ 2. Some high school ☐ 5. Master's degree
☐ 3. Completed high school ☐ 6. Doctoral degree

68. Your **sex** is: ☐ male or ☐ female

69. Your **age** is: _____

70. Your **country of birth** (name): _____

Your email is: _____

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