Leadership, environmental favorability, and business unit performance: Where do authoritarian leaders outperform transformational leaders?

By

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All interested are welcome
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ABSTRACT

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We investigate the effects of transformational leadership and authoritarian leadership on business unit level performance, and how the favorability of the socio-economic environment of the business units influences the leadership-performance link. Based on data collected from 102 business units of a telecommunication company in China, we found that transformational leadership was not related to revenue growth of the business units measured four months later regardless of the favorability of the socio-economic environment in terms of regional GDP per capita. However, authoritarian leadership was positively related to revenue growth in economically less developed regions. By contrast, authoritarian leadership was negatively related to revenue growth in regions with higher levels of economic development. All these results were obtained after controlling for the effects of unit leaders’ demographic variables, the regional population and GDP growth, the regional employment rate, the regional average income, the regional education level, and the revenue growth of the business units in the last three years.