CHAPTER 1: INTRODUCTION

Transformational leadership (TL) has surfaced as the focus of attention in studies relating to leadership. Studies suggest the TL is related to employee performance. But, all these studies are based on the leadership of the immediate supervisor. In fact, mostly all the leadership studies the prime focus is on supervisor-subordinate relationships and no attention is given to examine the leadership from a distance level i.e. from a level or two above the supervisor. Therefore, it is still unclear if the second level leadership superiors can influence the behavior of the frontline employee.

Transformational Leadership influence at any level may be attenuated by various contingencies. We seek to understand such contingencies at middle management transformational leadership level, focusing on the values endorsed to frontline employees (Ehrhart and Klein, 2001). Leadership as a process essentially involves managing relationships in the organization and enhancing employee performance.

Background of the Problem

In recent years American business organizations have been facing significant challenges. These include the development of global market places, rapid innovations in work technologies, shifting workforce and customer demographics, and an increasing demand for quality and flexibility in products and services. In order to meet these challenges, organizations have searched for ways to ‘do more with less’ and to become more competitive. For many organizations, an acclaimed improvement strategy lies in the concept of frontline employee’s performance. In the management literature, the idea of frontline employees is frequently
described as a principal component of enhanced innovation, organizational adaptiveness, improved customer relations and heightened employee satisfaction.

There is some general agreement in both popular and academic writings that frontline employees can contribute significantly to organizational performance. Given the challenges faced by today's organizations, leadership’s impact on the performance of frontline employees would seem to be a concept deserving of extensive study.

Despite the growing attention on frontline employee performance as an organizational improvement strategy, surprisingly little empirical research has been conducted to examine the role of middle managers as an independent construct, the contextual or work environment factors that facilitate it, or the relationship of middle manager’s leadership in frontline employee’s performance. There are at least two reasons for this lack of research. First, much of the frontline employee related study to date has focused on supervisor leadership. As noted, there are numerous studies which have examined the management leadership and productivity of frontline employee (Ling and Veiga 2008; Kark and Shamir 2002; Jaques 1990; Howell and Avolio1993). However, these researches have focused primarily on the leader-employee behavior from a closer level and not from a distant level.

One layer that many organizations have consists of midlevel leaders. Often called middle management, these individuals are located hierarchically between the senior level decision-makers and those who perform frontline operational activities (Zhang, Tsui, Song, Li & Jia, 2008). For this study, the definition of middle managers provided by (Embertson, 2006) is used. Embertson (2006) described middle managers as “managers two levels below the CEO and one level above line workers and professionals” (p. 73). Regardless of the precise definition, middle managers exist in a unique world that requires them to balance the wants and needs of those in
charge with the wants and needs of those who do the organizations work (Haneberg, 2005; Gill, Flaschner, & Shacher 2006; Bartlett & Ghoshal, 1993; Yukl, 1989; Zhang, Tsui, Song, Li & Jia, 2008; Wooldridge, Schmid & Floyd 2008).

Middle managers are a large organizational force in American business and industry. According to the United States Bureau of Labor Statistics, managers and supervisors who were not chief executive officers comprised about 9.46% or 6.7 million members of the total workforce as of May, 2004 (United States Bureau of Labor Statistics, 2004), while chief executive officers numbered only 346,590 or 0.27% (United States Bureau of Labor Statistics, 2004) of the 128 million workers in the United States (United States Bureau of Labor Statistics, 2004). That means that managers and supervisors outnumber chief executive officers by a ratio of 35:1 and all other employees outnumber chief executive officers by a ratio of 334:1. At the same time, the ratio of managers to all other employees is roughly 1:10. While these numbers are aggregate estimates, they support Hill (2003) contention that middle managers enjoy a much smaller workforce with whom to communicate than CEOs (Gill, Flaschner, & Shacher 2006). Hill (2003) also asserted that in most organizational hierarchies, middle managers are closer to frontline workers than senior leaders. Besides the sheer number of middle managers, Haneberg (2005) suggested that executive leadership explains only 10% of organizational performance, which leaves most influence in organizations within the hands of others. Consequently it seems likely that middle managers, because of their large numbers, also must wield influence within the organization. Yet Embertson (2006) noted that middle management “represents one of the most overlooked, ignored resources in most organizations’ strategic change efforts”(p. 1).

Depending on the organization, middle managers’ specific duties will vary. Traditional schools of thought categorized the work of managers around Henri Fayol’s interpretation of
managerial work as planning, organizing, commanding, coordinating, and controlling (Giberson, Resick & Dickson, 2005). Current management theorists also have identified a number of broad-based duties for which middle managers are typically responsible. Hill (2003), for example, noted that managers need to demonstrate the ability to deal with the stresses of their personal life, be able to work well with people in directing and organizing work, transmit and analyze information, and be able to troubleshoot, delegate, and plan. Like Mintzberg, Giberson, Resick and Dickson (2005) found that managers need skills in prioritizing work and time, leading, motivating, and influencing others, solving problems on the run, encouraging creativity and innovation, team building, and communicating effectively. Gill, Flaschner, and Shacher (2006) characterized middle management work as “communication, traditional management, networking behavior, and human resource management” (p. 162) and Beatty & Lee (1992) defined middle managers as “a nexus for information flows within the organization” (p. 157). Whether implicit in the classic role of commanding or more explicitly stated as a duty by modern theorists, communication remains as a key middle manager responsibility. Within the framework of this study, middle managers thus occupy a central role in managing organizational discourse and in helping organizations implement new initiatives (Yukl, 1989; Haneberg, 2005).

Embertson (2006) identified that “middle management performance is the single most important element in corporate performance” (37); in the managerial role, the practice of engagement, communication, and interaction were viewed as essential contributors to the organization’s achievements or, in their absence, produced negative employee feelings and behaviors (Delmestri and Walgenbach, 2005). The intersection of middle-management practices with workforce job satisfaction and work motivation highlighted the direct linkage between communication skills and employee behaviors and contributions (Giberson, Resick & Dickson,
2005; Haneberg, 2005). Research (Delmestri & Walgenbach, 2005) viewed the manager as imparting the organization’s vision, values, direction, and outcomes through the leader’s communication and relationship-building activities. Delmestri & Walgenbach (2005) asserted that communication delivery is achieved best by face to face interactions in which the employee can be engaged on an emotional level in believing that they are crucial to the organization and its achievements. Delmestri & Walgenbach (2005) viewed the relationship and communication exchange as creating an effective work setting and organization in which an open flow of information nurtured engagement, action, and mutual interaction and growth (p. 7). In the discussion of interactions and communication, Delmestri & Walgenbach created a graphic to demonstrate the open information flow practiced by effective managers within an open communication business environment. A research goal for the present study was that the analysis and findings would promote the implementation of additional communication practices, communication training for managers, and managerial performance review standards that required and measured open, responsive communication and relationship building practices with employees for the organization’s success and that of each member.

Wooldridge, Schmid and Floyd (2008) defined leadership as the ability to use influence to collaboratively coordinate the group membership’s activities for the accomplishment of goals. Embertson (2006) acknowledged that the commonality between leadership’s definition and research is generally that the “individual researcher’s definition or theory of leadership was the most determining factor of what was assessed” (p. 6) or valued in the study. Hill (2003) defined leadership as a process in which an individual influences a group to unite and work to achieve a common purpose or goal. Haneberg (2005) emphasized that leadership is essentially a motivational and inspirational role in which meaningful relationships and good communication
skills provided the core for influencing others and achieving organizational success. Gill, Flaschner and Shacher (2006) described the basic business reality of productivity and achievement to be the fact that “leaders act through their followers” (p.3); it is through the followers that action and progress are achieved.

Everyday leadership is seen as the “ability to create a vision for positive change, help focus resources on right solutions, inspire and motivate others and provide opportunities for growth and learning” (Giberson, Resick & Dickson, 2005). Delmestri & Walgenbach (2005) viewed “leadership in terms of tasks, rather than role or position” (p 2) in its increasing focus upon everyday leaders.

Judge & Piccolo (2004) defined 21st century leadership as requiring managers to demonstrate and lead through wisdom and practices that make accomplishments happen for the business organization while also fully engaging the workforce. Management practices have required moving beyond the appearance of leadership to real practices and behaviors that are leadership. Judge & Piccolo (2004) identified eight critical managerial and leadership practices as: leading the social system of the organization through directing the way that the people in the organization work together; learning about each individual in order to know the person; developing a working team of leaders that are stronger together than siloed; establishing a strategic destination through goal making that is realistic and achievable; identifying the clear, communicated, and understood priorities that are necessary to meet goals; positioning or repositioning the organization to continually focus on the customer while also generating sales; continually assessing the patterns of external change and doing so ahead of the competition and others; and, lastly, creatively work with societal pressures to address the multiple demands on the individuals and the organization. Judge & Piccolo (2004) leadership behaviors are focused on the
needs of the individuals and teams that comprise the organization. Research by Bono & Anderson (2005) found that managers and leaders are important to nurturing a positive work environment and delivering higher productivity.

Antonakis & Atwater (2002) reported that “convincingly argued that leaders are influential because their impact on their followers’ self-concepts” (p. 3). Antonakis and Atwater, (2002) cautioned that “a common phenomenon and problem in leadership practice concerns undue reliance on popular ideas and fads without sufficient consideration given to the validity of these ideas” (p. 36).

Statement of the Problem

Many of the writings on empowerment have discussed conceptually the leader's role in creating a high performing workforce (citation). More specifically, much has been written on transformational leadership and its relationship to a productive workforce. However, there has been little empirical research to validate the association between leadership by middle managers and frontline employee performance.

Transformational leadership focuses on shaping the values, attitudes and goals of followers, and inspiring them to transcend their own self-interests for a higher collective purpose. Using such behaviors as developing trust through consistency, demonstrating respect for employees, and creating empowering opportunities, transformational leaders instill values and develop employees in such a way as to enhance employee performance. Research on transformational leadership has suggested a positive relationship with employees' individual performance, satisfaction and effectiveness, as well as employee locus of control and business
unit performance. However, one important question that has not been directly investigated is: does transformational leadership of middle manager influence frontline employee performance?

Bass (1985) noted that transformational leaders have an exceptionally high power need that is expressed in a pro-social manner that empowers and benefits others, as well as the organization. By delegating authority and responsibility, the transformational leader influences the performances of the followers. More explicitly, Kark and Shamir (2002) claim that transformational leaders influence followers by providing them with opportunities to take on, and succeed at, challenging tasks. These task related successes, in turn, result in improved performance.

Many of the writings on transformational leadership (example Howell and Avolio 1993; Floyd and Wooldridge 1997) have conceptually discussed, but not empirically studied the middle manager’s transformational leader’s role in impacting the performance of frontline employees. Therefore, there is a need to investigate this popular assumption. Hence, the present study examines the impact of transformational leadership of middle managers on the performance of frontline employees.

**Purpose of the Study**

The objective of the present study is to understand better the middle manager’s leadership and frontline employees’ performance. Specifically, this study investigates: how the leadership of middle manager associates with the performance of employee and how perceptions of middle manager leadership associate with perceptions of employee performance.

Transformational leadership is often cited as an enabler of worker performance because of the leader's focus on building followers' self-confidence and providing them with
opportunities to take on, and succeed, at challenging assignments. However, as noted earlier, there is no prior research that has investigated empirically this association using the most recent measures of employee performance. Hence, one key purpose of this study is to examine how specific transformational leadership behaviors of middle manager associate with the performance of the front-line employees. This research contributes to the transformational leadership literature by providing increased insight into the relationship between specific leader behaviors and characteristics and the performance of frontline contributors. Furthermore, this research also contributes to the middle management literature by providing increased insight into the significance of middle managers and how organizations can effectively use their middle managers to achieve organizational goals and objectives.

While drawing causal conclusions on these relationships is difficult, the research does shed some light on how transformational leadership by middle managers correlates with, and may be predictive of, performance results. This research explores the assumption that transformational leadership of middle managers leads to enhanced employee performance. The study not only contributes to the emerging middle management leadership literature, but is also relevant to organizations seeking to improve employee productivity by using middle managers effectively.

Much of the transformational leadership literature (e.g. Jaques 1990; Bass 1985) views the concept from a relational view, that is, managers sharing power and authority with direct subordinates. Recent transformational leadership research, however, has approached the concept from a more motivational view. Despite the differing views, there has been no empirical research that has examined the relationship through middle managers perspectives. Hence, the purpose of this study is to examine the relationship between transformational leadership by middle
managers and performance of frontline employees. Such examination contributes to the empirical middle management leadership literature by providing insight on how the aspects of transformational leadership by middle managers associate with the performance of the frontline employees.

**Research Design**

The purpose of this study is to explore the relationship between middle manager’s leadership and the performance of the frontline employee. Data collection techniques focus on secondary research through library search strategies and primary research through surveys. Secondary research will help to develop the literature of the study; whereas the primary research will be useful in determining the association between leadership by middle managers and the performance of the frontline employee. Questionnaires will be used to conduct this research. The research will conducted in 4 stages: (a) a literature review of journals and books in the topic area, (b) data collection, (c) data analysis and interpretation, and (d) the formation of conclusions, implications, and recommendations.

**Research Aim and Objectives**

The aim of this research is to evaluate the impact of the leadership by middle managers on the performance of frontline employees. In the light of this aim, the author will accomplish the following objectives:

- To highlight the importance of middle management in overall productivity of the organization
- To highlight the importance of middle manager as a leader
• To identify the relation between leadership and performance
• To determine the importance of frontline employees in an organization
• To identify the factors to measure the performance of frontline employees
• To determine how a middle manager can influence the performance of the frontline employee

**Significance of the Study**

Since there are no studies conducted on leadership from a distant level i.e. from a level two above from supervisor, the current study fills this void in the literature by analyzing the role of middle managers’ leadership in relation to the performance of frontline employees. American organizations have tried many initiatives to improve productivity and competitiveness, including Total Quality Management, de-layering, right-sizing, cross-functional teams, self-managing teams, business process re-engineering and concurrent engineering (Avolio, 2010). Most have had only limited success.

Authors such as Avolio (2010) argue that frontline employees are the key to organizations successfully adapting to global competition, rapid developments in technology, and increased demands for quality and flexibility. Furthermore, the leadership of superiors can influence the performance of frontline employees to achieve organizational objectives. However, as noted previously, little empirical research exists on the influence of middle managers on the frontline employees. Therefore, much of what has been written about the middle manager’s influence on frontline employees has not been rigorously validated. Many organizations, have committed considerable resources, ego communications, training, time, money, etc., to promote and 'implement' the middle manager leadership. This has been done with the belief that middle
managers can bring a positive change in the performance of the frontline employees. Yet, the empirical evidence and quantitative data about the association between leadership by middle manager and performance of frontline employee, is minimal. Hence, there is a significant need for research to determine the influence of middle managers on the performance of the frontline employees.

The major contribution of the present research lies in testing the assumptions that: transformational leadership empowers non-manager employees. The findings from this research are intended to help organizations be more knowledgeable about the type of leader behaviors and organizational strategies that can facilitate organizations to achieve their goals. In turn, this information may influence: how organizations use their middle managers; what leadership behaviors organizations establish as ‘role model’ in order to foster the frontline workforce; the focus of leadership development efforts; and the criteria used for manager evaluation and succession planning.

This study is also intended to help organizations have more realistic expectations of the linkage between middle management and frontline employees. The findings from this study will provide quantitative data to describe more specifically how the performance of frontline employees is associated with the leadership of middle managers. This in turn may have significant implications on: how organizational researchers and practitioners diagnose and address specific performance issues; and what they can expect, individually and organizationally, from increased efforts to develop a productive workforce.

**Research Questions**

The research will answer the following research questions:
Main Question:

- What is the impact of transformational leadership by middle managers on the performance of frontline employees?

Sub Questions:

- What is the importance of middle management in the overall productivity of the organization?
- What is the importance of middle management as a leader?
- What is the relationship between leadership and performance?
- What is the importance of frontline employees in an organization?
- What are the factors to measure performance of frontline employees?
- How can a middle manager influence the performance of frontline employees?

Assumptions and Limitation

General assumptions were made regarding the participants and processes used in the study. Participants will act professionally answering all survey questions honestly and accurately. An inherent limitation of self-reported data is that it may contain intended or unintended inaccuracies. Potentially fearful of reprisals from middle managers, participants may not tell the truth or properly recall information.

This study has several limitations. The first is the cross-sectional nature of the study, reducing our confidence on the causal order of the observed relationships. It is possible that high performing employees may describe their superiors to be high on transformational leadership behaviors. The second concerns the positive relationship between the transformational leadership of middle managers and employees’ job performance. The relationship could be due to the
attraction, selection, and attrition (ASA) process rather than identification or social learning. Research suggests that organizations tend to select and retain managers with similar personality types (Jaques, 1990) or personal values (Avolio, 2010). In the same way, managers with similar leadership behaviors may be more likely to be promoted and retained within organizations. However, ASA assumes within-organization variances to be smaller than between-organization variances.

**Definition of Terms**

*Performance*: How well a person completes tasks and also the attitude with which he/she completes the tasks. Performance in this study will refer to measures at the individual level. Individual performance will include frontline employees ratings of employee's technical skills, interpersonal skills and intrapersonal skills (Piccolo and Colquitt, 2006).

*Middle managers*: Middle managers manage first level managers, and are typically responsible for four to eight teams, which is considered a department. The middle managers generally report to the unit vice president. Bono and Anderson (2005) broadly define middle manager, as “a manager between top manager and the first line personnel with supervising authority.” The reason for using this definition is that middle managers are exceptionally dissimilar employees. Their responsibilities differ quite a lot depending on the organization they are working for and some organizations do have very dissimilar tasks to their own middle managers.
Transformational leadership (TL): This is a style of leadership whereby a leader can motivate a subordinate to perform above and beyond what he/she had previously believed possible. The four dimensions of TL are defined below (Piccolo and Colquitt, 2006).

Idealized influence: When a leader is trusted and respected by his/her subordinate, this type of leader will tend to put his/her subordinates’ needs before his/her own (Piccolo and Colquitt, 2006).

Inspirational motivation: This is shown in a leader when he/she acts in a way that causes subordinates to perform better by instilling a sense of meaning in their work (Piccolo and Colquitt, 2006).

Individualized consideration: This type of leader is usually thought of as a coach or mentor, he/she tends to be concerned for each of their subordinates’ independent needs (Piccolo and Colquitt, 2006).

Intellectual stimulation: This dimension is exhibited when a leader asks questions to increase innovation and creativity (Piccolo and Colquitt, 2006).

**Expected Findings**

It is expected that the leadership by middle manager does impact the performance of the frontline employee. Furthermore, if organization use their middle managers in the right manner,
and keep them in contact with the frontline employees, it can help increase the performance of the frontline employees, thereby increasing the overall organizational performance.

Disposition

To have a better insight into the overall structure of the dissertations & for the facilitation of the readers to have a clear understanding, the structure is as follows:

Chapter 01: provides a very broad but concise introduction & the background of the problem to be addressed for the readers, so that they could have an overview of the topic. The chapter also gives the objectives of the research & the research questions.

Chapter 02: provide very clear highlights of the theories that are applicable & quite close to the related subject, on the other hand it also provides the explanation, discussion & crucial thinking for providing the involvement in the same area.

Chapter 03: opens up with the discussion of the research methodology, philosophy of the research & the approach of dissertation. At the end it defined the data collection methods as well as the empirical construction.

Chapter 04: presents the collection of data as well as its outcomes & interpretation.

Chapter 05: offers the research question results & results shortened in the form of a conclusion to the dissertation along with the recommendations, suggestions & future areas for the research in the same context.