CHAPTER 3

RECONSIDERING THE INTERPLAY
BETWEEN LEADERSHIP AND GROUP DIVERSITY\(^{10}\)

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ABSTRACT

To address inconsistencies in the literature regarding the impact of diversity and leadership on group performance, we developed and tested a model to examine the interaction between group-focused facets of transformational leadership and group diversity. Using multi-level data collected in two phases from 94 work groups, we attempt to refine theory by examining distinct conceptualizations of group diversity (variety and disparity) and by testing hypotheses that disentangle the dual-level nature of transformational leadership. Results suggest that leadership’s effect on group performance is strongest for groups with high disparity in organizational tenure among group members, but not as strong for groups with high variety. Our findings also provide evidence on the differential effects of group-focused and individual-focused transformational facets. Whereas group-focused transformational leadership enhanced processes and performance of groups, individual-focused transformational facets were either influential with respect to the individual members or with respect to the functioning of the group. This study integrates two visible but until now, largely distinct streams of organizational research: group diversity and leadership.

KEYWORDS:

Dual-level nature of transformational leadership
Organizational tenure disparity and variety
Group performance

11 In the present chapter, we refer to groups rather than teams in order to remain consistent with prior research (cf. Wu et al., 2010) distinguishing group-focused and individual-focused transformational leadership. This does not reflect any difference to the term “team” used throughout the rest of this dissertation or the definition of work groups or teams presented in the introduction of the dissertation (cf. DeRue, Barnes, & MORGESON, 2010).
Chapter 3

Introduction

Models of group effectiveness (e.g., Cohen & Bailey, 1997; Ilgen et al., 2005; Kozlowski & Ilgen, 2006; Morgeson et al., 2010) highlight the importance of group composition and leadership for a group’s cohesion, viability, and performance (e.g., Nishii & Mayer, 2009; Van Knippenberg & Schippers, 2007; Zaccaro et al., 2001). Central in theoretical work on group composition is the potential for high levels of group performance associated with group diversity (Van Knippenberg et al., 2004). Diverse group members provide a rich array of unique resources that – if used for in-depth discussions and integration of knowledge – can raise a group’s level of effectiveness. Hence, groups with a variety of resources can “translate greater information richness within a unit into better choices, plans, or products” (Harrison & Klein, 2007, p. 7).

Theories of successful leadership suggest that especially effective leaders facilitate group performance and productively manage diversity (Morgeson et al., 2010; Zaccaro et al., 2001). Given the importance of work teams for organizational effectiveness and the increasing diversity of the workforce (Van Knippenberg & Schippers, 2007), fostering collaboration and information processing among the team’s members are essential team leadership functions (Zaccaro et al., 2001). Not surprisingly, the most important conceptualization of leader effectiveness is the performance of that leader’s work group (Dionne et al., 2004).

Despite reasonable theoretical support for the positive impact of diversity and leadership on group performance, however, empirical results remain mixed. With respect to diversity, studies have reported positive, neutral, or negative links with group performance (for a recent overview, see Joshi & Roh, 2009; Van Knippenberg & Schippers, 2007). With respect to leadership in general, and transformational leadership in particular, the link with performance is generally positive, but these effects are tepid at best, and quite variable (Judge & Piccolo, 2004).

We contend that there are at least three explanations for why observed results of primary studies are inconsistent and thus inconclusive. First, studies of diversity often fail to distinguish between different measures of variation (Harrison & Klein, 2007); consequently, the measurement of diversity has varied considerably with some studies conceptualizing variability as separation or disparity (e.g., standard deviation; Mohammed & Nadkarni, 2011; Nishii & Mayer, 2009; coefficient of variation; Pelled et al., 1999), while others have operationalized diversity as variety (e.g., Blau’s index; Kearney & Gebert, 2009).

Second, the vast majority of studies on transformational leadership and group performance have not distinguished between leader behaviors that are explicitly directed toward the group as a whole (e.g., articulating an inspiring vision; Podsakoff, MacKenzie, Moorman, &
Fetter, 1990) and those that are primarily directed toward individuals (e.g., intellectual stimulation; Bass & Avolio, 1995). With the exception of very few examples (e.g., Wu et al., 2010), studies neglect the dual-level nature of transformational leadership (Kark & Shamir, 2002) and fail “to make a distinction between leader-subordinate interactions and leader-team interactions” (Zaccaro, Heinen, & Shuffler, 2009, p. 84). Third, although theoretical and prescriptive models have explicitly identified diversity and leadership as critical drivers of group performance, the two concepts have been examined separately in the literature (for an exception, see for instance Kearney & Gebert, 2009; Mohammed & Nadkarni, 2011).

In that vein, the purpose of this study is to examine the relationship between leadership, diversity and group performance. In doing so, we consider various measures of diversity to determine if the nature of diversity impacts the effect of leadership on group performance. We also examine leadership at both the individual and group levels-of-analysis by separating the leadership construct into its group-, individual-, and differentiated individual-focused components (Wang & Howell, 2010; Wu et al., 2010), a practice that has largely been ignored in the leadership literature. Hence, this study distinguishes between (differentiated) individual-focused and group-focused transformational leadership and simultaneously tests their impact on individual and group processes and performance. In addition, we examine diversity in organizational tenure as a boundary condition of the link between group-focused leadership and group performance. The proposed paths of our research model are depicted in Figure 3.1.

**THEORETICAL BACKGROUND AND HYPOTHESES**

In the following sections, we first review the literature on transformational leadership and group performance. In doing so, we highlight the most recent examinations that differentiate between leader behaviors explicitly targeted towards group- or individual concerns. We then provide a brief summary of research attempting to link group diversity to group performance, noting how diversity has been characterized in terms of variety and disparity. Finally, we consider how group-focused leadership and these two distinct measures of diversity interact to influence group performance.
Most studies of leadership in general, and of transformational leadership in particular, fail to specify concepts and relationships at the proper level-of-analysis (Yammarino et al., 2005). Kark and Shamir (2002), however, recognizing that Transformational Leadership theory specifies leader behaviors at multiple levels-of-analysis, described the dual-level nature of the theory by suggesting that a leader’s effectiveness not only arises from his or her influence on individuals, but also from behaviors and forms of influence that are targeted towards the group as a whole. Drawing on Kark and Shamir’s suggestion, several recent studies have examined the utility and validity of effects produced by individual- and group-focused aspects of Transformational Leadership theory (e.g., Wang & Howell, 2010, 2012). These studies have either treated individual-focused leadership behaviors at the individual level (Wang & Howell,
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2010, 2012) or conceptualized the full set of individual-focused transformational behaviors as differentiation at the group level (Wu et al., 2010).

Mindful of the dual-level nature of transformational leadership and the need to specify leadership concepts at the proper level-of-analysis, we separate transformational leadership into an individual-focused aspect at the individual level, and differentiated individual-focused and group-focused aspects at the group level. While we model intellectual stimulation in terms of its effects on individual members, we focus on differentiation in individualized support as a phenomenon with specific meaning and consequences at the group level. Concluding this section, we introduce group-oriented transformational facets and their effects on groups.

**Individual-focused intellectual stimulation.** Intellectual stimulation is a facet of transformational leadership that characterizes a leader’s interaction with individual members of a work group (Wang & Howell, 2010; Wu et al., 2010). By building upon individuals’ capabilities and cognitive styles (Bass & Avolio, 1995), intellectually stimulating leaders offer new insights, encourage the questioning of established assumptions, stimulate problem solving, and promote innovative task solutions (Bass & Riggio, 2006). Indeed, a meta-analysis has shown intellectual stimulation to positively affect individual performance (Dumdum et al., 2002).

We argue that intellectual stimulation promotes group members’ autonomy in decision-making, problem-solving, and cognitive approaches to tasks. Defined as the extent to which one has freedom over his or her tasks, job autonomy increases intrinsic motivation and enhances the perception of a job as meaningful and intrinsically motivating (Job Characteristics Theory; Hackman & Oldham, 1976). By its empowering impact on followers (Bass, 1985), intellectual stimulation may enable growth of their “autonomy within the overlay of the leader’s vision” (Lowe et al., 1996, p. 387). Rethinking established procedures and experimenting with alternative ways of working stimulates followers’ judgments and initiative. Intellectual stimulation may thus help followers perceive and use existing degrees of freedom, and develop new areas of autonomy. In addition to enhancing actual autonomy by altering the tangible characteristics of the job (Hackman & Oldham, 1976), transformational leaders also shape followers’ perceptions of autonomy (social information processing theory; Salancik & Pfeffer, 1978) by providing task-related informational cues such as asking followers to rethink old problems (Purvanova, Bono, & Dzieweczynski, 2006).

Job autonomy is likely to enhance individual performance. Autonomy is intrinsically motivating, tapping one’s desire for control, responsibility, and constructive change (Fuller, Marler, & Hester, 2006), resulting in greater effort and persistence (Morgeson & Campion, 2003). Job autonomy allows employees to broaden the scope of responsibility and expand the
view of their own work roles (i.e., role breadth), leading to extra effort, stronger identity with the job, and better performance (e.g., Morgeson, Delaney-Klinger, & Hemingway, 2005). Consistent with this notion, a number of studies report a positive association between job autonomy and performance (for an overview, see Humphrey, Nahrgang, & Morgeson, 2007). Thus, we hypothesize (see bottom half of Figure 3.1):

*Hypothesis 1: Individual-focused intellectual stimulation is positively related to job autonomy.*

*Hypothesis 2: Job autonomy is positively related to individual performance.*

**Differentiated individualized support.** Individualized consideration or support\(^{12}\) is also a facet of transformational leadership that characterizes a leader’s interaction with individuals (Kark & Shamir, 2002). However, the interaction arising from individualized support reflects a strong focus on the personal relationship with followers. Indeed, concern with individuals’ emotional and developmental needs, an investment into personal bonds, and customized coaching are essential ingredients of individualized support (Kark & Shamir, 2002). A close and highly personalized leader-follower relationship therefore engenders identification with the leader, mutual trust, and satisfaction (Dumdum et al., 2002; Podsakoff et al., 1990; Wu et al., 2010). As such, individualized support and other leadership styles that involve high-quality relations (Leader-Member Exchange [LMX]; Graen & Uhl-Bien, 1995) or consideration of followers’ needs (Consideration; Fleishman, 1953) enhance satisfaction with the leader (Bass & Avolio, 1989; Judge et al., 2004; Scandura & Graen, 1984).

Individualized support emphasizes the “distinctiveness of each follower and the unique relationship between the leader and each follower” (Kark & Shamir, 2002, p. 82). Suggesting beneficial effects of individualizing leadership, contingency approaches (Fiedler, 1964; Hersey & Blanchard, 1977) stress the importance of adapting leader behaviors to the specific demands of followers. Likewise, the Vertical Dyad Linkage Approach (VDL; Dansereau, Graen, & Haga, 1975) is based on the idea that leaders develop differentiated relationship qualities with their followers. At the group level, such individualization results in the phenomenon of differentiated individualized support towards a group’s members (leadership as configural team property; Klein & Kozlowski, 2000). On the one hand, leaders who exhibit varied levels of support for

\(^{12}\) Whereas individualized consideration is the wording used by Avolio and Bass (2004), Podsakoff et al. (1990) refer to it as individualized support. As we measure transformational leadership using the Transformational Leadership Inventory (TLI; Podsakoff et al., 1990), we use the pertinent wording.
followers and consequently form relationships of varied quality might be regarded as strategic in terms of how time and resources are invested with employees. Indeed, early LMX theory (Dansereau et al., 1975) suggests that effective leaders form distinct relationships with their followers, resulting in high-quality relationships with only a few trusted group members.

On the other hand, not all differentiation among members is equally beneficial or instrumental for the group’s success. Indeed, group members are likely to experience conflicting messages from leaders who emphasize group goals, collaboration, and respect for all individuals while differentiating in terms of individualized support. Whereas transformational leaders promote and members expect (Henderson, Liden, Glibkowski, & Chaudhry, 2009) similar degrees of a leader’s consideration, affective concern, and personal attention (cf. Ford & Seers, 2006), individualized support in groups inherently implies varying levels of coaching, attention, and emotional bonding, and thus differential degrees of inclusion (Nishii & Mayer, 2009). As such, differentiated individualized support could be particularly problematic as the inclusion of some and exclusion of other members in a work group could undermine consensus and a climate that fosters effective collaboration (Ford & Seers, 2006).

Indeed, modern revisions to LMX theory explicitly suggest that leaders build high-quality relationships with all members in their groups (Graen & Uhl-Bien, 1995). More specifically, differential levels of support and emotional bonding result in uncommon personal experiences for group members (e.g., Ford & Seers, 2006; Wu et al., 2010), such as varied degrees of trust and identification within the group, and satisfaction with the leader. Moreover, the information conveyed on relative status within a group and a leader’s relative preference results in within-group status disparity (Nishii & Mayer, 2009). In fact, LMX theory specifically suggests that when leaders form close and high-quality relationships with some group members and low-quality relationships with others, group members tend to naturally divide themselves as “in”-groups and “out”-groups (for an overview, see Graen & Uhl-Bien, 1995), with out-group members feeling dissatisfied (McClane, 1991). Consistent with this rationale, we reason that a transformational leader’s individualization of emotionally relevant support in a group increases the divergence among members in satisfaction with their leaders such that those receiving more support are more satisfied and those receiving less support are less satisfied.

Within-group divergence in satisfaction with the leader is likely to elicit withdrawal behaviors (e.g., absenteeism) that may unfavorably affect a group’s – and an organization’s – functioning (Porter & Steers, 1973). Because they ease the decision of employees to be present at work, supervisor support (Tharenou, 1993) and consideration (Zaccaro, Craig, & Quinn, 1991) are each negatively linked to absenteeism. Steers and Rhodes (1978) theorized that satisfaction
with the leader accounts for these effects as satisfaction appears to reduce absenteeism (Harrison, Newman, & Roth, 2006). Zaccaro et al. reason that group members’ satisfaction underlies the link between leadership and absenteeism insofar as absence is perceived as “relevant to their relationship with a supervisor” (1991, p. 38). Understanding absence as instrument for regulating negative experiences (i.e., with leadership) (Johns & Nicholson, 1982), group members can use absenteeism as an answer to unequal treatment and the resulting dissatisfaction with their leader.

Group member absenteeism diminishes a group’s performance. According to theoretical approaches to group functioning (cf. McGrath, 1984; Zaccaro et al., 2001), group members with distributed roles, diverging skills, and high goal interdependence need synchronization and familiarity – i.e., group members’ specific knowledge regarding unique aspects of the task, the group members, and the work environment – to successfully accomplish group tasks (Goodman & Leyden, 1991; Harrison & Martocchio, 1998). Absenteeism should seriously hamper these crucial processes and disrupt a group’s successful task fulfillment. This is supported by studies showing a negative link between absenteeism and performance at the individual level (Bycio, 1992; Tharenou, 1993) and – at least indirectly – at the group level (Goodman & Leyden, 1991). In sum, differentiated individualized support likely compromises group performance via two subsequent mechanisms: diverging satisfaction with the leader and absenteeism in groups.

**Hypothesis 3:** Differentiated individualized support is positively related to diverging satisfaction with the leader.

**Hypothesis 4:** Diverging satisfaction with the leader is positively related to group absenteeism.

**Hypothesis 5:** Group absenteeism is negatively related to group performance.

**Group-focused transformational leadership.** Transformational facets that explicitly focus on the group (Wu et al., 2010) comprise behaviors that help the group understand the importance of common goals and direct joint efforts toward goal attainment (“Fostering the acceptance of group goals”; Podsakoff et al., 1990). Besides enabling and encouraging goal-directed collaboration among group members, group-focused transformational leaders also communicate a compelling vision that inspires group members and binds them to a common mission (“Articulating an inspiring vision”; Podsakoff et al., 1990). Consistent with an Average Leadership Style approach (Dansereau et al., 1975) and a conceptualization of leadership as a shared team property (Klein & Kozlowski, 2000), we assert that group-focused transformational behaviors impact the group as a whole in ways that benefit group performance. In fact, this
performance-enhancing effect of group-focused transformational leadership has been confirmed (Wang & Howell, 2010; Wu et al., 2010).

We posit that group-focused transformational leadership stimulates knowledge sharing within groups. Encouraged by group-oriented leadership, group members are unified by a compelling vision and bound to the same mission. In the course of striving toward the same goal, the members perceive high goal interdependence, develop a strong team spirit, overcome selfish needs and interests, and streamline their collective efforts (Bass & Riggio, 2006). Accomplishing the group’s mission requires group members to contribute all their beneficial resources in form of their unique task-relevant knowledge and skills. According to Zaccaro and colleagues, successful team leadership facilitates collective information processing and is able to “coordinate the contribution and combination of team knowledge and information resources” (2001, p. 464).

Given group-focused transformational leadership’s powerful impact on the group as a whole (Wu et al., 2010), group members should be inclined to contribute their knowledge to promote group success, increasing knowledge sharing within groups. Indeed, Kearney and Gebert (2009) showed transformational leaders to increase the exchange, discussion and integration of task-relevant information in diverse groups. De Dreu (2007) found information sharing to be increased when group members perceived high goal interdependence which likely results from a leader’s promotion of common goals and a unifying vision.

Group knowledge sharing promotes group performance. Members who willingly share their informational resources for achieving the group goal will also discuss and integrate their broadened group knowledge base. Knowledge sharing thus likely increases a group’s capability to produce possible performance output (e.g., knowledge used for improving the quality of a product or processes performed with higher speed or less investment). Indeed, information sharing is positively associated with a group’s learning (De Dreu, 2007), knowledge integration, and performance (Mesmer-Magnus & DeChurch, 2009).

Increased knowledge sharing in groups likely stimulates both group and individual performance. Group members’ exposure to new knowledge, uncommon views, and alternative approaches may improve their ability and willingness to use, combine, and “exploit the various ideas and perspectives of other team members” (Shin, Kim, Lee, & Bian, 2012, p. 200). Moreover, new insights and higher-order solutions to previously unsolved problems may also yield spillover effects to an individual’s task approaches. This should put an individual’s creativity (cf. Shin et al., 2012) and learning processes into operation and increase performance. In sum, we assume group-focused transformational leadership to positively affect group and individual performance through stimulating group knowledge sharing.
Hypothesis 6: Group-focused transformational leadership is positively related to group knowledge sharing.

Hypothesis 7a: Group knowledge sharing is positively related to group performance.

Hypothesis 7b: Group knowledge sharing is positively related to individual performance.

In the following section, we provide a brief review of the empirical evidence on group diversity’s effect on group performance, including a summary of the various ways in which diversity has been conceptualized. We then consider the potential interactions between two distinct forms of diversity (variety and disparity) with transformational leadership.

CONCEPTUALIZATIONS OF GROUP DIVERSITY

Most organizations and work groups hope to capitalize on the increasing diversity of the modern workforce (Van Knippenberg & Schippers, 2007). However, a group’s ability to leverage diversity among members into superior performance is not self-evident (Jackson et al., 1995). The existing literature linking diversity to performance has been mixed with little consensus on whether diversity has a positive, neutral, or negative impact on group functioning (for an overview, see Horwitz & Horwitz, 2007; Joshi & Roh, 2009).

We argue that one reason for the inconsistency over more than five decades of research (Williams & O’Reilly, 1998) is the failure by researchers to specify the nature of the underlying diversity concept and to align the measurement of that concept appropriately. Harrison and Klein (2007) addressed this issue and explained that group diversity can be characterized and measured in three distinct ways: 1) variety, which reflects meaningful differences in task-relevant information, experience, resources, or personal characteristics, 2) disparity, which represents an asymmetry of resources that elicits status differentials between a few favored and the rest of the group, and 3) separation, which captures differences in terms of views, values, or attitudes that may facilitate the formation of subgroups. Consequently, each of these conceptualizations conveys different information about group composition, such as the distribution of a particular characteristic or resource (e.g., tenure, education) within the group (Bell et al., 2011). Although they are likely related, variety, disparity, and separation among members in a group represent distinct descriptions of a group’s composition and are most validly assessed with different measures. Depending on the underlying conception of diversity and its related measure, group
diversity with respect to the very same characteristic, resource, or group asset may yield
differential relationships with a common set of outcomes (e.g., group process, performance).

Whereas the distinctness of diversity’s varied concepts and measures has mostly
remained unacknowledged in primary and meta-analytical studies linking diversity and
performance (e.g., Horwitz & Horwitz, 2007; Pelled et al., 1999; van Dijk et al., 2012), a few
scholars have begun to pay attention to the consequences of potential misspecifications related to
measurement choice. Bell et al. (2011) undertook an attempt to disentangle different measures of
the same diversity dimension in their prediction of group performance. This meta-analysis
suggested that in many of the primary studies, the measure of choice appeared to be influenced
more by the diversity characteristics’ categorical or metric nature (e.g., Bantel & Jackson, 1989;
Pelled et al., 1999), rather than theoretical considerations or alignment with a particular
conceptualization of diversity. For example, gender, functional background, and similar
characteristics are typically assessed using categorical measures of variety (e.g., Blau’s [1977]
index). Diversity in continuous characteristics (e.g., organizational tenure) is most often
measured using separation (e.g., standard deviation) or even more commonly, using disparity
indices (e.g., Coefficient of Variation [CoV]), but hardly ever based on variety measures (Bell et
al., 2011). Studying a diversity dimension’s different conceptualizations may thus help
understand its differential effects on group performance.

Drawing on Van Knippenberg et al.’s (2004) notion that diversity can entail positive or
negative effects depending on the respective circumstances, a second reason for prior research’s
inconsistency is the failure to systematically account for group diversity’s interactive relationship
with contextual factors. Whereas a number of studies have examined group characteristics as
boundary conditions such as a group’s type (Bell et al., 2011), its task complexity and
interdependence (Jehn et al., 1999), the time that members spent together (Pelled et al., 1999), or
its size (Horwitz & Horwitz, 2007), only a handful of studies have examined leadership’s and
diversity’s interactive influence on groups (e.g., Klein et al., 2011; Mohammed & Nadkarni,
2011; Nishii & Mayer, 2009). Transformational leadership, by virtue of its inspiring and
unifying impact on the group (Bass & Riggio, 2006), is capable of leveraging a diverse group’s
potential for enhanced performance. In two studies that have tested the interaction between
transformational leadership and group diversity, transformational leadership was associated with
enhanced performance of groups that were diverse regarding nationality, education (Kearney &
Gebert, 2009), and functional background (Shin & Zhou, 2007), and inhibited performance
losses in case of age diversity (Kearney & Gebert, 2009). In these studies however, diversity was
conceptualized as *variety* only while the group-focused behaviors of transformational leadership were not specified in this regard.

Concluding, we seek to integrate the diversity and leadership literatures and to consider the specific relevance of transformational leadership’s group-focused facets for diverse groups. More specifically, we focus on organizational tenure diversity as it can be meaningfully conceptualized as variety (each group member belongs to a different tenure cohort) or disparity (a few status-higher “long-tenured” versus many status-lower “low-tenured”), with each potentially yielding different effects (Harrison & Klein, 2007). In the following section, we delineate organizational tenure variety’s and disparity’s differential influence on the link between group-focused transformational leadership and group performance.

**GROUP-FOCUSED TRANSFORMATIONAL LEADERSHIP AND ORGANIZATIONAL TENURE DIVERSITY**

Following a functional approach to team leadership (e.g., Morgeson et al., 2010; Zaccaro et al., 2001), we argue that transformational leaders are able to enhance group performance by means of group-oriented mechanisms that fulfill a group’s specific needs. Group-focused transformational leaders shift attention to group goals and motivate members to pursue the group’s mission (Bass, 1985; Wang & Howell, 2010). By delineating the ways to achieve these goals, leaders clarify group members’ potential for contribution to the overarching mission (Bass & Riggio, 2006), and group members likely contribute their unique resources and experiences to help attain this mission (cf. Kearney & Gebert, 2009). This, together with expressing confidence in the group’s ability to achieve the goals (Bass & Avolio, 1995), enhances the group’s collective efficacy (Kark, Shamir, & Chen, 2003; Wang & Howell, 2012). By creating a unifying vision, these leaders emphasize the collective, develop a strong team spirit (Podsakoff et al., 1990), and remove obstacles that compromise members’ sense of shared mission and cohesion (Wang & Howell, 2012; Wu et al., 2010). This increases members’ identification with the group (Kark et al., 2003) and their willingness to help each other (Wang & Howell, 2010).

We contend that group-focused transformational leadership is especially functional for groups that are diverse in terms of organizational tenure (i.e., length of time within an

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13 As separation and disparity are highly correlated, we decided to focus on the examination of disparity and variety in this study. Contrasting variety with disparity (rather than separation) seems valuable as prior research yielded inconsistent results with respect to organizational tenure *disparity* (Williams & O'Reilly, 1998). Moreover, as organizations commonly positively reinforce employees’ higher organizational tenure, conceptualizing organizational tenure diversity in terms of status differentials seems reasonable (cf. Harrison & Klein, 2007).
organization). Organizational tenure reflects one’s task-relevant experience (Nishii & Mayer, 2009) and exposure to an organization’s culture and socialization processes (Bell et al., 2011). Groups composed of members with varying levels of tenure are likely to benefit from their diverse views, but may also include widely dissimilar skills and experiences, communication and identification patterns, and social networks (Nishii & Mayer, 2009). Whereas varied resources and experiences can be deployed for group performance (Van Knippenberg et al., 2004), tenure diversity might also encourage the formation of subgroups, increasing the risk of diminished trust among members that results in coordination and cooperation losses (Nishii & Mayer, 2009). With its potential to overcome these consequences, group-focused leadership should be especially effective at translating diversity into productivity. Further, while the benefit of group-oriented leadership may be self-evident, especially in diverse groups, the magnitude of the leadership benefit may depend on the way diversity is conceptualized. We therefore distinguish between two conceptions of group diversity, namely variety and disparity.

**Variety** in organizational tenure within a group refers to the number and spread of tenure categories held by members (Bell et al., 2011). Groups with members of highly varied tenure cohorts have complementary skills, task-relevant experiences, and social and informational networks (Bell et al., 2011; Jackson et al., 1995) that can be deployed for heightened information processing, decision-making, and group performance (Williams & O'Reilly, 1998). Given the spread of non-redundant resources, each member’s role and ability to contribute is more easily defined, reducing the need for leaders to provide such clarity. Given that each member offers something different from the rest, each member’s unique contribution will be heard and discussed more receptively, even if ideas are unusual or oppose others’ views (e.g., Gibson & Vermeulen, 2003). Coalitions are less likely to form within groups with few commonalities, but an omnipresence of “being different from one another” (Harrison & Klein, 2007). This may promote the perception of value and unity in diversity (Van Knippenberg, Haslam, & Platow, 2007), and facilitate identification and a sense of common purpose.

In sum, organizational tenure variety likely promotes positive group processes while hindering detrimental processes that undermine the fulfillment of diversity’s potential. In fact, a number of studies have found positive links between some form of variety and group functioning (e.g., Kearney & Gebert, 2009; Watson, Kumar, & Michaelsen, 1993). As the need for leadership is likely reduced (cf. Morgeson et al., 2010) in such a group context, we assert that variety is less likely to enhance group-focused transformational leadership’s effect on group performance.
Organizational tenure *disparity* reflects the asymmetric distribution of valued resources on the basis of different tenures in a group (Bell et al., 2011). In groups with high organizational tenure disparity, a few longer-tenured members concentrate more power than the rest of the group. According to status characteristic and expectation states theory (Berger, Cohen, & Zelditch, 1972; Berger, Fisek, Norman, & Zelditch, 1977), cues such as higher age or organizational tenure elicit attributions of higher status. The disparity created by consigning higher status to longer-tenured individuals in a group with tenure differences (Harrison & Klein, 2007) allows higher-tenured members to more strongly influence group processes and outcomes (cf. Levine & Moreland, 1990) whereas those with lower tenure, and dissimilar experiences and views, may have less chance to contribute to the group’s success.

A group-oriented leader is likely to provide role clarity for group members with diverse skills and resources. For groups with high tenure disparity, where there is risk that subgroups form among members with similar cognition, communication, and socialization patterns (Bell et al., 2011), a group-oriented leader can reduce natural status differentials by enacting fair procedures and making the effort of the collective more salient. This may also ensure cohesion and functional communication in groups with high disparity (Williams & O'Reilly, 1998).

Concluding, we assert that tenure *disparity* is associated with a higher risk for the realization of group processes that undermine diversity’s potential to enhance group performance (cf. Van Knippenberg et al., 2004). Consistent with this reasoning, prior research has not established a positive link between organizational tenure disparity and performance (e.g., Bell et al., 2011). In groups with an increased risk of failure (e.g., intragroup conflict), the need for leadership is naturally increased (Van Vugt et al., 2008). Leaders that help disparate groups bridge differences among members, allowing them to engage in productive interaction and goal-directed action, will thus have an increased potential for promoting these groups’ performance.

In sum, both organizational tenure variety and disparity likely enhance group-focused transformational leadership’s favorable impact on group performance. Yet, compared to variety, the magnitude of disparity’s interaction with leadership should be increased. Hence, we posit:

*Hypothesis 8: The positive relationship between group-focused transformational leadership and group performance is stronger when organizational tenure diversity is conceptualized as disparity than when conceptualized as variety.*
METHODS

SAMPLE AND PROCEDURE

Our study sample consisted of 371 individuals clustered within 94 work groups led by 59 direct supervisors from two food-producing companies in Germany. The overall response rate was 61.5%. Participation per group was on average 73%, ranging from 40% to 100%. Average group size (excluding the direct supervisor) was 3.95 ($SD = 2.41$; range: 2-16). While 75.7% of employees were blue-collar workers (e.g., production, maintenance, engineering), 24.3% represented white-collar workers (e.g., sales, marketing, human resources, accounting), and 13.5% of participants were at the management level. Participants were on average 41.5 years old ($SD = 9.37$), 22.9% were female, and 92.7% were Caucasian and of the same nationality. 77.9% of participants have completed a form of vocational training, 14.8% held a university degree, and 7.3% have had no training at all.

To minimize common method variance, data were collected from three sources at two separate points in time. At time 1, group members completed a questionnaire on leadership of and satisfaction with their direct supervisors, knowledge sharing within their groups, and job autonomy. The personnel department provided objective information on organizational tenure and group sizes. At time 2 (time-lagged after three months), the 59 supervisors rated the performance of individual group members and whole groups; absenteeism was collected over a 3-month period between the first and the second time point.

MEASURES

We created German versions of all the scales except transformational leadership (see below) by means of the widely used translation-back-translation procedure (Brislin, 1980). Unless indicated otherwise, all responses used a 5-point Likert scale ($1 = never$, $5 = always$).

Individual-focused transformational leadership. By responding to three items from Podsakoff et al.’s (1990) Transformational Leadership Inventory (TLI), individual group members indicated the frequency with which their supervisor, “Stimulates me to rethink the way I do things”, “Has ideas that have challenged me to reexamine some of basic assumptions about my work”, and “Challenges me to think about old problems in new ways”.

Differentiated individual-focused transformational leadership. In line with Wu et al. (2010), differentiated individualized support was measured by calculating each item’s coefficient of variation (within-group standard deviation of an item divided by its mean, resulting in
adjustment by mean differences between the groups) that served as indicators for measuring the construct\textsuperscript{14}. The coefficient of variation (CoV) is recommended as a scale-invariant measure of such disparity (Tsui & Gutek, 1999) as it appropriately reflects the asymmetry within groups (Harrison & Klein, 2007). The four item indicators were drawn from the TLI (Podsakoff et al., 1990) and were worded as follows: “Acts without considering my feelings” (reverse-coded), “Shows respect for my personal feelings”, “Behaves in a manner thoughtful of my personal needs”, and “Treats me without considering my personal feelings” (reverse-coded).

**Group-focused transformational leadership.** This construct used the two transformational behaviors of *Articulating an inspiring vision* and *Fostering the acceptance of group goals* as manifest indicators. Each of the two indicators was conceptualized as the average of respective items aggregated to the group level. Both indicators were based on three items from the respective subscales of the TLI (Podsakoff et al., 1990). Items measuring *Articulating an inspiring vision* were “Paints an interesting picture of the future for our group”, “Has a clear understanding of where we are going”, and “Inspires others with his/her plans for the future” (Cronbach’s $\alpha = .83$). Items measuring *Fostering the acceptance of group goals* were “Encourages employees to be “team players”, “Gets the group to work together for the same goal”, and “Develops a team attitude and spirit among employees” (Cronbach’s $\alpha = .85$).

Unless otherwise specified, participants indicated the extent to which they agreed with the specified scales items reflecting the underlying concept by using a 5-point Likert response scale (1 = *completely disagree*; 5 = *completely agree*).

**Job autonomy.** To measure job autonomy, we used three items from Morgeson and Humphrey’s (2006) scale, “The job provides me with significant autonomy in making decisions”, “The job allows me to make a lot of decisions on my own”, and “The job gives me a chance to use my personal initiative or judgment in carrying out the work”.

**Divergence in satisfaction with the leader.** We used three items adapted from Zhou and George (2001), “In general, I am satisfied with my supervisor”, “All in all, I like working for my supervisor”, and “In general, I don’t like my supervisor” (reverse-coded). The CoV of the three items of this measure were used as indicators of the construct.

\textsuperscript{14} According to Chan (1998), a configural team property – in this case differentiated leadership – reflects a dispersion composition model in which the variation within groups conveys the relevant information. More specifically, a leader’s favored consideration of some group members causes status differentials in groups (Nishii & Mayer, 2009). Following the rationale of Harrison and Klein’s (2007) typology of group diversity, such dispersion can be understood as disparity – i.e., “differences in concentration of valued social assets or resources” (p. 2).
Group knowledge sharing. We relied on three indicators aggregated to the group level, “If someone in our team has some special knowledge about how to perform the team task, he or she is not likely to tell the other members about it” (reverse-coded), “There is virtually no exchange of information, knowledge, or sharing of skills among members” (reverse-coded), and “More knowledgeable team members freely provide other members with hard-to-find knowledge or specialized skills” (Faraj & Sproull, 2000).

Individual performance. Three months after the group member survey, direct supervisors rated each group member’s individual performance based on three criteria adapted from Van der Vegt and Bunderson (2005): effectiveness, productivity, and quality of work.

Group performance. At the second measuring time point, direct supervisors indicated group performance based on the same criteria (effectiveness, productivity, quality) that were used for measuring individual performance (adapted from Van der Vegt & Bunderson, 2005).

Absenteeism. The personnel department delivered objective information on group member absenteeism (i.e., the absolute number of sick leave days) over the time period of three months after assessing group member ratings. To make sure that absenteeism was not confounded with reasons that could not be influenced by leadership behavior, absence days resulting from pregnancy or long-term illness were not included in this measure.

Organizational tenure diversity. The personnel department delivered objective information on a whole group’s actual composition regarding organizational tenure (information on the whole group and not only the participating group members). Organizational tenure diversity was calculated using two different measures according to the respective conceptualization. First, we measured organizational tenure variety with Blau’s (1977) index, one of the most widely used measures of diversity. The formula is \( \text{Blau} = 1 - \sum_{i=1}^{k} pi^2 \), where \( p_i \) is the proportion of group members in \( i \)th diversity category. This index is both influenced by a group’s evenness of spread over the present categories and richness of categories (Harrison & Klein, 2007). The underestimation of a group’s variety in smaller compared to larger groups has led Biemann and Kearney (2010) to recommend a correction by group size. The formula adjusted for group size is \( \text{Blau}_N = 1 - \sum_{i=1}^{k} \frac{Ni(Ni-1)}{N(N-1)} \), where \( Ni \) is the absolute number of group members in the \( i \)th diversity category and \( N \) is the total number of members on a group. The index ranges from 0 (no variety) to 1 (absolute variety). On the basis of differing group sizes in our sample, we adjusted the Blau’s index estimate of variety by group size. Based on a range between one and 478 months, we differentiated among eight organizational tenure categories for
calculating the index\textsuperscript{15}, with each category representing a five-year increment of organizational tenure (i.e., 1 to 60 months, 61 to 120 months, etc.).

Second, we calculated organizational tenure diversity based on Allison’s (1978) CoV as the most common measure of disparity. The formula is a characteristic’s standard deviation divided by its mean\textsuperscript{16} and reflects the asymmetry representative of this diversity construct (Harrison & Klein, 2007). It captures both the distance between group members on a particular characteristic and the amount of resources or power of those with higher levels of the characteristic. According to this disparity measure, diversity on a given characteristic (e.g., organizational tenure) is less important when the characteristic is usually high versus usually low (Harrison & Klein, 2007) as there is generally more of the desired resource. Its maximum is reached when all but one group member are located at the lower bound along the characteristic’s continuum while a singular group member is at the upper bound (Harrison & Klein, 2007).

**Data aggregation.** For the constructs in our final model that were conceptualized as shared team properties (Klein & Kozlowski, 2000) at the group level, we calculated mean $r_{wg(J)}$ values (James et al., 1984) to detail the degree of agreement between the individuals within group. We also computed intraclass correlation coefficients (Bliese, 2000) to specify the ratio of between-group to total variance (ICC[1]) corrected for the average group size (Biemann et al., 2012), the $F$-tests obtained from the respective one-way analyses of variance (ANOVA), and the reliability of group members’ average ratings (ICC[2]). These values were .71 ($r_{wg(J)}$), .29 (ICC[1]), $F(93, 277) = 2.67$, $p < .001$, and .63 (ICC[2]) for Articulating an inspiring vision, .71 ($r_{wg(J)}$), .27 (ICC[1]), $F(93, 277) = 2.49$, $p < .001$, and .60 (ICC[2]) for Fostering the acceptance of group goals, and .80 ($r_{wg(J)}$), .33 (ICC[1]), $F(93, 277) = 3.01$, $p < .001$, and .67 (ICC[2]) for knowledge sharing. Based on these values, we assumed aggregation to the group level to be justified (George, 1990; Glick, 1985; James et al., 1984).

**DISCRIMINANT VALIDITY**

Following the logic that within-group agreement and intraclass correlation should be higher for group-focused than for individual-focused leadership, we used $r_{wg(J)}$ and ICC coefficients to test the discriminability of our individual-focused and group-focused

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\textsuperscript{15} A group in which each of the eight members belongs to a different organizational tenure category has a Blau’s $s_N$ index of 1. When all eight members belong to the same organizational tenure category, Blau’s $s_N$ index is 0.

\textsuperscript{16} The CoV is calculated as the square root of the sum of the squared differences of each group member’s value from the mean value of a group divided by the number of group member values minus 1 (i.e., the sample standard deviation), divided by the mean value of the group.
transformational behaviors (Wu et al., 2010). The values for intellectual stimulation were .69 ($r_{wg}$), .17 (ICC[1]), $F(93, 277) = 1.83, p < .001,$ and .45 (ICC[2]) and thus were markedly lower than those of group-focused transformational behaviors (see data aggregation section). Moreover, we expected lower agreement particularly for the groups with higher divergence in perceived individual-focused individualized support. As proposed by Wu et al. (2010), we used a median split procedure to identify the 47 groups with high scores of differentiated individualized support. Consistently, agreement values for individualized support in this subsample were .58 ($r_{wg}$), .07 (ICC[1]), $F(46, 144) = 1.31, p = .12,$ and .23 (ICC[2]) and thus much smaller than those for group-focused transformational leadership. In sum, we found empirical support for the discriminant validity of our group-focused and individual-focused leadership constructs.

To further corroborate the validity of our hypothesized model, we compared the fit of our proposed model to an alternative model in which the direct paths between leadership and outcomes were specified in addition to the indirect paths. The fit of this alternative model was good ($\chi^2_{[167]} = 221.00; \text{CFI} = .98; \text{SRMR}_{\text{Within}} = .01; \text{SRMR}_{\text{Between}} = .09; \text{RMSEA} = .03$) and did not significantly differ from our proposed model ($\chi^2_{[3]} = 9.90, p = \text{n.s.}$). However, the higher parsimony against the background of the same fit level lends support to our hypothesized model.

**RESULTS**

**MEASUREMENT MODEL ANALYSES**

Before specifying the full structural model, we performed three separate confirmatory factor analyses (CFA) using Mplus software (Muthén & Muthén, 2005) to test the fit of the measurement models. At the individual level (see Figure 3.2), the baseline measurement model comprising three latent constructs provided an excellent fit to the data ($\chi^2_{[24]} = 35.80; \text{CFI} = .99; \text{SRMR} = .03; \text{RMSEA} = .04$). Our group-level measurement model comprised five latent constructs (as absenteeism is an objective variable without measurement error, it was specified as observed variable and thus not included in the CFA). Indicators for group-focused transformational leadership were two three-item parcels, one for *Articulating an inspiring vision* and one for *Fostering the acceptance of group goals*. One item of the subscale *Articulating an inspiring vision* worded “Is always seeking new opportunities for the organization” was not used for composing the respective parcel as the wording was not directed toward the group but to a broader target. Moreover, several participants indicated that they hardly understood the meaning of the item. Likewise, the item “Fosters collaboration among work groups” of the subscale
Fostering the acceptance of group goals was not included in the respective parcel as its content was not clearly directed toward the group but comprised a broader content.

After allowing two of the four observed indicators of differentiated individualized support to co-vary, our group-level measurement model provided a good fit to our data ($\chi^2_{[105]} = 751.86; \text{CFI} = 1.00; \text{SRMR} = .06; \text{RMSEA} = .00$). Based on the prior specifications, we then performed a CFA at both levels simultaneously. The fit of this overall model was excellent ($\chi^2_{[141]} = 2529.68; \text{CFI} = 1.00; \text{SRMR}_{\text{Within}} = .01; \text{SRMR}_{\text{Between}} = .04; \text{RMSEA} = .01$). Table 3.1 displays the mean, standard deviation, and zero-order correlations of our individual-level and group-level study constructs.

**STRUCTURAL MODEL ANALYSES**

To assess the fit of the full structural model, we added the hypothesized paths (Hypothesis 1-7) to the two-level measurement model. The two-level structural model indicated excellent fit to the data ($\chi^2_{[170]} = 230.90; \text{CFI} = .98; \text{SRMR}_{\text{Within}} = .01; \text{SRMR}_{\text{Between}} = .09; \text{RMSEA} = .03$). Figure 3.2 shows the results of this model\(^\text{17}\). Path coefficients supported all of our Hypotheses 1 through 7a. At the individual level, individual-focused intellectual stimulation was positively associated with job autonomy which in turn was linked to individual performance. At the group level, differentiated individualized support predicted group members’ divergence in satisfaction with the leader which in turn was positively associated with group absenteeism. The latter was found to negatively impact group performance. Moreover, group-focused transformational leadership (composed of Articulating an inspiring vision and Fostering the acceptance of group goals) increased group knowledge sharing which in turn enhanced group performance. The cross-level path linking group knowledge sharing and individual performance was positive, but non-significant and hence, Hypothesis 7b was not supported.

\(^{17}\) It is important to note that controlling for task interdependence and team size did not alter the results. Given the large number of variables in this analysis, we decided not to include these variables in our final model.
### Table 3.1. Means, Standard Deviations, and Correlations

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<th>Variable</th>
<th>Mean</th>
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<td>1. Intellectual stimulation</td>
<td>2.64</td>
<td>0.86</td>
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<td>2. Job autonomy</td>
<td>3.27</td>
<td>0.96</td>
<td>.30** [.85]</td>
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<td>3. Individual Performance</td>
<td>5.15</td>
<td>1.09</td>
<td>.15** .28** [.94]</td>
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<td>1. Differentiated individualized support</td>
<td>0.20</td>
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<td>2. Divergence in satisfaction with leader</td>
<td>0.19</td>
<td>0.14</td>
<td>.38** [.89]</td>
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<td>3. Group absenteeism</td>
<td>3.49</td>
<td>3.20</td>
<td>.23* .20* -</td>
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<td>4. Group-focused transformational leadership</td>
<td>2.94</td>
<td>0.65</td>
<td>-.32** -.52** -.18† -</td>
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<td>5. Group knowledge sharing</td>
<td>3.73</td>
<td>0.59</td>
<td>-.33** -.33** -.32** .47** [.72]</td>
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<td>6. Group performance</td>
<td>5.38</td>
<td>0.80</td>
<td>-.00 -.15 -.29** .21* .29** [.90]</td>
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<tr>
<td>7. Organizational tenure mean</td>
<td>142.94</td>
<td>73.92</td>
<td>-.07 -.03 .04 -.03 -.13 .06 -</td>
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<tr>
<td>8. Organizational tenure variety</td>
<td>0.71</td>
<td>0.22</td>
<td>.16 .14 -.04 -.10 .00 .22* .17† -</td>
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<tr>
<td>9. Organizational tenure disparity</td>
<td>0.56</td>
<td>0.33</td>
<td>.13 -.06 -.23* .08 .14 .17 -.64** .11</td>
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**Note.** N = 371 individuals; N = 94 teams. Coefficients alpha reliability estimates are listed in parentheses. Organizational tenure mean is depicted in months. Organizational tenure variety varies between 0 (no diversity) and 1 (absolute diversity). † p < .10. * p < .05. ** p < .01.
**MODERATION ANALYSES**

Hypothesis 8 states that the strength of the moderating effect of organizational tenure diversity on the path linking group-focused transformational leadership and group performance depends on its conceptualization in terms of variety or disparity. On the basis of structural equation modeling at the group level, we therefore tested whether group-focused transformational leadership’s influence on group performance was more strongly positive when organizational tenure diversity was conceptualized as disparity rather than variety (Hypothesis 8; see Figure 3.1). After having standardized all observed indicators and variables, we entered the control variable (organizational tenure mean), the main effect variables of group-focused transformational leadership (latent factor) and organizational tenure variety or disparity (both
observed variables), and then performed two latent variable interaction analyses. The respective interaction terms were constructed of group-focused transformational leadership and either organizational tenure variety or organizational tenure disparity.

Figure 3.3 depicts the path coefficients obtained from the latent variable interaction models. Results showed that the regression coefficient of the interaction between group-focused transformational leadership and organizational tenure variety was not significant whereas the main effect of organizational tenure variety on group performance was significantly positive. By contrast, the interaction between group-focused transformational leadership and organizational tenure disparity was significantly positive. Simple slope analyses (Aiken & West, 1991; Muthén, 2012) at one SD above and below the mean level of diversity revealed that the link between group-focused leadership and group performance was positive when organizational tenure disparity was high ($\beta = .33$, $p = .01$), and non-significant when it was low ($\beta = -.01$, $p = .93$).

**Figure 3.3.** Structural Equation Model of the Latent Variable Interaction between Group-Focused Transformational Leadership and Organizational Tenure Diversity on Group Performance.

Standardized factor loadings and path coefficients are reported. † $p < .10$. * $p < .05$. ** $p < .01$. Path coefficients represent organizational tenure disparity (path coefficients in parentheses represent organizational tenure variety).

Path coefficients before (a) and after (b) entering the respective interaction term are depicted.
In support of Hypothesis 8, the positive link between group-focused transformational leadership and group performance was more strongly enhanced by organizational tenure diversity when conceptualized as disparity than as variety. Whereas organizational tenure variety did not moderate the relationship between group-focused leadership and group performance, organizational tenure disparity strengthened this path. Figure 3.4 graphically depicts this relationship for high, medium, and low levels of both organizational tenure variety and disparity.

**Figure 3.4.** Organizational Tenure Variety and Disparity as Moderators of the Relationship between Group-Focused Transformational Leadership and Group Performance.
DISCUSSION

By drawing on two important literatures in the organization sciences, namely transformational leadership and group diversity, we sought to identify the processes by and the conditions under which transformational leadership shaped group performance. In doing so, we were mindful of the dual-level nature of transformational leadership and examined effects at both the individual and group levels-of-analysis. With respect to the processes linking leadership and performance, individual-focused intellectual stimulation fostered individual group members’ job autonomy which then stimulated individual performance. Perceived differentiation in individualized support increased group members’ disagreement regarding their satisfaction with their leader which promoted a group’s absenteeism and harmed group performance. Group-focused transformational leadership facilitated knowledge sharing within groups which then increased group performance. Regarding the conditions under which transformational leadership enhanced group performance, disparity, but not variety, in organizational tenure strengthened the beneficial effects of group-focused transformational leadership on group performance.

THEORETICAL IMPLICATIONS

With our study, we contribute to the leadership, the diversity, and the group performance literatures. Refining transformational leadership theory, we acknowledged that some of the concept’s facets are directed toward the group and others toward its individual members (Kark & Shamir, 2002). In 1979, Schriesheim asked researchers “to determine what proportion of leader behavior is flexible towards different subordinates, what proportion is not, and how these behaviors differentially relate to (...) performance” (p. 354). Following this call and moving beyond recent examinations of transformational leadership’s dual-level focus (Wang & Howell, 2010; Wu et al., 2010), we simultaneously investigated group-focused, individual-focused, and differentiated individual-focused facets. In doing so, we disentangled individual- and group-oriented facets of transformational leadership, and further specified the levels at which different individual-focused facets exert their most prominent influence.

Examining consequences on groups as a whole (within-group divergent experiences of satisfaction with the leader, group absenteeism and group performance), we aggregated individualized support as differentiation at the group level-of-analysis while modeling intellectual stimulation and its consequences at the individual level. We recognize that especially effective leaders are skilled at individualizing the use of influence and motivational tactics and communication frequency to accommodate the needs and preferences of their individual
followers (e.g., Hersey & Blanchard, 1977). However, we contend that not all differentiation is the same or affects all members of a group in the same way. For example, differentiating along task-oriented and cognitive concerns (i.e., intellectual stimulation) should predominantly reflect the utility of accommodating individual followers’ preferences with respect to their work arrangements. Differentiating along emotional and relational terms (i.e., individualized support), however, signals varying levels of trust and support - a phenomenon that could be specifically counterproductive for interdependent activity among group members.

Intellectual stimulation includes the nature of an employee’s responsibility for solutions, level of empowerment, and encouragement to take risk. A leader’s intellectual stimulation of individual employees may be akin to idiosyncratic work arrangements as suggested by Rousseau, Ho, and Greenberg (2006). A leader’s attention to individual employees’ intellectual contribution to complex problem solving may “capitalize on [a] worker’s unique talent” (Rousseau et al., 2006, p. 981) and reflect each employee’s potential to make a unique contribution to the group. In this way, a leader’s focus on the individual employee benefits the organization, not just the individual. A leader who distinguishes among a set of workers in terms of their capabilities also promotes individuals’ instrument beliefs (Vroom, 1964) associated with management practices that reward talented and high performing employees (cf. Den Hartog, Boselie, & Paauwe, 2004). In sum, there is reason to believe that a leader’s intellectual stimulation should engender positive effects on individual employees (Dumdum et al., 2002).

Alternatively, differentiation on emotional and social aspects of the leader-follower relationship may indicate a leader’s favoritism of some employees over others, thus acquiring meaning of relative status in groups and creating disparity in groups (cf. Nishii & Mayer, 2009). Several recent studies in the LMX literature note that differentiation in terms of leader-member relationship quality engenders perceptions of injustice and unfairness and decreases the development of shared climate, thus hindering cohesion and collaboration of a work group (e.g., Ford & Seers, 2006; Nishii & Mayer, 2009). Indeed, within-group heterogeneity (Klein, Dansereau, & Hall, 1994) in terms of relationship quality and support is a potential source of perceived unfairness and favoritism in groups, depending on what attributions are made regarding the reasons for such differences (Greenberg, Roberge, Ho, & Rousseau, 2004).

In sum, we contend that intellectual stimulation and individualized support convey different interactions between leaders and followers, a difference that is best conceptualized at varying levels-of-analysis. Assuming favorable effects of a leader’s intellectual stimulation on individual followers’ efforts and performance, we model intellectual stimulation’s predominant influence to reside at the individual level. By contrast, individualized support is a phenomenon
whose differentiation may detrimentally affect groups’ interdependent action, thus suggesting a conceptualization in terms of its differentiation at the group level.

Consistent with this, we were able to show that either a behavior’s *average* estimate (group-focused transformational leadership), its *absolute* estimate (intellectual stimulation), or its *differentiation* (individualized support) influenced the performance of individuals or groups. Our reasoning that this conceptualization is appropriate is further underlined by a comparison of our proposed model with an alternative specification that accounted for potential other conceptualizations of the group- and individual-focused transformational facets. The alternative considered both individual-focused facets in terms of their absolute values at the individual level (cf. Wang & Howell, 2010) and in terms of their differentiation at the group level (cf. Wu et al., 2010), while accounting for potential effects of mean values of individual-focused leadership on group performance. This model also took account of the possibility that group-focused transformational leadership may operate at the individual level by testing whether individual perceptions of group-focused transformational leadership influenced individual performance. Supporting our model in which the respective paths were positive and significant (see Results section), the coefficients of these respective alternative paths were non-significant.

With this study’s focus on the effects of differentiated individualized support, we also shed some more light on the unsolved question of differentiated leadership’s consequences (Sparrowe & Liden, 1997). On the one hand, treating followers differently may be necessary to carefully allocate leaders’ sparse time and resources (Dansereau et al., 1975) to reward high-performers (Henderson, Wayne, Shore, Bommer, & Tetrick, 2008), and to adjust treatment levels to the needs of individual followers (cf. Hersey & Blanchard, 1977). On the other hand, unequal treatment of a group’s members may also endanger group functioning (e.g., Ford & Seers, 2006; Nishii & Mayer, 2009; Wu et al., 2010), and in line with this latter notion, we found differentiated support by leaders to be harmful for groups. In an attempt to accommodate these seemingly contradictory views, research has begun to study how LMX differentiation interacts with mean or median LMX, task interdependence, or justice climate to influence individual and group outcomes (Erdogan & Bauer, 2010; Liden, Erdogan, Wayne, & Sparrowe, 2006; Nishii & Mayer, 2009). As suggested by these studies, high differentiation can yield positive or negative results, depending on these factors’ levels. Identifying factors that attenuate the unfavorable link between differentiated individual-focused transformational leadership and group outcomes may thus help increase transformational leadership’s success.

With respect to diversity, we tested the differential implications of two conceptualizations of a group’s organizational tenure diversity (variety and disparity; Harrison &
Klein, 2007). A recent meta-analysis compared performance outcomes on the basis of different diversity conceptualizations (Bell et al., 2011), but we are not aware of a prior study that simultaneously accounts for these different conceptualizations’ effects. We argue that a rigorous exemplification of diversity concepts’ differential outcomes requires specifying different measures of the same diversity characteristic on the basis of the same empirical data, as it is done here. Indeed, we were able to confirm Harrison and Klein’s (2007) notion that the differential meaning inherent in diversity’s conceptualizations and measurements may also be related to differential outcomes: Organizational tenure disparity, but not organizational tenure variety, enhanced transformational leaders’ capability to stimulate group performance. This has implications for the interpretation of prior research’s findings: Even in cases where various diversity conceptualizations might have been possible (e.g., age or tenure diversity; Harrison & Klein, 2007), methodological or practical rather than theoretical considerations might have resulted in favoring one specific measure, while leaving other concepts with possibly diverging links to performance unconsidered. This might have systematically distorted findings on diversity’s relation with group performance.

Regarding group performance, we shed light on a variety of reasons for inconsistent linkages between transformational leadership as well as diversity and group performance. As it relates to transformational leadership, we consider the failure to account for a) the theory’s dual-level nature, b) potentially harmful effects of its individual-focused facet’s differentiation, and c) an important moderator of the link between transformational leadership and group performance (Schaubroeck et al., 2007) as factors underlying prior research’s mixed findings. Another reason adding to inconsistency in prior studies could be that the link between transformational leadership and group performance is indirect. Researchers have only begun to study the mechanisms by which the group-focused (Wang & Howell, 2010, 2012) and differentiated individual-focused (Wu et al., 2010) facets affect group performance. Answering Dionne, Yammarino, Atwater, and Spangler’s (2004) call to study the specific processes that relate transformational leadership’s facets to specific outcomes, our findings deepen understanding of transformational leadership’s subjective and objective effects at the individual and group level.

As it relates to group diversity, we consider a) the field’s failure to theoretically derive and appropriately specify diversity’s conceptualization and measurement and b) the paucity of research on diversity’s interactive effects with other crucial determinants of group performance, especially leadership (Klein et al., 2011), as reasons for inconsistency in prior research linking diversity and performance. Following the call to overcome main effects-research when studying diversity (Van Knippenberg et al., 2004) and leadership (Schaubroeck et al., 2007), we add
further evidence on the still scarcely examined linkages between leadership, diversity, and group performance (Klein et al., 2011).

Drawing on the substitutes for leadership model (Kerr & Jermier, 1978), our results suggest that organizational tenure disparity serves as an enhancer (cf. Howell et al., 1986) of group-focused transformational leadership’s beneficial effects on performance. By contrast, as organizational tenure variety seems to be more easily advantageous to groups, it less likely constitutes a condition that creates a high need for leadership (e.g., by promoting a substitute for leadership, such as cohesive work groups; Den Hartog & Koopman, 2001). More specifically, the finding that both group-focused leadership and organizational tenure variety positively predict group performance, but do not interact, allows for classifying organizational tenure variety as a leadership supplement (Howell et al., 1986). Although higher levels of both factors go along with higher group performance, variety does not increase leadership’s potential for enhancing group success. In sum, by theoretically and empirically accounting for the reasons of prior research’s inconsistent linkages between transformational leadership and group diversity with group performance, we accomplish a full integration of these literatures.

MANAGERIAL IMPLICATIONS

Faced with highly competitive environments, leadership capable of bringing out the most of work groups and their individual members is urgently needed. As some transformational behaviors focus on individual needs, whereas others speak to the group as a whole (Kark & Shamir, 2002), transformational leadership is an important candidate for obtaining this ideal. Our findings suggest that transformational leaders are successful to the degree to which they are able to address both the group and the individual. Focusing on the group by binding its members to a common goal and inspiring them with a vision enables the sharing of valuable knowledge which enables high group performance. Focusing on individuals in a group, however, appears to be a double-edged sword: Whereas cognitive stimulation raises individuals’ autonomy, various degrees of leader support in a group diversify attitudes, elicit withdrawal, and harm group performance. Leaders are thus well-advised to intensify their degree of concern, attention, and coaching toward all members of their group. Regular survey-based feedback from followers may help leaders adequately modulate individual- and group-focused transformational leadership.

Our findings further suggest that challenging contexts such as high status differentials in a group (e.g., in form of organizational tenure disparity) provide an optimal basis for group-focused transformational leadership’s potential to come to full fruition. These leaders may thus be systematically matched with groups whose disparity diversity brings with it different insights.
and experiences, but also the potential to suffer from an insuperable status gap. Organizations may also train leaders to be aware of emerging group dysfunctions caused by such status gap, and to accordingly intensify their focus on promoting and unifying the group as a whole.

LIMITATIONS AND FUTURE RESEARCH

We acknowledge several limitations of this research that also yield possibilities for future research. First, despite basing our hypotheses on well-grounded theoretical assumptions and using a time-lagged design (performance and absenteeism were measured three months after the other variables) the established structural paths are still based on correlational data. To ensure the direction of causal relations, full longitudinal designs are required. Second, we relied on three different data sources (group member ratings, supervisor ratings, objective data on organizational tenure and absenteeism) measured at two time points to limit interpretational problems related to common-method bias (Podsakoff et al., 2003). Third, our performance measures are based on supervisor ratings and are thus subjective in nature. Albeit subjective performance estimates were found to be positively related to objective performance (Dess & Robinson, 1984), future research may replicate our results using objective performance data. Last, as our data were collected shortly before Wang and Howell’s (2010) publication of a specific measure of transformational leadership’s dual-level focus, we used a general measure of transformational leadership (TLI; Podsakoff et al., 1990) that was not specifically developed for measuring individual-focused and group-focused transformational leadership. Although we carefully selected those transformational facets and items that unambiguously referred to either the group or the individual, the validity of the subscales used to measure individual-focused and group-focused facets in this study still warrants further examination in future research.
CONCLUSION

Acknowledging a variety of causes why transformational leadership’s and group diversity’s effects on group performance have been less clear than expected, this research examines the linkages among transformational leadership, diversity, and group performance in an integrated approach. We show that performance does not only depend on whether the respective transformational facet is focused on the group or its individual members, but also whether transformational leadership’s specific effects are functional in a more or less diverse group environment. Providing empirical support for Harrison and Klein’s (2007) notion that different diversity conceptualizations convey different meanings that can elicit differential outcomes, organizational tenure disparity, but not organizational tenure variety provides such “fertile soil” for group-focused transformational leadership’s powerful actions.