

Leadership in a virtualized business world: Making the impossible possible?

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Abstract

In a virtualized business world leadership relations are shifting noticeably towards “remote leadership” where leadership is conducted mainly through modern communication technology to cope with physical distance between leaders and employees. Against this background, many academic scholars are suggesting that *transformational leadership* is an appropriate leadership style to manage effectively in a *remote context*. Surprisingly, the trend in practice seems to go in the opposite direction. Based on an empirical study of remote leaders in action, we diagnosed an increasing usage of the “*transactional toolbox*” – management by objectives, management by exceptions, performance measurement, controlling and planning systems. From an academic standpoint this bias reveals a completely unexpected development in leadership behaviour. Thus, in our paper we try to shed light on this opposing trend.

Introduction

No matter which leadership theory we look at, *social influence* appears to be a critical concept. “Social influence” takes place when one's emotions, opinions, or behaviours are affected – directly or indirectly – by others. Therefore, leadership can be described as “a process of social influence in which one person is able to enlist the aid and support of others in the accomplishment of a common task” (Chemers 2000, p. 27). Leadership may thus be seen as a *relational concept* by which leaders try to design a goal-oriented process of influencing others: “Moreover, leadership is a relational concept implying two terms: The influencing agent and the persons influenced” (Katz & Kahn 1978, p. 527).

It seems to be that social influence can best be executed in a *direct, almost intimate way*. Consequently, taking the findings of the Social Impact Theory seriously, we should expect that leadership only works effectively if permanent interactions between leaders and followers take place, the actors address each other in a face-to-face communication, and mutual trust is based on deep appreciation. But in a *virtualized business world* these direct leadership relationships are detached and limited more and more (Castells 2000). Organizations are using the Internet and web-based technology to maintain a *global network* of employees, customers, and suppliers. *Networking* has become a core business competence for firms, and the change of traditional organizational design is underway (Ahuja & Carley 1999).

In actuality, direct contact between managers and subordinates is repressed continuously and in many companies working at a physical distance is becoming the normal case (Martins, Gilson & Maynard 2004). Interactive face-to-face leadership relations between leaders and followers are shifting towards “remote leadership” where leadership is conducted mainly through modern communication technology (Kelley & Kelloway 2012). Against this background, we recommend to

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rethink our common understanding of leadership as a mere *process of influence*. This is because we believe that in a remote environment leaders have to say goodbye to the tradition of direct influence: “[T]he experience of being managed proximally differs qualitatively from the experience of being managed remotely and ... this difference resides in the context” (Kelley & Kelloway 2012, p. 7). Actually, we daresay that hanging on to the tradition of direct influence may morph leadership into *surveillance*. To prevent this development, leaders in a remote context have to shift their self-conception – they should see themselves as enablers of corporate “communityship” (Mintzberg 2009) rather than having all things firmly under control.

Virtualized business world as a challenge for modern leadership

Obviously, “[l]eadership has been very commonly perceived by scholars, students and practitioners alike as being largely about *influence*” (Gill 2011, p. xv). Therefore, successful leadership depends largely upon the *responsiveness* of subordinates. In other words, *leaders must keep in touch with their followers and have to approach them*. According to “Social Impact Theory” many factors can affect the strength of social influence, but *three factors* will increase people's likelihood to respond to social influence most (Latané 1981). Firstly, the *strength* of the relationship between the influencing agent and the person influenced. The crucial factor seems to be the subjective importance of the influencing actor to the individual. Secondly, the *immediacy* of the relationship seems to be critical, too. That is, the physical (and temporal) proximity or directness of the influencing agent to the individual at the time of the influence attempt. This refers to the extent to which the leader explicitly engages the other person. Third and finally, the *group size* may be seen as a driver for social influence. The smaller the number of people in a group, the stronger the influential power of others might be.

So far so good. But how should leaders *influence* employees in a remote environment characterized by physical distance and reduced face-to-face interaction? Research on leadership seems to have a mild interest in analysing this remote context in detail (Collinson 2005). Surprisingly, on the one hand, research on virtual teams is very popular, and the common focus concentrates primarily on performance and communication patterns of virtual teams (Powell, Piccoli & Ives 2004). On the other hand, analysing remote leadership is neglected in research on virtual teams while it has been pointed out that “leadership” seems to be an important aspect of team performance (Zimmermann, Wit & Gill 2008). That seems to be a strange thing. We assume that this ambivalence is based on the fact that effective leadership in virtual teams differs substantially from our traditional understanding of *leadership as influence*. So, even if the same term “leadership” is used, different conceptual notions are underlying.

Bottom line of leadership: influence?

As defined by Kelman (1958) there are three possible processes of *social influence* in organizations: Compliance, identification, and internalization. *Compliance* means that employees appear to agree with corporate regulations, but actually hold back their dissenting opinions. Ostensibly this is a change in behaviour but not necessarily in attitude – employees can comply due to obedience or due to social pressures, and purport adaption. *Identification* means that employees are influenced by colleagues who are liked and respected, such as charismatic personalities (e.g., the company founder). In this case, the behaviour or attitude change is “rewarded” by being in tune with the ideas

of admired persons. This will happen if leaders or colleagues act as role models and offer attractive ideas and behaviour for imitation. *Internalization* means that employees agree to a belief or behaviour completely – both publicly and privately. Here, employees accept the impact on themselves because the mode of inducement is congruent with each employee's values system – as a consequence, the behaviour or attitude change is intrinsically rewarding, and a community of like-minded people is established.

This directly raises the question: What *conceptualization of influence and leadership* seems to be important in a virtualized business world? Apparently, this is definitely *not* leadership as regulatory compliance because in a remote context securing the adherence to standards, regulations, and other requirements is all but impossible by definition. That is why we believe that influence and leadership in a virtualized business world should not be conceptualized by control power over others but by *identification* with managerial staff and/or by *internalization* of corporate values. In other words, the leader's excellence of "*showing the way*" (Gill 2011, p. xv) should be the central idea of "influential leadership". Only looked at in this way, leadership really seems to be an important aspect in a remote context. So let's take a closer look at this way of leading people commonly labelled as *transformational leadership*.

Transformational leadership as an idealized conception

By investigating the great challenges for modern management Hamel (2009) pointed out that we have to reinvent our established "wisdom" of managing social systems:

"Managers today face a new set of problems, products of a volatile and unforgiving environment... To successfully address these problems, executives and experts must first admit that they've reached the limits of Management 1.0-the industrial age paradigm built atop the principles of standardization, specialization, hierarchy, control, and primacy of shareholder interests. They must face the fact that tomorrow's business imperatives lie outside the performance envelope of today's bureaucracy-infused management practices." (Hamel 2009, p. 2)

These insights seem to be convincing, and they can be applied to leadership, too. If one looks at the phenomenon of remote leadership, it is nothing but a modern reality that confirms the need for appropriate imperatives in leading people. Admittedly, that's no news to many scholars and experts in leadership. First attempts for suggestions about "new" imperatives were made by Burns (1978) decades ago. He described *transactional leadership* and contrasted it with *transformational leadership*. Transactional leaders practise management by exception and contingent reward – they appear to be strongly directive; they do set objectives and performance standards. These behaviours run the risk of succeeding only in compliance rather than in identification, internalization or employee's commitment. Transformational leaders stimulate employees to overcome their own self-serving attitudes for the greater good of the corporate community – at least, this stimulation is gaining internalization and commitment by making a positive impact on empowerment, motivation and morality. Probably the most important modern approach of leadership – the "Full Range Leadership Model" – includes and extends Burns' ideas (Bass & Avolio 1994). Here both leadership types of Burns are supplemented by a third, rather negative type called *laissez-faire leadership*. Laissez-faire leaders are non-decision makers who avoid taking a stand, ignore problems and behave irresponsibly and faithless.

Empirical research shows that there are evident differences in the “use” and practise of leadership types across organizational hierarchies (Den Hartog et al. 1999; Edwards & Gill 2012). Simplified, empirical findings revealed that “pure” transformational leadership is displayed more at higher and lower levels of management, while transactional leadership – mostly combined with transformational elements – is displayed at middle-management level; laissez-faire leaders are not varying across the hierarchy – they can be found at all levels (Gill 2011, p. 86).

Modifications and interpretations of transformational leadership

In actuality, many scholars and experts in management are sworn followers and supporters of transformational leadership. They have integrated the ideas of *individualized consideration*, *intellectual stimulation*, *inspirational motivation*, and *idealized influence* (Bass & Avolio 1994) in their own leadership approaches. According to Gill (2011, p. 9): “Leadership is showing the way and helping or inducing others to pursue it”. He argues that an integrated conceptual framework for leadership is needed, and he redefines leadership as a model that is made up of six core leadership themes and practices: vision, purpose, values, strategy, empowerment and engagement (Gill 2011, p. 100). Without going into detail, Gill’s concept is close to other modifications of transformational leadership that are suggesting a *modest, self-depreciating form of leading others* in modern organizations. Kouzes & Posner (1995) name five key practices that are very similar to Gill’s leadership themes and practices: modelling the way, inspiring a shared vision, challenging the process, enabling others to act, and encouraging the “heart”. Mintzberg (2009) labels this kind of leadership as “communityship”:

“‘Communityship’ is not a word in the English language. But it should be—to stand between individual leadership on one side and collective citizenship on the other... Communityship certainly makes use of leadership, but not the egocentric, ‘heroic’ kind that has become so prevalent in the business world. We make a great fuss these days about the evils of micromanaging—managers’ meddling in the affairs of their subordinates. Far more serious is ‘macroleading’: the exercise of top-down authority by out-of-touch leaders. Communityship requires a more modest form of leadership that might be called *engaged* and *distributed* management. A community leader is personally engaged in order to engage others, so that anyone and everyone can exercise initiative.” (Mintzberg 2009, p. 2)

Assuming that transformational leadership is a fundamental and effective mode of orchestrating social systems generally, first and foremost we expect that especially in a *remote context* there will be no alternative to it. But is this a realistic assumption or just wishful thinking from an academic point of view? For instance one should not ignore, that some studies suggest that leader proximity is required for the effective practise of transformational leadership (Howell & Hall-Merenda 1999).

Remote context and effective transformational leadership: an impossible combination?

However, a recent study of Kelley & Kelloway (2012) provides strong evidence “for the argument that the remote environment requires a new model of leadership, different from those based on the premise of face-to-face interaction” (p. 9). Obviously, the contextual characteristics in a remote context require different behaviours of a transformational leader than in a “normal”, more proximal environment. Or in other words, proximity – as a “normal” necessity for successful transformational leadership – can be *substituted* by specific “confidence building activities” in a remote environment.

This insight offered by Kelley & Kelloway might explain the testified impracticability of transformational leadership in a remote context in previous research. Since these former studies didn't consider any substitutability for proximity.

According to Kelley & Kelloway (2012, pp. 9-10), there are several *confidence building activities* that will be functional by establishing perceptions of transformational leadership in a remote environment: (1) leaders must ensure casual interaction through various media (e.g., telephone, e-mail, visits), (2) guarantee frequent interaction with followers (planned and "unplanned"), (3) establish predictability and reliability of planned interactions, (4) avoid positive discrimination of proximal followers, (5) assure initial face-to-face contact, (6) and finally practise an empowerment management style. In conclusion, the authors argue that these activities create an *atmosphere of mutual trust* which in turn enables transformational leadership in a remote context:

"To manage perceptions of leadership style in the remote environment, it is not sufficient to exhibit specific transformational behaviours; leaders must manage, consider, and adapt to the characteristics of the context in which the relationships are conducted." (Kelley & Kelloway 2012, p. 10)

To sum it up, transformational leadership seems to be realizable in a remote context if and only if managers practise a completely different conceptual notion of leadership than in the "normal", proximal context (Handy 1995). Therefore, it can be assumed that effective remote leaders must abandon their possibly learned self-conception of having all things firmly under control. As a consequence, they should revoke their "traditional toolbox" of transactional leadership – management by objectives, management by exceptions, performance measurement, controlling and planning systems – and increase their efforts in constituting a reliable community of more self-managed employees.

Based on the considerations mentioned before, we asked ourselves how managers in the *real business world* react on a remote context indeed. Would they really adapt their leadership behaviours to this context by becoming increasingly transformational? From our point of view, this should be subject to a critical review. In order to get a better understanding of what constitutes remote leadership in reality, we conducted a research to uncover the challenges of leadership and take a closer look on how remote leaders compensate the challenges of physical distance.

Testing the behaviour of remote leaders in practice: a case in point

Our empirical analysis is based on qualitative interviews with senior executives of the *Robert Bosch GmbH*, a German company that is a leading global supplier of technology and services (Automotive Technology, Industrial Technology, Consumer Goods, and Energy and Building). Bosch has roughly 360 subsidiaries across over 50 countries and its products are sold in around 150 countries; Bosch employs around 306,000 people and had revenues of approximately €52.5 billion in 2012 (Robert Bosch GmbH 2013). Participants of our study were 23 senior executives in the central purchasing department of the German headquarters in Stuttgart-Zuffenhausen, Germany. All managers of this department were interviewed. In this respect, our little survey is comprehensive. These managers were interviewed in the time between March and May 2013. All of them could be defined as "remote leaders" on the middle-management level. They all were colleagues on the same hierarchical level where they led on a strategic basis with target responsibility, while having no disciplinary

responsibilities, because their associates located in the regions were directly assigned to an on-site supervisor. The following ten regions were defined: Asia-Pacific, Europe East, Europe West, Europe North, India, Japan, North America, Latin America, Mid-Germany and Southern Germany.

Consciously we abstained from the conventional *collection of personal data* (e.g., participants` sex, age, educational level, citizenship) in our empirical survey. In advance we were sure about the fact that we just wanted to *describe* the phenomenon of remote leadership as a *behavioural pattern* in business reality for better understanding. Honestly, we didn`t intend to *explain* this phenomenon. Since the mere objective of our research is to understand a general pattern of leadership behaviour in a certain *organizational context*, collecting participants` biographical data makes no sense. From a statistical perspective these data would be necessary if we assumed causality between leaders` personality traits and leadership behaviour, and if the given population of participants were remarkably comprehensive. Both requirements were not applicable for our case study. As a methodical consequence we abstained from analysing any sophisticated correlations, and we just used simplest *descriptive statistics* to picture the research results.

Admittedly, the causality between leaders` personality traits and leadership behaviour is a common and well tested hypothesis in leadership research based on psychological approaches (Bono & Judge 2004). Without negating this hypothesis we were clearly not interested in analysing it. In contrast, we presumed that first and foremost the organizational context of a *remote environment constrains leadership behaviour in general* (Kelley & Kelloway 2012). In other words, the remote context is no respecter of leader`s personality, even if dealing with this context might be easier or harder for certain leaders with specific traits. But, as we already mentioned, this was not in our interest. And that is why we knowingly focused on the hypothesized causality between organizational context and *general pattern* of leadership behaviour in our research.

Hence, the questionnaire we used was designed as a semi-directive interview to answer questions related to (1) the organization of team work, (2) the performance measurement, (3) the remote leader-member relationship, and (4) the remote leadership behaviour. In the following four chapters the findings of our case study are described and outlined briefly.

Empirical findings No. 1: organization of team work

For assessing the “distance aspect” in remote leadership it`s important to picture where the associates of the respective leaders are placed physically, because this is the most obvious distinction. We call this the *scope of leadership distance*. We found that only one person had to lead within Germany exclusively, five within Europe and 17 in two or more continents. By the way, all these managers had the same budgetary restrictions and tools to communicate from the headquarters in Germany; so most of them had to deal with time shifts in their affairs. Apparently, the “normal” and literal form of proximity was not given.

The next aspect we asked for was the *scope of communicative interaction*. First, all the managers were asked which channels of communication with their employees they would prefer and, later on, how they actually communicate with their remote associates. We asked them to allocate their individual “time budget” for communication (as a 100 per cent amount) on different channels of interaction, where “face-to-face contact”, the “phone”, “e-mail” and “social media tools” were offered. The results were significant: the managers would like to communicate 58 per cent by face-

to-face, 22 per cent by phone, 16 per cent by e-mail, and only 4 per cent by social media. In reality however, face-to-face communication amounts only 7 per cent (minus 51 percentage points compared to the desired share), phone 52 per cent (plus 30 percentage points), e-mail 40 per cent (plus 24 percentage points) and social media scored lowest with one per cent (minus 3 percentage points).

While the managers are willing to spend nearly 60 per cent of their communicative time budget on face-to-face communication, in fact, they are forced to spend more than 90 per cent on phone calls and e-mails. On first sight, this just seems to be shift of communication channels, but on closer examination, this reveals a potential decline in “communication quality”. Research on communication behaviour suggests that a message someone wants to deliver face-to-face is transmitted only by 10 per cent through spoken words, but by 40 per cent by the tone of voice and by 50 per cent by gesture (Ribbens & Thompson 2001, p. 2). Therefore, without audio-visual impressions nearly 90 per cent of the substance of a message presumably gets lost.

Then we asked the managers how they organize the assignment of tasks in their virtual teams. This we called the *scope of responsibility assignment*. We were interested in the crucial selection criteria that were geared to decide the assignment of activities in a virtualized business environment. Again, first, all the managers were asked how they would like to assign tasks to their employees if they were free to choose, and, later on, how they are currently assigning tasks. Four different selection criteria were mentioned: the employee’s “competence”, “experience”, or “performance”, and the formerly assigned “targets” which an employee agreed on. By definition, competence, experience or performance seem to be each appropriate indicators to decide whether or not a person is able and suitable to fulfil a certain task. Multiple answers were possible. The results were interesting: while in the case of free choice a “competence-oriented assignment” was chosen most frequently by the managers with 46 per cent of all nominations, this mode seems to guide only 31 per cent of all assignments made in reality. “Experience-oriented assignments” don’t seem to have high practical relevance: only 10 per cent of all nominations – both in an idealized and the real world – named employee’s experience as a helpful criterion for task assignment. Roughly the same applies to “performance-oriented assignments”: as an idealized criterion for assignment, performance was mentioned only by 6 per cent of all nominations while in the real world it was not mentioned at all. In reality, the most relevant criteria for assigning tasks seem to be “target agreements”: 59 per cent of all nominations point out that – for the most part – managers had no factual choice in assigning tasks to their employees. Evidently, most tasks automatically fell within the clearly defined remits of team members. However, as only 40 per cent of all nominations in an idealized world would prefer this assignment criterion, one can read out, that the interviewed managers often would like to deviate from these clearly defined responsibilities within their team.

As first interim conclusions concerning the *organization of team work* we can outline the research results in our practical example in two different aspects:

- (1) Scope of leadership distance: The interviewed managers were all “remote leaders” by definition, solely leading employees over considerable physical distance.
- (2) Scope of responsibility assignment: The interworking between team members was strongly pre-determined by organizational demands (like target agreements and clearly defined

remits) with marginal chances for the leaders to deviate from these task assignment standards.

Thus, in such an organizational context the interviewed managers had to play the role of “servants” or “subordinates” rather than managerial authorities with real power of decision – even in their own spheres of responsibility. Additionally, they were lone fighters playing the role of team players.

Empirical findings No. 2: performance measurement

Assuming that targets for every team member are fixed, the very question is how target achievement is *monitored* in practice. To get an idea of how performance in a remote context is controlled, two aspects should be analysed: first, the basic process of *deviation analysis* and, second, the *range of targets* of prime interest. By analysing the first aspect, we do expect that we get information about the “problem perception” of remote leaders. In other words, we ask ourselves how problems are shaping up. Is an emerging problem only “materialized” if it is captured and reported as a deviation, mistake or error in the corporate monitoring system? Or do the leaders actively try to consult their employees to notice “weak signals” of future problems? Thus, the process of deviation analysis always is an area of conflict between “waiting for problems” (via reporting) and “avoiding problems” (via consultation). We call this the “scope of monitoring conception”. Furthermore, by analysing the second aspect – the range of targets of interest –, we do expect to get information about how “performance” is conceptualized in detail. This we called the “scope of performance conception”. Here, we asked the managers to give us an idea of what aspects they do regard as relevant for a high job performance. Does the end justify the means? Or is employee’s performance measured by a rather balanced approach that considers more than just the results?

To survey the *scope of monitoring conception*, the interviewees were offered three different modes of “problem searching” or monitoring styles respectively: “consultation”, “reporting” and a “combination of both”. Again the interviewees were asked how they would ideally monitor performance and how they are doing it in reality. We defined *consultation* as a regular contact by which one updates the other and vice versa; views are exchanged and the current state of different projects can be checked (Biagi 2002, p. 75). *Reporting* describes a systematic process in which subordinates regularly have to announce their intermediate results to enable the manager to conduct target-performance comparisons (Jung 2007, p. 141). Ideally and in reality, too, *consultation* counts for 57 per cent of the preferred and practised monitoring mode, which induces that consultation is the most relevant mode in our case. On the other hand, *reporting* was only named by 13 per cent of the interviewed remote leaders as an ideal mode for proper deviation analysis, and, surprisingly, none of the asked managers only relies on reporting and pure target tracking in reality. The last mode, the *combination* of consultation and reporting, was scored with 30 per cent as an ideal mode of monitoring, while in reality it came up to 43 per cent.

Analysing the *scope of performance conception* makes a vital contribution to the understanding of an organizational culture. Such an analysis delivers insight into the corporate values structure at best, because the performance conception in use makes the difference in dividing out high performer and low performer: the sheep are separated from the goats. Hence, the performance conception serves as a corporate “filter” by which each employee's *perception of effectiveness* could be synchronized.

That is why we suppose that “performance” is always approached from a certain perspective which selects and transforms perceptions of success or failure into practical experiences.

From our point of view, an employee’s performance could be measured generally by taking into account three different indicators: the targeted “results”, the “efforts” made, and the frame “conditions”. The *results* are the final outcomes of an employee’s activities (e.g., fulfilment of assigned targets), and the *efforts* are the inputs an employee invests in occupational operations (e.g., qualifications, engagement, reliability, punctuality). The frame *conditions* are rather moderating factors of the two aforementioned issues – they allow a focus on exceptional aspects of employee’s activities which might modify the performance evaluation substantially (e.g., external influences, understaffing of the team, health problems). It’s obvious, that focusing “conditions” can only supplement the evaluation of results and/or efforts in measuring an employee’s performance. But in doing this as an evaluating manager, this behaviour actually throws light on the “human factor” by *individualized consideration* – by the way, a basic principle of transformational leadership (Bass & Avolio 1994).

In this context, we asked the interviewees to disclose their individual conception of performance. And, again, the 23 remote managers were requested to tell us what they perceive as ideal performance indicators, and what kind of performance indicators are used in their business reality. All sorts of combinations of the three indicators – results, efforts, and conditions – were possible. The asked managers had only three different *idealized* conceptions of performance: 83 per cent recommended a combination of “results & efforts”, 13 per cent a comprehensive combination of “results & efforts & conditions”, and 4 per cent voted for a focus on “results” exclusively. Interestingly, only 13 per cent of the managers considered conditional aspects as a crucial factor for an ideal performance evaluation, and none did choose the option to focus solely on “results”. In *real practice*, four different conceptions of performance were exercised: 57 per cent of the managers preferred a combination of “results & efforts”, 30 per cent practise a focus on “results” exclusively, 9 per cent choose a comprehensive combination of “results & efforts & conditions”, and 4 per cent preferred a combination of “results & conditions”. Again, only 13 per cent of the managers integrated conditional aspects as a crucial factor in employee’s performance evaluation.

To sum it up, “results” and “efforts” were *the* established indicators in employee’s performance evaluation – these indicators were similarly preferred for idealized and practiced conceptions of performance. Although we realized that in reality the performance conception in use is clearly biased towards “results”: 30 per cent of the interviewed managers practise a focus on “results” exclusively. Combined with the fact that only 13 per cent of the managers integrated conditional aspects in employee’s performance evaluation, this gives cause for serious concern.

As further intermediate conclusions concerning the *performance measurement* we can summarize the results in our practical example in two different aspects:

- (3) Scope of monitoring conception: The bigger part (approximately 60 per cent) of the interviewed managers preferred the “consultation mode” for monitoring their employees, while the rest complemented the consultation mode with “reporting” data.
- (4) Scope of performance conception: “Results” and “efforts” were *the* established indicators in employee’s performance evaluation, but with no equal consideration. The performance

conception in use is clearly biased towards “results”, while “conditional aspects” in employee`s performance evaluation tended to be neglected.

Apparently, the managers` preferences for the “consultation mode” we surveyed in the scope of monitoring conception, don`t seem to induce a change of attitude and behaviour in their performance conception. We assume that the intensive use of consultations as a monitoring mode in our case should not be misinterpreted as a tendency towards transformational leadership. In contrary, consultations seem to be triggered mainly to avoid problem situations with the target achievement at an early stage, rather than to build up sympathy and understanding for employee`s challenges.

Empirical findings No. 3: remote leader-member relationship

After having analysed the more *structural* characteristics of the remote environment like the organization of team work and the performance measurement system in use, we proceeded to focus on the *interactional* aspects by focusing the remote leader-member relationship in detail. Now, we tried to get information about mutual *trust* and the *addressability* of leaders.

First, we analysed the *scope of mutual trust* by asking the interviewees how they would rate the importance of trust in an *idealized* working environment on the one hand, and in their own *realistic* remote context, on the other hand. For rating their answers, we offered the managers a simple scale (1 to 10), where 1 represents the lowest importance and 10 the highest. Certainly, the answers given prove some kind of *social expectancy*, but nevertheless, they did disclose an “established” attitude towards trustworthiness at work. However, to prevent the managers from just paying us lip-service, before answers were given we reminded them of the potential *trade-off between trust and control*. Concretely, we clearly emphasized the option that rating the importance of trust very high (e.g., by 10) might imply no need for control consequentially. Here, it was quite obvious that the interviewed managers didn`t agree with the trade-off assumption: they presumed a positive correlation between trust and control, articulated by the proverb “Trust, but verify.”

Anyway, as anticipated, trust was seen as very important for *idealized* working relationships, reflected in a high average score of 8.85, and in *reality* the importance of trust is even perceived higher with 9.24. Additionally, we asked the managers (with an open-ended question) how they would like to build trust and confidence with their employees *ideally*, and how they are generating trust in *reality*. But here the situational distinction ideal/real was pointless, because the answers didn`t show any significant differences. The main “trust generators” stated were: open communication and heart-to-heart talk, trustworthiness, active listening, empowerment, attendance, availability, and reliability.

Second, we surveyed the *scope of leader`s addressability*. The core question is how much time managers spend interacting with their employees actually. By taking the above mentioned “trust generators” seriously, one should expect that trust building deserves some vital expenditure of time made possible only by a high degree of leader`s addressability. Not surprising, the interviewed managers would like to spend more hours per week with their employees than they actually did. On average, they would like to spend 1.87 hours per week with each employee. In reality this weekly average expenditure of time was only 1.34 hours. Converted into a daily measure this equals an

average of about 16 minutes per individual employee. Obviously, 16 minutes a day do not leave much time for in-depth communication.

Again, the intermediate results of our empirical analysis can be summarized as follows. Concerning the *remote leader-member relationship* we can draw two different conclusions:

- (5) Scope of mutual trust: The interviewed managers evaluated trust building as a crucial aspect in a remote context. However, they clearly emphasised that trust is a rationale that goes hand-in-hand with control only. Thus, a high degree of trust deserves a high degree of control respectively.
- (6) Scope of leader`s addressability: The frequency of (direct and indirect) contact between managers and employees was very low. In average, a manager “invested” a quarter of an hour weekly in each individual dyad.

Obviously, the interviewed managers realized the importance of mutual trust for leading in a remote context. They even saw clearly that trust building takes work by establishing “trust generators” purposefully, and as leaders they must have a hand in the matter. But on the other hand, surprisingly, the frequency of direct interaction with employees is rather sporadic and “communication quality” seems to be superficial.

Empirical findings No. 4: remote leadership behaviour

To get an idea of how the leader-member relationships in the remote context are “managed”, we surveyed which *leadership styles* were practiced by the managers in our case. Admittedly, as interviewing researchers we had no access to real time observations of the managers` leadership behaviour. As a consequence, we had to find a *workaround* for this problem. Being aware of the inaccuracy, we did suggest that managers` *attitudes* towards leadership are helpful predictors of their behaviours. Therefore, in a first step, we asked the managers (with an open-ended question where multiple nominations were possible) to make *general associations* with leadership. We call this the *scope of leadership conception*. The resulting associations the 23 interviewed managers made were as follows: “inducement” (named by 100 per cent of the interviewees), “relationship between leader and follower” (96 per cent), “communication of ideas” (70 per cent), “pursuing organisational aims” (61 per cent), and “supporting followers` concepts” (35 per cent).

Then, in a second step, we asked the managers what kind of leadership style they personally would like to pursue. This we call the *scope of leaders` self-assessment*. Here for orientation, we offered a typical one dimensional *continuum of leadership styles*, where the styles are differentiated by employees` increasing involvement in decision processes (Tannenbaum/Schmidt 1958). The range offered listed seven different styles with increasing delegation of decision power to employees: authoritarian, patriarchic, informing, consultative, cooperative, delegating, and democratic. Each manager was forced to select one leadership style that might best describe one`s leadership behaviour in practice: 48 per cent viewed themselves as having a “cooperative style”, 43 per cent as having a “consultative style”, and the remaining 9 per cent selected an “informing style”. This self-assessment of the interviewed managers shows that they saw themselves rather in the middle of the continuum, with having a more *collaborative leadership style* by involving employees into decision making.

To question this self-assessment, in a third step, we put the rule to the test. Are the interviewed managers really as “collaborative” as they made us believe? Thus, we focused our further investigation on a specific but crucial decision process in practice: the *target agreement process*. As a core element of management by objectives, it is an essential indication for the “quality” of collaboration between leaders and followers *how* targets are fixed. This we call the *scope of practiced leadership style*. Corresponding to the continuum of leadership styles mentioned above, we have a continuum in target agreements, too, ranging from an authoritarian mode (“target pre-setting”) to a democratic version (“target negotiation”). Against this background, we asked the managers how target agreements should be made *ideally*, and how targets are agreed on in *reality*. We offered them three different modes: authoritarian *target pre-setting*, democratic *target negotiation*, and a more *collaborative combination* of pre-setting and negotiation.

Knowing that the managers assessed themselves as “collaborative leaders”, we expected them to definitely avoid any authoritarian version of target agreements. But the contrary was the case: Even in an *idealized* world, 35 per cent of the interviewed managers would choose *target pre-setting*, 35 per cent voted for *target negotiation*, and 30 per cent preferred a *collaborative combination*. Asked for the target agreement process in *reality*, 65 per cent [sic!] named *target pre-setting*, only 4 per cent practiced *target negotiation*, and 31 per cent made a *collaborative combination*.

Again and finally, concerning the *remote leadership behaviour* we can add three further aspects to the interim results of our empirical analysis:

- (7) Scope of leadership conception: The interviewed managers had a very “balanced” and integrated understanding of leadership that is consistent with many modern textbook-definitions.
- (8) Scope of leaders` self-assessment: The managers` self-perceptions according to their own leadership styles were very balanced, too. Neither they saw themselves as authoritarian nor did they prefer a rather democratic style. All of them “kept the golden mean” by assessing themselves as fairly collaborative leaders.
- (9) Scope of practiced leadership style: The managers` leadership behaviour was far from being balanced, evidently. The analysis of the target agreement process demonstrated clearly that in practice the interviewed managers tended to behave as rather authoritarian leaders.

Noticeably, concerning their leadership style the interviewed managers showed conflicting interests and some kind of “Janus-faced behaviour”. On the one hand, they knew about the advantageous practice of a more collaborative style, but on the other hand they acted to the contrary. There seems to be compelling evidence for no congruency between remote managers` self-perception as “cooperative leaders” and their directive leadership style in reality.

Conclusions and implications

Altogether, the nine interim results of our empirical research – that we each outlined at the end of the four previous chapters – draw a picture that differs very much from our initial expectations. Without looking at all the surveyed aspects of our case study in detail, an overall impression is apparently taking hold: while from an academic point of view we expected *transformational leadership* to become widely accepted as the best alternative in a remote context, *business reality teaches a completely different story*. Certainly, our insights are limited because they were derived

from a small business case without any claim to statistical representativeness or significance. But if the aspects we surveyed in our case should describe a more widespread and general phenomenon in business reality, it would give cause for serious concern. And, by the way, at this juncture this guess cannot be precluded.

The crucial point is that managers in a remote context are more likely to become *transactional leaders* instead of adopting their behaviour to the contextual characteristics of a visualized business world (Bass 1985; 1990). From our perspective, an approach like that is a throwback to yesterday's business imperatives of an industrial-age-leadership-paradigm built upon the principles of standardization, specialization, hierarchy, and control. But how can this "back-to-the-roots"-movement in leadership thinking can be understood? We believe that this "retrogression" signals some kind of helplessness. The remote managers we interviewed were – cognitively and actional – torn between the established approaches of traditional leadership and the insight, that in a remote context they are imperfectly equipped with appropriate "theories-in-use". One manager described this ambivalence as follows:

"It is a paradox. We are all centred in Stuttgart and rely on the specific knowledge of our people in the regions, thus they should be given the authority to decide on their local basis. But as we do not get to know the people well and so cannot estimate properly where their strengths and weaknesses are and really trust in their abilities we have to keep the authority with us, because that is what we can estimate properly." (Interviewee N., 2013)

In other words, the organizational remote context refutes the potential of social influence, and leadership degenerates to mere *control management* focusing "deviation analysis" of target achievement increasingly. Therefore, we suggest that modern organizational systems – like network structures or virtualized business constellations in general – restrain (or even avoid) the scope of social influence necessary for "normal" leadership. The findings of our survey confirm that (1) leadership is virtualized increasingly – direct contact between managers and subordinates becomes the exceptional case while working together at arm's length is the standard; (2) job performance of subordinates is evaluated (for the most part) by measurable target achievements – the focus on results seems to be the only practical method with which managers could cope with their "invisible staff"; (3) managers are thoroughly aware of the pitfalls of "remote leadership" – most of them realize clearly that leadership should be more than just operating by remote control and monitoring target achievements. Thus, it is assumed that for most managers in such a virtualized business world *leadership* is nothing but a "transactional" approach: paperwork, budgeting, planning, scheduling, and measurement.

Honestly, at first sight, managing these transactional tasks in a remote context is a really challenging thing to do. But at second glance, a *vicious circle* is established. Even if we comprehend the act of becoming a transactional leader in a remote context, we also have to realize that such a behavioural bias *endangers the foundations of corporate collaboration* in the end. This is due to the fact that transactional leaders "do not cope well with major change and are not adept at managing the change process" (Clegg et al. 2008, p. 142). In other words, transactional leaders will never change or rethink their leadership philosophy dramatically. They will rather exploit the established "wisdom" to optimize effectiveness. In a remote context, this mind-set might result in an increased usage of advanced controlling and monitoring instruments, probably ending in a world of total *surveillance*.

We guess this danger is relevant and substantial for business organizations, because the hazard of “big data” is not just an emerging aspect of our civil societies. Do managerial leaders really believe that they can build up trust and confidence with people they supervise permanently? In this case we entertain some doubt. Therefore, corporate officers should be aware that “virtualizing” modern business behaviour with the help of state-of-the-art-technologies may cause collateral damages like manager’s estrangement from the most important corporate ally: the staff.

For that reason, we believe that more “transformational leaders” are needed. And that requires an augmented focus on idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Obviously, a remote environment is a challenging context to implement these ideas, but it doesn’t make it impossible. To make transformational leadership function, first and foremost, a *change in thinking about leadership* is needed. It is well known, that any revolution started with a change of mind. As Kramer (2009) pointed out, leaders and followers have to *trust each other wisely*:

“We simply have to choose between trust (opening ourselves to the prospect of abuse if we’re dealing with an exploiter) or distrust (which means missing out on all the benefits if the other person happens to be honest). The shadow of doubt lingers over every decision to trust. That said, there is much that you can do to reduce the doubt—in particular, by adjusting your mind-set and behavioral habits.” (Kramer 2009, p. 6)

Therefore, believing that trust is only rational if control is possible at the same time – according to a “Trust, but verify!”-logic – seems to be a dangerous mind-set. Considering that followers will never have the authority to control their leaders, this hazardous mind-set implies a completely *unbalanced exchange* in trust building between managers and employees. Whilst employees without having any formalized control power should trust their managers simple-hearted, the managers’ trust in their employees is subject to the condition of extensive transparency. That’s ridiculous and pretty naive.

Additionally, *trust needs touch* – even in a remote context. As Handy (1995) pointed out nearly 20 years ago, leadership always requires personal contact to make it real:

“Paradoxically, the more virtual an organization becomes, the more its people need to meet in person. The meetings, however, are different. They are more about process than task, more concerned that people get to know each other than that they deliver.” (Handy 1995, p. 6)

Thus, leaders in practice should look for *trust building approaches* that will motivate the whole corporate community to search for (perhaps radical) new ways of mobilizing and organizing human capabilities; consequently this means not to ask “Has anybody else done this successfully?” but “Isn’t this worth trying?” (Hamel 2009, p. 3). If scholars and practitioners do not succeed in finding appropriate ways in leading in a remote environment, the progressive virtualization of our business world might endanger the foundations of corporate collaboration sustainably.

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