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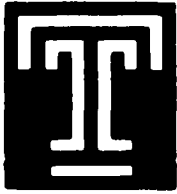
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(Dean of Graduate School)



**IMPLEMENTING STRATEGIC  
CHANGE: STYLES USED  
BY MIDDLE  
MANAGERS**

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**A dissertation  
Submitted to  
the Temple University Graduate Board**

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**in Partial Fulfillment  
of the Requirements for the Degree  
DOCTOR OF PHILOSOPHY**

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**by  
Maheshkumar P. Joshi**

**January 1996**

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**iii**

## **ABSTRACT**

### **IMPLEMENTING STRATEGIC CHANGE: STYLES USED BY MIDDLE MANAGERS**

by **Maheshkumar P. Joshi**

Doctor of Philosophy

Temple University, 1996

**Major Advisor: Dr. Robert D. Hamilton, III**

The purpose of this study was to explicate the process of implementing strategic changes in an organization and the role middle managers play in this process. This study was designed to examine four issues related to the strategic change process and choice of implementation styles: a) to test the relationship between the middle manager's perception of the changes proposed by the top management team (TMT) and the style chosen to implement these changes, b) to investigate the impact of organizational factors as moderator variables in explaining the relationship between the perception of changes and the choice of implementation styles, c) to evaluate the impact of individual factors as moderator variables, and d) to evaluate the impact of middle manager perceptions on changes proposed by the TMT in the choice of influence styles. It also examined whether the factors those affect the choice of influence style are similar to the choice of implementation style. The study found that the perceptions of middle managers regarding changes in the environment were by themselves weak predictors of the implementation styles they chose. The combination of the perception of the change and moderator



variables (interaction effect), however, indicated predictive power. A broad conclusion based on these findings is that when middle managers are faced with different change situations, they choose disparate styles to implement these changes in conjunction with organizational and individual contexts. These findings support the first three research questions presented above. The results associated with the influence styles variable indicate that influence styles are not identical to implementation styles and that the factors determining the choice of influence styles vary from the factors that determine the choice of implementation styles. Specifically, three conclusions are drawn. First, the perception of personal sacrifice in the proposed change was the strongest independent variable in explaining the choice of an implementation style. Second, the perceptions of survival urgency and proactive change variables had a moderate impact in the determining the choice of implementation styles. Finally, the weakest predictor was the strategic importance variable, as only one model was found to be statistically significant.

## **ACKNOWLEDGEMENTS**

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**I dedicate this dissertation to my parents,  
Savitri and Prabhulal Joshi for planting  
the learning curiosity in me even before  
I understood the meaning of learning**

**Maheshkumar P. Joshi, 1996**

## TABLE OF CONTENTS

|                                                                                                        |     |
|--------------------------------------------------------------------------------------------------------|-----|
| <b>ABSTRACT</b> . . . . .                                                                              | iv  |
| <b>ACKNOWLEDGEMENT</b> . . . . .                                                                       | vi  |
| <b>LIST OF TABLES</b> . . . . .                                                                        | xiv |
| <b>LIST OF FIGURES</b> . . . . .                                                                       | xix |
| <b>CHAPTER 1 INTRODUCTION</b> . . . . .                                                                | 1   |
| <b>Why Study Middle Managers?</b> . . . . .                                                            | 3   |
| <b>Why Study the Implementation Styles of Middle Managers?</b> . . . . .                               | 5   |
| <b>Factors That Affect the Choice of Implementation and Influence Styles</b> . . . . .                 | 7   |
| <b>Significance of Study</b> . . . . .                                                                 | 8   |
| <b>Research Questions</b> . . . . .                                                                    | 9   |
| <b>Scope of Study</b> . . . . .                                                                        | 10  |
| <b>Preliminary Model</b> . . . . .                                                                     | 12  |
| <b>Organization of Study</b> . . . . .                                                                 | 13  |
| <b>CHAPTER 2 LITERATURE REVIEW</b> . . . . .                                                           | 15  |
| <b>Literature Review of the Independent Variable:</b>                                                  |     |
| <b>The Perception of Change</b> . . . . .                                                              | 16  |
| <b>The First Independent Variable: Proactive Change</b> . . . . .                                      | 18  |
| <b>The Second Independent Variable: Survival Urgency</b> . . . . .                                     | 19  |
| <b>The Third Independent Variable: Personal Sacrifice</b> . . . . .                                    | 19  |
| <b>The Fourth Independent Variable: Strategic Importance of Change</b> . . . . .                       | 21  |
| <b>Literature Review of Dependent Variables</b> . . . . .                                              | 22  |
| <b>Literature Review: Implementation Styles</b> . . . . .                                              | 22  |
| <b>Integration of Implementation Styles</b> . . . . .                                                  | 26  |
| <b>Connecting Implementation Styles and Influence Strategies</b> . . . . .                             | 30  |
| <b>Literature Review: Influence Strategies and Influence Styles</b> . . . . .                          | 32  |
| <b>Parsimonious Presentation of Influence Styles</b> . . . . .                                         | 34  |
| <b>Literature Review of Moderator Variables</b> . . . . .                                              | 37  |
| <b>Discussion of the Revised Model</b> . . . . .                                                       | 41  |
| <b>CHAPTER 3 DEVELOPMENT OF HYPOTHESES</b> . . . . .                                                   | 44  |
| <b>Hypotheses Relating Proactive Change and the Choice of Implementation Styles</b> . . . . .          | 45  |
| <b>Main Effect of Proactive Change on the Choice of the Overt Authoritative Style</b> . . . . .        | 46  |
| <b>Proactive Change, Moderator Variables and the Choice of the Overt Authoritative Style</b> . . . . . | 46  |
| <b>Main Effect of Proactive Change on the Choice of the</b>                                            |     |

|                                                                                                             |     |
|-------------------------------------------------------------------------------------------------------------|-----|
| Covert Authoritative Style . . . . .                                                                        | 53  |
| Proactive Change, Moderator Variables and the Choice<br>of the Covert Authoritative Style . . . . .         | 54  |
| Main Effect of Proactive Change on the Choice of the<br>Participative Style . . . . .                       | 58  |
| Proactive Change, Moderator Variables and the Choice<br>of the Participative Style . . . . .                | 59  |
| Main Effect of Proactive Change on the Choice of the<br>Third Party Consultant Style . . . . .              | 63  |
| Proactive Change, Moderator Variables and the Third<br>Party Consultant Style . . . . .                     | 64  |
| Hypotheses Relating Survival Urgency and the Choice of<br>Implementation Styles . . . . .                   | 69  |
| Effect of Survival Urgency on the Choice of the Overt<br>Authoritative Style . . . . .                      | 69  |
| Effect of Survival Urgency on the Choice of the Covert<br>Authoritative Style . . . . .                     | 72  |
| Effect of Survival Urgency on the Choice of the<br>Participative Style . . . . .                            | 75  |
| Effect of Survival Urgency on the Choice of the Third<br>Party Consultant . . . . .                         | 78  |
| Hypotheses Relating Personal Sacrifice and the Choice of<br>Implementation Styles . . . . .                 | 80  |
| Effect of Personal Sacrifice on the Choice of the Overt<br>Authoritative Style . . . . .                    | 81  |
| Effect of Personal Sacrifice on the Choice of the Covert<br>Authoritative Style . . . . .                   | 83  |
| Effect of Personal Sacrifice on the Choice of the<br>Participative Style . . . . .                          | 85  |
| Effect of Personal Sacrifice on the Choice of the Third<br>Party Consultant Style . . . . .                 | 88  |
| Hypotheses Relating the Strategic Importance of Change and the<br>Choice of Implementation Styles . . . . . | 90  |
| Effect of Strategic Importance on the Choice of the Overt<br>Authoritative Style . . . . .                  | 91  |
| Effect of Strategic Importance on the Choice of the<br>Covert Authoritative Style . . . . .                 | 93  |
| Effect of Strategic Importance on the Choice of the<br>Participative Style . . . . .                        | 95  |
| Effect of Strategic Importance on the Choice of the Third<br>Party Consultant Style . . . . .               | 97  |
| Hypotheses Relating Independent Variables and the Choice of<br>Influence Styles . . . . .                   | 99  |
| Hypotheses Relating Proactive Change and Influence Styles . . . . .                                         | 100 |

|                                                                                                                     |            |
|---------------------------------------------------------------------------------------------------------------------|------------|
| Effect of Proactive Change on the Choice of the Hard<br>Influence Style . . . . .                                   | 101        |
| Effect of Proactive Change on the Choice of the Soft<br>Influence Style . . . . .                                   | 103        |
| Effect of Proactive Change on the Choice of the Rational<br>Influence Style . . . . .                               | 105        |
| Hypotheses Relating Survival Urgency and Influence Styles . . . . .                                                 | 107        |
| Effect of Survival Urgency on the Choice of the Hard<br>Influence Style . . . . .                                   | 107        |
| Effect of Survival Urgency on the Choice of the Soft<br>Influence Style . . . . .                                   | 109        |
| Effect of Survival Urgency on the Choice of the Rational<br>Influence Style . . . . .                               | 111        |
| Hypotheses Relating Personal Sacrifice and the Choice of the<br>Influence Styles . . . . .                          | 113        |
| Effect of Personal Sacrifice on the Choice of the Hard<br>Influence Style . . . . .                                 | 114        |
| Effect of Personal Sacrifice on the Choice of the Soft<br>Influence Style . . . . .                                 | 116        |
| Effect of Personal Sacrifice on the Choice of the Rational<br>Influence Style . . . . .                             | 118        |
| Hypotheses Relating the Strategic Importance of the Change and<br>the Choice of the Implementation Styles . . . . . | 120        |
| Effect of Strategic Importance on the Choice of the Hard<br>Influence Style . . . . .                               | 121        |
| Effect of Strategic Importance on the Choice of the Soft<br>Influence Style . . . . .                               | 123        |
| Effect of Strategic Importance on the Choice of the<br>Rational Influence Style . . . . .                           | 125        |
| Overall Summary of Chapter 3 . . . . .                                                                              | 126        |
| <b>CHAPTER 4 METHODOLOGY . . . . .</b>                                                                              | <b>128</b> |
| Research Design . . . . .                                                                                           | 128        |
| Scope of Data Collection . . . . .                                                                                  | 131        |
| Validity Issues . . . . .                                                                                           | 134        |
| Operationalization of Variables . . . . .                                                                           | 138        |
| Operationalization of Dependent Variables . . . . .                                                                 | 139        |
| Operationalization of Independent Variables . . . . .                                                               | 141        |
| Operationalization of Moderating Variables . . . . .                                                                | 142        |
| Operationalization of Control Variables . . . . .                                                                   | 145        |
| Reliability of Variables . . . . .                                                                                  | 146        |
| Perception of Change: Independent Variables . . . . .                                                               | 146        |
| Reliability Estimates of Moderating Variables . . . . .                                                             | 149        |
| Reliability of Dependent Variables . . . . .                                                                        | 156        |



|                                                                |            |
|----------------------------------------------------------------|------------|
| Statistical Method . . . . .                                   | 162        |
| Summary of the Chapter . . . . .                               | 164        |
| <b>CHAPTER 5 RESULTS AND DISCUSSIONS . . . . .</b>             | <b>165</b> |
| Descriptive Statistics . . . . .                               | 165        |
| Results . . . . .                                              | 169        |
| Summary Results . . . . .                                      | 169        |
| Detailed Results . . . . .                                     | 174        |
| Overview of the Results . . . . .                              | 195        |
| Direct Variables . . . . .                                     | 196        |
| Proactive Change . . . . .                                     | 196        |
| Survival Urgency . . . . .                                     | 198        |
| Personal Sacrifice . . . . .                                   | 200        |
| Strategic Importance of Proposed Change . . . . .              | 202        |
| The Role of Moderator Variables . . . . .                      | 204        |
| Control Variables . . . . .                                    | 207        |
| Dependent Variable: Implementation Style . . . . .             | 210        |
| Dependent Variable: Influence Style . . . . .                  | 212        |
| Overall Summary of the Chapter . . . . .                       | 213        |
| <b>CHAPTER 6 FINAL REMARKS . . . . .</b>                       | <b>214</b> |
| Overview . . . . .                                             | 214        |
| Conclusions . . . . .                                          | 215        |
| Limitations . . . . .                                          | 218        |
| Future Directions . . . . .                                    | 221        |
| Implications . . . . .                                         | 224        |
| <b>REFERENCES . . . . .</b>                                    | <b>230</b> |
| <b>APPENDIXES</b>                                              |            |
| A. A SAMPLE OF THE QUESTIONNAIRE (REDUCED SIZE) . . . . .      | 240        |
| B. A SAMPLE LETTER OF REQUEST FOR PARTICIPATION . . . . .      | 252        |
| C. LIST OF RESPONDENTS . . . . .                               | 255        |
| D. ACTION PLAN REPRESENTING IMPLEMENTATION STYLES . . . . .    | 257        |
| E. LIST OF INFLUENCE STRATEGIES AND INFLUENCE STYLES . . . . . | 260        |
| F. LIST OF PERCEPTIONS AND INDEPENDENT VARIABLES. . . . .      | 262        |
| G. STRATEGIC POSTURE OF TOP MANAGERS . . . . .                 | 264        |
| H. TOP MANAGEMENT PARTICIPATIVENESS . . . . .                  | 265        |
| I. DIVISIONAL REWARD SYSTEM . . . . .                          | 266        |
| J. SBU COMPETITIVE STRATEGIES . . . . .                        | 276        |
| K. HOSTILE INDUSTRY STRUCTURE . . . . .                        | 268        |
| L. INTERPERSONAL ORIENTATION . . . . .                         | 269        |
| M. COMMITMENT TO THE SBU . . . . .                             | 270        |

## LIST OF TABLES

|                                                                                                                                                    |    |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Table 2.1 A Synthesis of Implementation Styles . . . . .                                                                                           | 28 |
| Table 2.2 Influence Strategies . . . . .                                                                                                           | 33 |
| Table 2.3 Parsimonious Influence Styles . . . . .                                                                                                  | 36 |
| Table 3.1 Summary of Hypothesis 1: Choice of the Overt Authoritative<br>Style When Change is Perceived to be Proactive . . . . .                   | 53 |
| Table 3.2 Summary of Hypothesis 2: Choice of the Covert Authoritative<br>Style When Change is Perceived to be Proactive . . . . .                  | 58 |
| Table 3.3 Summary of Hypothesis 3: Choice of the Participative Style<br>When Change is Perceived to be Proactive . . . . .                         | 63 |
| Table 3.4 Summary of Hypothesis 4: Choice of the Third Party Consultant<br>Style When Change is Perceived to be Proactive . . . . .                | 68 |
| Table 3.5 Summary of Hypothesis 5: Choice of the Overt Authoritative<br>Style When Change is Perceived to be Survival Urgency . . . . .            | 72 |
| Table 3.6 Summary of Hypothesis 6: Choice of the Covert Authoritative<br>Style When Change is Perceived to be Survival Urgency . . . . .           | 75 |
| Table 3.7 Summary of Hypothesis 7: Choice of the Participative Style<br>When Change is Perceived to be Survival Urgency . . . . .                  | 77 |
| Table 3.8 Summary of Hypothesis 8: Choice of the Third Party Consultant<br>Style When Change is Perceived to be Survival Urgency . . . . .         | 80 |
| Table 3.9 Summary of Hypothesis 9: Choice of the Overt Authoritative<br>Style When Change is Perceived to Require Personal Sacrifice . . . . .     | 83 |
| Table 3.10 Summary of Hypothesis 10: Choice of the Covert Authoritative<br>Style When Change is Perceived to Require Personal Sacrifice . . . . .  | 85 |
| Table 3.11 Summary of Hypothesis 11: Choice of the Participative Style<br>When Change is Perceived to Require Personal Sacrifice . . . . .         | 87 |
| Table 3.12 Summary of Hypothesis 1: Choice of the Third Party Consultant<br>Style When Change is Perceived to Require Personal Sacrifice . . . . . | 90 |

|                                                                                                                                                      |            |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>Table 3.13 Summary of Hypothesis 13: Choice of the Overt Authoritative Style When Change is Perceived to have Strategic Importance . . . . .</b>  | <b>93</b>  |
| <b>Table 3.14 Summary of Hypothesis 14: Choice of the Covert Authoritative Style When Change is Perceived to have Strategic Importance . . . . .</b> | <b>95</b>  |
| <b>Table 3.15 Summary of Hypothesis 15: Choice of the Participative Style When Change is Perceived to have Strategic Importance . . . . .</b>        | <b>97</b>  |
| <b>Table 3.16 Summary of Hypothesis 16: Choice of Participative Style When the Change is Perceived to have Strategic Importance . . . . .</b>        | <b>99</b>  |
| <b>Table 3.17 Summary of Hypothesis 17: Choice of the Hard Influence Style When Change is Perceived to be Proactive . . . . .</b>                    | <b>102</b> |
| <b>Table 3.18 Summary of Hypothesis 18: Choice of the Soft Influence When Change is Perceived to be Proactive . . . . .</b>                          | <b>104</b> |
| <b>Table 3.19 Summary of Hypothesis 19: Choice of the Rational Influence When Change is Perceived to be Proactive . . . . .</b>                      | <b>106</b> |
| <b>Table 3.20 Summary of Hypothesis 20: Choice of the Hard Influence Style When Change is Perceived to be Survival Urgency . . . . .</b>             | <b>109</b> |
| <b>Table 3.21 Summary of Hypothesis 21: Choice of the Soft Influence When Change is Perceived to be Survival Urgency . . . . .</b>                   | <b>111</b> |
| <b>Table 3.22 Summary of Hypothesis 22: Choice of the Rational Influence When Change is Perceived to be Survival Urgency . . . . .</b>               | <b>113</b> |
| <b>Table 3.23 Summary of Hypothesis 23: Choice of the Hard Influence Style When Change is Perceived to Require Personal Sacrifice . . . . .</b>      | <b>116</b> |
| <b>Table 3.24 Summary of Hypothesis 24: Choice of the Soft Influence When Change is Perceived to Require Personal Sacrifice . . . . .</b>            | <b>118</b> |
| <b>Table 3.25 Summary of Hypothesis 25: Choice of the Rational Influence When Change is Perceived to Require Personal Sacrifice . . . . .</b>        | <b>120</b> |
| <b>Table 3.26 Summary of Hypothesis 26: Choice of the Hard Influence Style When Change is Perceived to have Strategic Importance . . . . .</b>       | <b>122</b> |
| <b>Table 3.27 Summary of Hypothesis 27: Choice of the Soft Influence When Change is Perceived to have Strategic Importance . . . . .</b>             | <b>124</b> |

|                                                                                                                                                  |            |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>Table 3.28 Summary of Hypothesis 28: Choice of the Rational Influence<br/>When Change is Perceived to have Strategic Importance . . . . .</b> | <b>126</b> |
| <b>Table 4.1 Independent Variables Factor Patterns in the Arion case . . . . .</b>                                                               | <b>147</b> |
| <b>Table 4.2 Independent Variables Factor Patterns in the Co-Fo case . . . . .</b>                                                               | <b>148</b> |
| <b>Table 4.3 Reliability for Strategic Posture of the Top Management Team . . . . .</b>                                                          | <b>150</b> |
| <b>Table 4.4 Reliability for the Top Management Team Participative Style . . . . .</b>                                                           | <b>151</b> |
| <b>Table 4.5 Reliability for Reward Systems . . . . .</b>                                                                                        | <b>152</b> |
| <b>Table 4.6 Reliability for SBU Level Strategies . . . . .</b>                                                                                  | <b>153</b> |
| <b>Table 4.7 Reliability of Hostility Level in the SBU Industry . . . . .</b>                                                                    | <b>154</b> |
| <b>Table 4.8 Reliability for Interpersonal Orientation . . . . .</b>                                                                             | <b>154</b> |
| <b>Table 4.9 Reliability of Commitment Level Strategies . . . . .</b>                                                                            | <b>155</b> |
| <b>Table 4.10 Rotated Factor Pattern for Influence Strategies in Arion Ca . . . . .</b>                                                          | <b>157</b> |
| <b>Table 4.11 Rotated Factor Pattern for Influence Strategies in Co-Fo Case . . . . .</b>                                                        | <b>157</b> |
| <b>Table 4.12 Reliability of Influence Styles . . . . .</b>                                                                                      | <b>158</b> |
| <b>Table 4.13 List of Variables used in the Analysis . . . . .</b>                                                                               | <b>160</b> |
| <b>Table 5.1 Descriptive Statistics . . . . .</b>                                                                                                | <b>166</b> |
| <b>Table 5.2 Correlation Analysis of Variables Used in the Arion Case . . . . .</b>                                                              | <b>167</b> |
| <b>Table 5.3 Correlation Analysis of Variables Used in the Co-Fo Case . . . . .</b>                                                              | <b>168</b> |
| <b>Table 5.4 Summary Table of Hypotheses Results of Proactive Changes . . . . .</b>                                                              | <b>170</b> |
| <b>Table 5.5 Summary Table of Hypotheses Results of Survival Urgency . . . . .</b>                                                               | <b>170</b> |
| <b>Table 5.6 Summary Table of Hypotheses Results of Personal Sacrifice . . . . .</b>                                                             | <b>171</b> |
| <b>Table 5.7 Summary Table of Hypotheses Results of Strategic Importance . . . . .</b>                                                           | <b>172</b> |

|                                                                                                                                        |            |
|----------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>Table 5.8 Summary Table of Hypotheses Results of Proactive Changes and Influence Style . . . . .</b>                                | <b>172</b> |
| <b>Table 5.9 Summary Table of Hypotheses Results of Survival Urgency and Influence Style . . . . .</b>                                 | <b>173</b> |
| <b>Table 5.10 Summary Table of Hypotheses Results of Personal Sacrifice and Influence Style . . . . .</b>                              | <b>173</b> |
| <b>Table 5.11 Summary Table of Hypotheses Results of Strategic Importance and Influence Style . . . . .</b>                            | <b>174</b> |
| <b>Table 5.12 Results of Hypothesis 1: Choice of Overt Authoritative Style in the Presence of Proactive Change . . . . .</b>           | <b>176</b> |
| <b>Table 5.13 Results of Hypothesis 4: Choice of Third Party Consultant Style in the Presence of Proactive Change . . . . .</b>        | <b>177</b> |
| <b>Table 5.14 Results of Hypothesis 5: Choice of Overt Authoritative Style in the Presence of Survival Urgency Change . . . . .</b>    | <b>179</b> |
| <b>Table 5.15 Results of Hypothesis 6: Choice of Covert Authoritative Style in the Presence of Survival Urgency Change . . . . .</b>   | <b>180</b> |
| <b>Table 5.16 Results of Hypothesis 8: Choice of Third Party Consultant Style in the Presence of Survival Urgency Change . . . . .</b> | <b>181</b> |
| <b>Table 5.17 Results of Hypothesis 9: Choice of Overt Authoritative Style in the Presence of Personal Sacrifice . . . . .</b>         | <b>183</b> |
| <b>Table 5.18 Results of Hypothesis 10: Choice of Covert Authoritative Style in the Presence of Personal Sacrifice . . . . .</b>       | <b>184</b> |
| <b>Table 5.19 Results of Hypothesis 11: Choice of Participative Style in the Presence of Personal Sacrifice . . . . .</b>              | <b>185</b> |
| <b>Table 5.20 Results of Hypothesis 12: Choice of Third Party Consultant Style in the Presence of Personal Sacrifice. . . . .</b>      | <b>186</b> |
| <b>Table 5.21 Results of Hypothesis 14: Choice of Covert Authoritative Style in the Presence of Strategic Importance . . . . .</b>     | <b>188</b> |
| <b>Table 5.22 Results of Hypothesis 16: Choice of Third Party Consultant Style in the Presence of Strategic Importance . . . . .</b>   | <b>189</b> |

|                                                                                                                                  |            |
|----------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>Table 5.23 Results of Hypothesis 18: Choice of Soft Influence Style in the Presence of Proactive Changes . . . . .</b>        | <b>191</b> |
| <b>Table 5.24 Results of Hypothesis 21: Choice of Soft Influence Style in the Presence of Survival Urgency . . . . .</b>         | <b>192</b> |
| <b>Table 5.25 Results of Hypothesis 24: Choice of Soft Influence Style in the Presence of Personal Sacrifices . . . . .</b>      | <b>193</b> |
| <b>Table 5.26 Results of Hypothesis 28: Choice of Rational Influence Style in the Presence of Strategic Importance . . . . .</b> | <b>194</b> |

## **LIST OF FIGURES**

|                                                                      |           |
|----------------------------------------------------------------------|-----------|
| <b>Figure 1.1 Strategic Roles of Middle Managers . . . . .</b>       | <b>4</b>  |
| <b>Figure 1.2 Basic Model . . . . .</b>                              | <b>14</b> |
| <b>Figure 2.1 Implementation Styles Used in This Study . . . . .</b> | <b>29</b> |
| <b>Figure 2.2 Revised Model . . . . .</b>                            | <b>43</b> |

## **CHAPTER 1**

### **INTRODUCTION**

One of the prime functions of a strategic manager is to cope with changes in a firm's external environment in order to ensure its survival and long-term growth (Chandler, 1962; Lawrence & Lorsch, 1967). Chakravarthy (1982) observes that these changes may also exist within the internal environment of a firm. Managing a successful change, thus, has been and remains of critical importance to strategy researchers. The following historical quote from Greiner (1967) reflects this concern:

Today many top managers are attempting to introduce sweeping and basic changes..... There is a critical need at this time to understand better this complex process, especially in terms of which approaches lead to successful changes and which actions fail to achieve the desired results.  
(p.119)

Over the last three decades the field of strategic management has grown tremendously. It is broadly classified into two sub-groups: strategy formulation and strategy implementation and control. Strategic management researchers have mainly looked at strategy formulation and its interaction with either a changed environment or an anticipated change within an organization's environment. This research includes the typology of the environment (Aldrich, 1979; Dess & Beard, 1984; Keats & Hitt, 1988) as well as the typology of the firm's responses to the changes in its environment (Ginsberg, 1988; Nadler & Tushman, 1990; Smart & Vertinsky, 1984). Other researchers have concentrated on factors that influence a firm's response to environmental changes and have explored the reasons for inclusion of these factors in strategy formulation research (Ginsberg & Buchholtz, 1990).



In essence, strategic management research has looked at the what, when, and why of responses to environmental changes. **How** firms respond to environmental changes, however, has not been extensively explored. This "how" is the process by which firms manage organizational changes and implement strategies in response to environmental changes. The lack of attention to this process is partly due to the few opportunities available to researchers for observing the implementation of change. More importantly, when managers are challenged by the prospect of implementing change, they often fail to act. Pfeffer (1992) observed this incapacity and strongly expresses the dilemma:

The inability to get things done, to have ideas and decisions implemented, is widespread in organizations today. It is, moreover, a problem that seems to be getting worse in both public and private sector organizations.  
(p.7)

Historically, in their examination of the process of managing organizational change (Bourgeois & Brodwin, 1984; Hrebiniak & Joyce, 1984; Kotter & Schlesinger, 1979; and Nutt, 1986; 1987; and 1989), strategic management researchers have concentrated on the role of top management in managing organizational change. There are few studies on the role of middle managers, who operationally, are saddled with the task of getting things done (Pfeffer, 1992).

Recently, Floyd and Wooldridge (1994) discussed the important role played by middle managers in implementing strategies while acknowledging the recent trend of laying off middle managers. The importance of middle managers has traditionally been studied by researchers in fields such as organizational behavior and organization development (Beer, Eisenstat, & Spector, 1990; Kanter 1983). Originally, the

importance of middle managers in managing organizational change was recognized by Bower (1970) in his study on the process of allocation of resources in an organization.

Middle managers play an instrumental role in bringing about change in two distinct ways: They provide information pertinent to the internal environment to top management and execute strategies formulated by the top management. Recent research has expanded the role, influence, and impact of middle managers in the area of strategy formulation and implementation process (Floyd & Wooldridge, 1992; Floyd & Wooldridge, 1994; Guth & MacMillan, 1986; Wooldridge & Floyd, 1990). If middle managers indeed play a vital role in the execution of top management strategy, then the problem of lack of action in today's organization as identified by Pfeffer (1992), needs to be studied more carefully. The research on implementing strategic change needs to be expanded in order to include the role of middle managers in implementing strategies.

### **Why Study Middle Managers?**

Floyd and Wooldridge (1994) question the wisdom of a large scale reduction of middle managers as a cost saving measure. They cite a report by Towers Perrin indicating that half of the 275 major firms surveyed had not achieved their cost-cutting goals despite laying off their middle managers. Floyd and Wooldridge (1994) studied 259 middle managers and 25 top managers from a variety of firms. They suggest that the need for middle managers for operational activities has been reduced owing to the advent of new information and communications technologies. As organization structures become more horizontal (less hierarchical), however, the strategic importance of middle managers

is likely to increase. Using two dimensions, cognitive ability and behavioral activity, Floyd and Wooldridge (1994) divide the strategic role of middle managers into four types. Behavioral activities have two directions upward, when they influence the top managers, and downward, when they influence the rest of the organization. Cognitive abilities are also divided into two dimensions: integrative and divergent. Figure 1.1 represents these roles.

**Figure 1.1 Strategic Roles of Middle Managers**

| Behavioral Activity | Cognitive Ability                  |                                    |
|---------------------|------------------------------------|------------------------------------|
|                     | Integrative                        | Divergent                          |
| Upward Direction    | Synthesizing Information           | Championing Strategic Alternatives |
| Downward Direction  | Implementing Deliberate Strategies | Facilitating Adaptability          |

Adapted from Floyd and Wooldridge (1994)

According to Floyd and Wooldridge (1994), of the four strategic roles, implementing a deliberate strategy is the most commonly recognized. Researchers have studied middle managers' behavioral activity largely in areas corresponding to the upward direction (Beer, Eisenstat, & Spector, 1990; Bower, 1970; Kanter 1983) whereas for top managers they have looked at areas concerning downward direction (Bourgeois & Brodwin, 1984; Kotter & Schlesinger, 1979; Nutt, 1986; Nutt, 1987). With the exception of Guth and MacMilan (1986) and Wooldridge and Floyd (1990), research is sparse regarding the downward direction of middle managers' behavioral activities. There are

no detailed studies that analyze the process of implementation of strategic changes in an organization from a middle manager's perspective. This study, therefore, focuses on the choice of implementation of deliberate strategies, as described by Floyd and Wooldridge (1994), by middle managers.

### **Why Study the Implementation Styles of Middle Managers?**

The implementation of change is a complex process, and some approaches lead to successful changes, whereas others fail to achieve the change goals (Greiner, 1967). The complexity of the implementation process is echoed by Floyd and Wooldridge (1994):

**Implementation is commonly perceived as a mechanical process where action plans are deduced and carried out from a master strategy conceived by top management. *The reality is more complex* (emphasis added). Even in fairly stable situations, priorities must be revised as conditions evolve and new information unfolds. Implementation, therefore, is best characterized as an ongoing series of interventions which are only partly anticipated in top management plans and which adjust strategic directions to suit emergent events. (p.51)**

The complex aspect of the implementation process has been outlined by Thompson and Strickland (1993) in six detailed steps: a) building an organization capable of executing the strategy, in particular developing the skills and core competencies needed to execute the strategy successfully; b) establishing a strategy supportive budget, in particular ensuring that resources are used efficiently; c) installing internal administrative support systems, in particular establishing and administering strategy facilitating policies and procedures; d) devising rewards and incentives that are tightly

linked to objectives and strategy, in particular motivating organizational units and individuals to do their best to make the strategy work; e) shaping the corporate culture to fit the strategy, in particular creating a strategy supportive work environment; and f) exercising strategic leadership, in particular addressing the politics of strategy, coping with power struggles, and building consensus. Thus, each aspect indicates that a successful implementation of strategies will involve some kind of actions on the part of the managers. The importance of the style used by managers is illustrated by Thompson and Strickland (1993) in the following quote:

*Equally important, managers must do things in a manner and style that creates and nurtures a strategy-supportive work environment and corporate culture. The stronger the strategy-supportive fits created internally, the greater the chances of successful implementation. p.216 (emphasis added).*

Styles of implementation become a critical fact in the success of the implementation of strategic changes. Therefore, this study will focus only on the choice of implementation style<sup>1</sup> and facts that determine this choice. Other researchers have previously studied the styles used by top management to implement change. Dunphy and Stace (1993) found that among top management the choice of styles depends on the organizational factors such as organizational preparedness to adopt changes and the nature of the change being implemented. For example, a directive management style (use of managerial authority and direction) is desired to start the process of change; however,

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<sup>1</sup> The issue of whether middle managers are free to choose a management style or are forced into using a particular style by their top management will be linked in this study through the use of variables such as the perception middle managers have about the top management team participatory style, top management team strategic posture, and the reward system of the organization.

the implementation style might change if the necessary base for organizational change is in the place. This present research will extrapolate from the literature on the role of top managers change management to understand the role of middle managers in the change process.

For middle managers to implement the deliberate strategies created by top management (Floyd & Wooldridge, 1994) they must influence their peers and subordinates. Their implementation style will be based on an ability to influence other people successfully (Falbe & Yukl, 1992). In the field of organizational behavior, the literature abounds with the influence tactics used by managers in all directions, namely, upward, downward, and lateral (e.g., Kipnis & Schmidt, 1983; Kipnis, Schmidt & Wilkinson, 1980). These studies, however, have focused on influence tactics from an interpersonal interaction perspective; and none has focused on the choice of influence tactics of implementing a strategic change. Thus, this research will explore the similarity of facts that suggest the choice of implementation style and influence styles<sup>2</sup>.

### **Factors That Affect the Choice of Implementation and Influence Styles**

Burke and Litwin (1992) developed a model of how organizational changes were caused by shifts in the external environment of the organization. Since this current study

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<sup>2</sup> The implementation styles will be operationalized from the strategic management literature (it has been operationalized by researchers for top managers and in the present study it will be extrapolated to explore middle manager styles). The influence styles will be operationalized from the organizational behavior literature. This approach allows the present study to be interdisciplinary.

explores the implementation styles chosen by middle managers in carrying out the deliberate strategies of the top management, interpretations of the shifts in the environment are not directly evaluated. Rather, it is assumed that the top management scans the environment and develops strategies that are designed to exploit the environmental shifts.

This research thus focuses on the perceptions of the middle managers in evaluating the changes proposed by the top management (it is assumed that top managers have already evaluated the shift in the external environment). This is consistent with Ginsberg's (1988) arguments that perspectives about changes within the environment may help define the changes within the organization. Burke and Litwin's (1992) model further suggests that the organizational changes are moderated by two separate considerations: organizational factors, such as a reward system in the firm and competitive strategies followed by the firm, and individual factors, such as a manager's personality style and level of commitment.

### **Significance of Study**

The purpose of this study, is to explore further the often ignored area of implementing strategic changes<sup>3</sup> and the role middle managers play in the process. In

---

<sup>3</sup> Throughout this study, organizational and strategic change have been used interchangeably to break the monotony of the single phrase, strategic change. The literature cited deals with organizational change in general and not with strategic change specifically. The notion of strategic change involves the change in the domain or scope of the firm. Managers create altered domain by adding and/or deleting products and services from the scope of their firm (Ginsberg, 1988).

addition, as an exploratory approach this study will examine the factors that affect the choice of influence styles.

Although this study will contribute to the understanding of the process of implementing strategic change, It will more importantly explore factors that can explain the choice of implementation styles by middle managers. Further, this study will examine whether or not the factors that affect the choice of influence style are similar to those that affect the choice of implementation style. This approach allows the study to be interdisciplinary and in effect assists the strategic management field in understanding the often ignored area of research that deals with the implementation process.

#### Research Questions

This study is designed to examine four issues related to the strategic change process and choice of implementation styles f a middle manager: first, to test the relationship between the middle manager's perception of the changes proposed by the top management and the style chosen to implement these changes; second, to investigate the impact of organizational factors as moderator variables in explaining the relationship between the perception of changes and the choice of implementation styles; third, to evaluate the impact of individual factors as moderator variables; and fourth, to evaluate the impact of middle manager perceptions on changes proposed by top managers in the choice of influence styles.



### Scope of Study

It is the intention of this study to provide an understanding of the choices middle managers make in implementing a strategic change. Middle managers play a large and active role in implementing changes at a divisional profit-center level (Fisher & Govindarajan, 1992). This research will be more meaningful when addressed at the divisional level. The selection of managers at the divisional level will allow the responding middle managers to understand and identify clearly with the questions related to the process of implementing a strategic change. Hence, the level of analysis in the present study will be at a Strategic Business Unit (SBU). The following definition of SBU has been obtained from the Hindle and Lawrence (1994).

The smallest unit within a corporation that can independently put into effect STRATEGY. SBUs (sometimes known as strategy centers) are capable of divested and run as stand-alone businesses. As such the SBU has identifiable competitors, competes in an external market, and includes relevant functional areas.

SBUs often bundle together businesses that straddle traditional organizational lines. But they may simply consist of a whole product line. GENERAL ELECTRIC pioneered the SBU as the basis for strategy development. (p.200)

Primarily, this study evaluates the link between middle managers' perceptions of the SBU activities and their choices of implementation and influence styles. A related research question is the issue of the effectiveness of the chosen style. There are several ways to measure effectiveness. First, the subordinates of the middle manager could be contacted to assess the effectiveness of a chosen style. Second, an evaluation from the middle manager's superiors could be obtained to appraise the effectiveness of a chosen style. Finally, the middle manager could self-report the effectiveness. The first and

second suggestions require more time and additional resources compared with the third option; however, researchers in the organizational behavior field consider self-reports to be extremely weak, having found self-report data on performance effectiveness to be generally unreliable. Limited resources prohibit the present study from implementing option one (subordinate evaluation) and option two (superior evaluation).

Thus, the performance link to the implementation style, though an interesting and valid issue, is considered out of the scope of this research. Another issue related to effectiveness deals with the organizational level; performance of the firm itself. The strategy management literature is generally concerned with the link between strategy of the firm and the performance of the firm. There is a tremendous amount of literature that examines strategy formulation and its impact on performance. From the strategy field development perspective a similar connection between manager's style and performance of the firm warrants investigation. This research, however, is focused primarily on the styles used by middle managers, which in accordance with the arguments provided by Thompson and Strickland (1993) suggests that implementation is a complex process and involves at least six different aspects. Unless all six aspects are studied in detail, in conjunction with the process of strategy formulation, the link between performance and strategy implementation will be weak. It is conceded that this research is only a small piece of the overall research agenda, and once substantial work has been done on implementation style (in the literature over a long period of time), the performance link can be evaluated. Thus, implementation style and its impact on the performance of the firm (or even the SBU) is considered outside the scope of the present research agenda.

### **Preliminary Model**

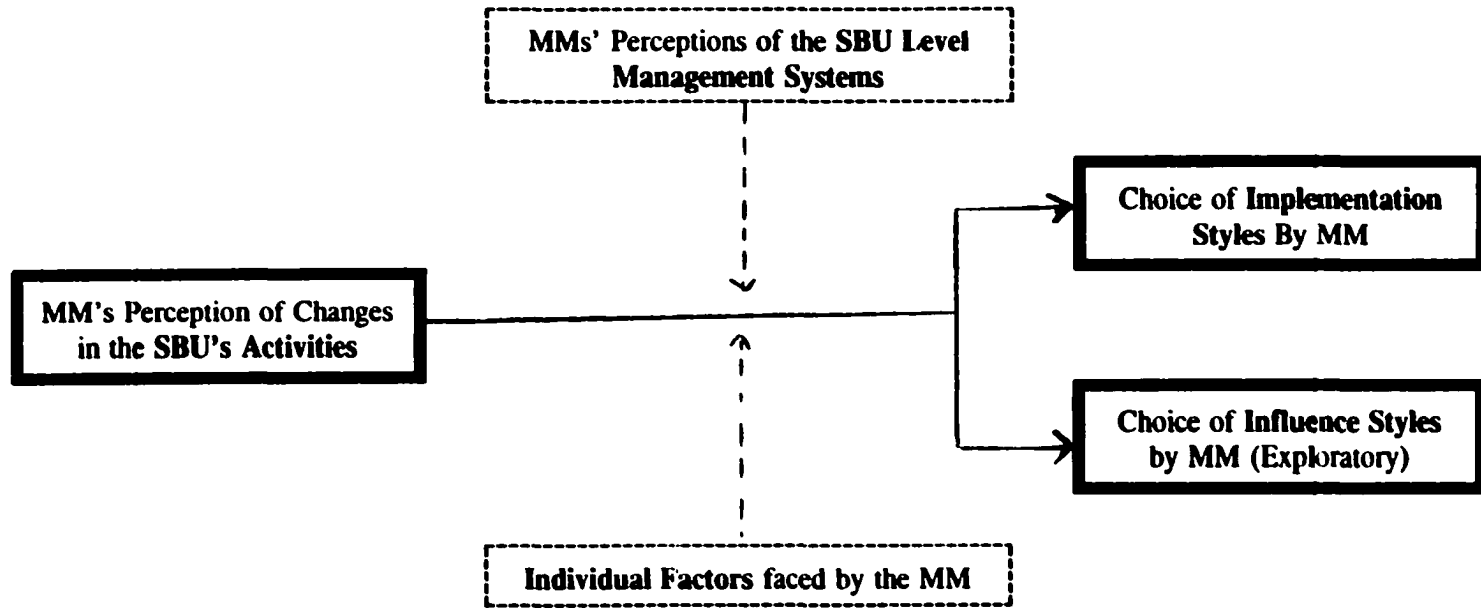
Figure 1.2 represents the basic model of this study. The independent variable is "the middle manager's perception of changes in the SBU's activities." The study will identify the relationship between the perception of changes in the SBU activities and the implementation style chosen (dependent variable) by middle managers to execute changes.

In addition, an exploratory variable, referred to as the "choice of influence style," is included. In this study the word "exploratory variable" is used to signify that influence style, a construct that is not used by strategic management researchers, is being evaluated as a construct of interest but not of primary interest. The word is used to differentiate the two dependent variables, implementation style (primary interest) and influence style (secondary interest). No special statistical meaning is attached to the term exploratory in this study. "Middle manager perception of SBU level management systems" and "individual factors" are the two moderating variables. The SBU systems will include constructs such as the middle manager's perceptions of top management participativeness style and the reward system in the SBU. Individual factors include constructs such as a middle manager's commitment to the SBU and interpersonal orientation. In this study, perception of organizational systems such as the reward system is considered a system variable. Granted, the perception is at individual basis but the managers are reporting their perception of a dimension of the organizational system. On the other hand, personal commitment to a firm or an SBU is a manager's feeling about an individual level variable.

### **Organization of Study**

**This study comprises six chapters, including the Introduction. Chapter 2 contains a literature review of independent, dependent, and moderating variables. At the end of the chapter, an extended model is presented. Chapter 3 develops the hypotheses for the study and methodology is presented in Chapter 4. This chapter also details the process of undergoing factor analysis and internal consistency of several constructs. Results are presented and discussed in Chapter 5. Chapter 6 discusses the conclusions and implications of the findings and also considers future research directions emanating from this study.**

Figure 1.2 Basic Model



Note:

MM = Middle Manager

SBU = Strategic Business Unit

## **CHAPTER 2**

### **LITERATURE REVIEW**

The previous chapter introduced the issues related to the need for research on implementation styles and specifically the need to study implementation styles used by middle managers in executing an intended strategy change proposed by top managers. This chapter will provide a detailed literature review on each of the variables proposed in Figure 1.2 First, the discussion will focus on why middle managers' perceptions are important in evaluating implementation style. This section will also discuss various aspects of the proposed changes in SBU activities as perceived by middle managers. A literature review of middle managers and their implementation and influence styles will be the next area of discussion. Finally, the literature dealing with moderator variables, both at an SBU and an individual level, will be assessed. At the end of the chapter a comprehensive and detailed model will be presented.

The survival of an organization is not assured unless the organization adopts to shifts in its environment (Chakravarthy, 1982). Researchers looking at the concept of fit between the environment and the organization have suggested that managers in a firm follow sequential steps to achieve co-alignment with the external environment. This process consists of the following: a) perception of the external environment, b) formulation of appropriate strategies, c) determination of company objectives, and d) design of matching structures (Dess & Origer, 1987; Yasai-Ardekani, 1986). According to Lawrence and Lorsch (1967), the co-alignment comes about in organizational structures. These authors suggest that organic structures are more suited for turbulent and

uncertain environments, whereas a mechanistic structure is more appropriate for stable and predictable environments. Based on the work of Daft and Weick (1984), Milliken (1990) suggests that managers carry out three tasks related to the interpretations of environmental changes. These are a) scanning (managers must scan their environment to recognize anticipated or realized changes in it), b) interpretation (the scanned information must be analyzed and interpreted), and c) action (based on the interpretations developed, the managers must act). The present study is interested in how middle managers execute the deliberate strategies of top managers and will focus on the latter two parts of the environmental interpretations (interpretations and actions, and not scanning). This study assumes that top managers have carried out all three aspects of environmental interpretations and have arrived at a plan of action. Middle managers, for their part now have to interpret the proposed change as well as create their own plan of action.

### **Literature Review of the Independent Variable:**

#### **The Perception of Change**

Changes in the environment can be understood objectively through the evaluation of the task environment (Porter, 1980). Researchers have argued that the perception of changes in the environment (subjective interpretations) will influence strategic behavior (Schneider & De Meyer, 1991; Dutton & Duncan, 1987; Thomas & McDaniel, 1990; Meyer 1982). Milliken (1990) argues that there would be no need to study organizational responses to the changes in the environment if all organizations acted in the same way. The idea that management responds only to what it sees, and thus this interpretation

becomes the basis for action, is aptly captured in the following quote by Snow (1976) as quoted in Bourgeois, (1985):

**...(M)anagement responds only to what it perceives; those environmental conditions that are not noticed do not affect managements' decisions and actions. ... (T)he same 'objective' environment may appear differently to different organizations. (p.249)**

The response or action taken by the organization is due to the perceived changes (realized or anticipated) in the organization's environment. The responses can vary dramatically in scope, nature, and impact. The discussion by Mintzberg (1987) underscores the perceptual differences in understanding organizational changes. He suggests that McDonald's introduction of the Egg McMuffin could be treated as an important or strategic change because it allowed the firm to enter into a new business segment. At the same time, it can be argued that it was not a strategic change but rather a minor adjustment to the menu and hours of service.

Ginsberg (1988) argues that not only actions but also perspectives help define change. What might have seemed tactical yesterday may look strategic today. The perspectives on the proposed changes at the SBU level will be different for top and middle managers. These differences will affect the implementation in a decisive way (van Cauwenbergh & Cool, 1982). Further, Ireland, Hitt, Bettis and De Porras (1987) found that as managerial levels changed (top, middle, and entry) the perceptions of environmental uncertainty also changed.

The foregoing discussion indicates that the middle manager's perception of the proposed changes in the activities of an SBU may be different from ones perceived by the top managers while formulating a specific change. This was found by Gioia and



Chittipeddi (1991) when they conducted an ethnographic study of an initiation of a change process in a large university. The process of middle managers making interpretations when faced with the proposed changes is captured as follows:

Similarly, sensemaking processes were evident on the part of the lower-level members of the university and external constituents. All were trying to figure out the meaning of the proposed strategic change effort, what its effect on them would be, and what their role in it would entail (which in some case led to resistance to the proposed changes). These audiences attended to the President's speeches and actions to discern the nature of the espoused changes. (p.442)

Thomas, Clark, and Gioia (1993) have argued that an interpretation of the environment is important in developing and sustaining strategic action and change. With regard to the middle manager's perception of changes in the activities of an SBU, the arguments by Milliken (1987 and 1990) on "effect uncertainty" can be extrapolated at both the organizational as well as the personal level. Effect uncertainty describes managers' uncertainty about the effect the change will have on their organization; they look at the proposed changes and wonder how it will affect them (Gioia & Chittipeddi, 1991).

#### The First Independent Variable: Proactive Change

At the organizational, or SBU, level the perspective for organizational responses or actions may be shaped by the ability to manage realized or anticipated changes in the environment (Khandwalla, 1976). Researchers have generally classified organizational responses as anticipatory or reactive (Nadler & Tushman 1990). Similarly, Meyer and his colleagues (1990) have suggested that change may be characterized as either first or

second order. First order changes are carried out in anticipation of changes in the environment; in this situation the environment is considered manageable. Second order changes are a response to an already changed environment, and the managers may have a feeling that environmental changes are beyond their ability to manage.

If responses are planned to manipulate the changes in the environment and if the organization (or SBU) keeps managing the environment for a while, then the organizational responses are in place with a long-term perspective (Smart & Vertinsky). In this current study the perception that the organizational change is anticipatory (Nadler & Tushman, 1990) and long-term (Smart & Vertinsky, 1984) is defined as "proactive."

#### The Second Independent Variable: Survival Urgency

Another perspective on change at an organizational level is the middle manager's consideration of the urgency of the proposed changes for SBU survival (Thomas, Clark & Gioia, 1993). This crisis interpretation of changes within the environment reflects a possibility of loss, a higher probability of loss, and time pressures to act (Schneider & De Meyer, 1991; Smart & Vertinsky, 1984). The time pressure experienced by the top managers to carry out changes is also considered by Nutt (1987) and Bryson and Bromiley (1993) in the choice of implementation styles and in managing major projects, respectively. Some researchers (e.g., Dunphy & Stace, 1988) place more stress on the survival perspective as opposed to the anticipatory perspective. Thus, this study treats the planned change with survival of the SBU in mind as "survival urgency." The two perspectives of SBU responses to changes in the environment are consistent with

Chandler's (1962) argument that coping with changes in the environment enables the organization to survive and achieve long-term growth.

### The Third Independent Variable: Personal Sacrifice

In addition to the perception of the proposed change being proactive or characterized by survival urgency, middle managers may perceive the proposed changes as having personal impact and may change the course of the proposed implementation if they perceive that the change is not in their favor. Stewart (1987) analyzes this sentiment about the behavior of middle managers:

One clear message for top management emerges from studies in many different areas: the need to recognize that middle managers will often exercise choices that top management does not expect and may not want. ... The choices that may be exercised by middle managers include political activity to further personal ambitions, particular group interests, and to circumvent the control system. (p.390)

This is consistent with an earlier study on implementation and middle manager self-interest by Guth and MacMillan (1986). They suggested that if the self-interest of the middle manager is threatened by changes to be implemented, then it is likely that the middle manager will sabotage the changes that are to take place. There are positive exceptions to this scenario. Pfeffer (1994) suggested that when employees do not fear job loss or personal sacrifice they are more willing to contribute toward the implementation of a strategic change. Implementation of strategic change by a middle manager will depend upon to a great extent the perception of personal sacrifice. In this study, the perception of personal sacrifice is used as one of the perspectives of the proposed change at the individual level.

#### The Fourth Independent Variable: Strategic Importance of Change

Finally, researchers have argued that the importance attached to the proposed change may lead to different perspectives among managers (Dunphy & Stace, 1993; Nadler and Tushman, 1990). Particularly, Dunphy and Stace (1993) show that it is possible for a manager to choose different styles based on the importance of the change. They found that the directive style was preferred when implementing a transformative change (such changes need to be widespread throughout the organization and must be characterized by radical shifts in the business strategy). The directive style uses managerial authority and direction as a means of bringing about an organizational change. On the other hand, the implementation style may be different if the change is strategic as compared to one that is not. For example, Nutt (1986, 1987, and 1989), examined the cases only if implementation process to be studied was a strategic change. In this study, thus, a perspective representing the middle manager's perception of whether the change is strategic is included as the fourth and final component of the independent variables. Inclusion of this variable is consistent with Ginsberg's (1988) arguments that not only actions but also perspective play a role in determining the importance of the proposed change.

In summary, when the external environment of an organization changes, the organizational responses occur at either corporate or SBU level. The actions planned are perceived by middle managers to be proactive and will have a long-term impact on the SBU (or the organization). Alternatively, middle managers perceive that an urgency exists to act, and results of which allowing the firm to survive. The present study defines

these two perspectives at the SBU level as proactive and the survival urgency. In addition, two additional perspectives are utilized to represent the perception of a proposed change among middle managers. One perspective is personal sacrifice, which relates to the level of effort and sacrifice that the middle manager will need to assume to implement change, and other perspective is strategic change, which relates to the importance of the change being implemented.

### **Literature Review of Dependent Variables**

The present study considers two different sets of dependent variables. The primary dependent variable, "implementation styles," has been adapted from the strategy management field. The exploratory dependent variable, "influence styles," has been adapted from the organizational behavior field.

#### **Literature Review: Implementation Styles**

According to Nutt (1986), implementation is a process directed by a manager to install a planned change within an organization. Implementation should be viewed as a definite set of steps to entice the stakeholder into lending support toward achieving the planned change. These sequential steps, defined as tactics by Nutt and henceforth identified as implementation style, are used by a manager to obtain the backing, collaboration, or consent needed to ensure compliance with planned changes. According to Nutt, the selection of a style of implementation is the first step in the change process.

The implementation approaches suggested by Greiner (1967) are mainly directed to changing the employee's attitude toward accepting change. His recommended approaches include sharing of power, delegation of authority, and "T-group"<sup>4</sup> sessions. One obvious distinction between Greiner (1967) and Nutt (1986) is Nutt's greater interest in influencing all the stakeholders to support the changes, not just the employees. Thus, Nutt's definition is broader and covers more people involved in the change process; it does not, however, allow for reactive changes. The present study defines implementation styles in a broader sense<sup>5</sup>.

Historically, researchers of the implementation process were interested in understanding how a plan (dealing with change) would be accepted by employees. Greiner's (1967) approaches deal with overcoming the resistance to change. Lippitt and Mackenzie (1976) proposed a framework for solving a problem and implementing change: a) consultation - hire a consultant, b) committee - the person faced with the problem forms a committee, c) planning group - the manager forms a planning group, d) monitor - the manager monitors the plan through a standing committee, e) power - the

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<sup>4</sup> Explanation of T-group Sessions from Greiner (1967):

The primary emphasis of the T-group tends to be on increasing an individuals' self-awareness and sensitivity to group social processes. Compared to the previously discussed approaches, the T-group places much less emphasis on the discussion and solution of task-related problems. Instead, the data for discussion are typically the interpersonal actions of individuals in the group; no specific task is assigned to the group. (p.122)

<sup>5</sup> Implementation styles may be viewed as steps taken by managers to build support for achieving changes in the organization arising out of anticipated or reactive changes in the organization's environment.

use of power in implementing the solution, and f) higher authority - pass the decision to a superior. Some of these approaches overlap, such as forming a committee and forming a plan and monitoring a plan with the help of a committee. Because of their overlap, these categories can merge into a more succinct typology.

Kotter and Schlesinger (1979), on the other hand, were more interested in understanding the process of making change more acceptable to employees. They suggested that this could be achieved if the resistance toward change was reduced. They suggested six options to overcome resistance to change; a) education and communication, b) participation and involvement by potential resisters, c) facilitation and support, d) negotiation and agreement, e) manipulation and co-optation, and f) coercion (both explicit and implicit). These categories also have a similar overlap as discussed in relation to Lippitt and Mackenzie (1976).

More recently, Bourgeois and Brodwin (1984) suggested that the role played by the chief executive officer (CEO) in the implementation process characterizes the styles of implementation. These styles include a "commander" approach with a strong centralization bias, in which the CEO is in command; a "change" approach emphasizing the adaptation of a new strategy by creating changes in the organizational structure, compensation and control systems; a "collaborative" approach based on the concentration of group decisions by top management; and a "cultural" approach that involves not only top management but also lower level managers. Essentially, this is an expanded "collaborative" approach in which the grassroots efforts for implementation are allowed

to foster. For this reason the author calls it a cultural style. Lastly, a "crescive"<sup>6</sup> approach involves the fusion of strategy developers and implementers and seems to allow and expect the growth of strategy (and hence its implementation) from within the firm.

According to Bourgeois and Brodwin (1984), each subsequent implementation style is an improvement over the previous and in each the CEO of the firm plays a different role. In the commander style the CEO is a rational actor. In the change style the CEO becomes an architect. In the collaborative approach the CEO is a coordinator. In the cultural approach the CEO is a coach. Finally, in the crescive style the CEO is a premise setter (the premise development is dependent on everyone's contribution) and the CEO judges how everyone else in the organization implements strategies.

Nutt (1986) suggested four distinct styles used by managers implementing change. "Implementation by intervention" involves a manager who calls for new performance norms and creates rationales for action in the minds of key people. "Implementation by participation" entails the initiation of the change process by a manager who forms a stakeholder group and delegates the process to this group. "Implementation by persuasion" involves using outside consultants who convince the manager of how to best effect

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<sup>6</sup> Explanation of Crescive Model from Bourgeois and Brodwin (1984):

The final approach examines strategy issues using the principal/agent model and proposes an alternative to the traditional division of the firm into "strategy developers" and "strategy implementers." This approach draws on managers' natural inclinations to want to develop new opportunities as they see them in the course of their day-to-day management. Since this involves 'growing' strategy from within the firm, we call this approach the *Crescive Model*. (p.242) (emphasis added by the authors)



the change. The fourth and the final tactic is categorized as "implementation by edict" in which the manager uses power and control and avoids any form of stakeholder participation.

### Integration of Implementation Styles

A general shortcoming of these tactics and approaches is their reliance on a single case study or on solely the author's understanding of the implementation issue. One notable exception is the work of Nutt (1986, 1989). This paper uses categories of tactics proposed by Nutt as the bench mark to integrate the implementation literature. Nutt (1989) compared his implementation tactics with those of Lippitt and Mackenzie (1976), who Lippitt and Mackenzie tested their model on 19 administrators of a university. The present integration is an extension of Nutt's (1989) analysis. The present analysis integrates the implementation styles from both inductive and deductive arguments presented in various research articles.

Lippitt's and Mackenzie's (1976) definition of the "consultation" approach is quite similar to Nutt's (1986) "persuasion" category. The categories "forming committee," "forming planning group," and "monitoring through a committee" all are collapsed into Nutt's category "participation." The "power" approach as defined by Lippitt and Mackenzie is almost identical to the category identified as "edict" by Nutt. The approaches described by Kotter and Schlesinger (1979) can also be viewed as subsets of the tactics identified by Nutt (1986). Specifically, "education and communication," "facilitation and support," and "manipulation and co-optation" are treated as parallel to

Nutt's "intervention" tactic. Both Nutt and Kotter and Schlesinger have categories labeled "participation." The category "Negotiation and agreement" as defined by Kotter and Schlesinger resembles Nutt's category "persuasion." The approach labeled "coercion" by Kotter and Schlesinger is equivalent to Nutt's "edict" classification.

An analysis of categories developed by Bourgeois and Brodwin (1984) indicates that the "commander" approach fits well into the "edict" style as proposed by Nutt (1986). The "change" approach seems very similar to the "intervention" category because the CEO is attempting to bring about change by intervening into an organization's systems. The "collaborative" typology is similar to "participation" as identified by Nutt. Also, the "cultural" style is considered to be an extended version of "collaborative," style and therefore is suggested to be similar to "participation" style as identified by Nutt. The classification "crescive" is quite similar to the category "persuasion." Using Nutt's categories, Table 2.1 shows an integrated list of all the approaches in implementing change as proposed by Lippitt and Mackenzie (1976), Kotter and Schlesinger (1979), and Bourgeois and Brodwin (1984).

Table. 2.1. A Synthesis of Implementation Styles

|                                                                                                                               |                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Category by Nutt (1986)                                                                                                       | Parallel categories by Bourgeois & Brodwin (1984), (Represented as B&B); Kotter & Schlesinger (1979), (Represented as K&S); Lippitt & Mackenzie (1976) (Represented as L&M)              |
| <b>Implementation by Intervention</b><br>Salient feature: Key executive justifies the need for change.                        | <b>B&amp;B: Change</b><br><b>K&amp;S:</b><br>Education and Communication, Facilitation and Support, Manipulation and Co-optation.<br><b>L&amp;M: None applicable.</b>                    |
| <b>Implementation by Participation</b><br>Salient feature: Stakeholders, other than key executive, determine change features. | <b>B&amp;B: Collaborative, Cultural</b><br><b>K&amp;S: Participation/Involvement.</b><br><b>L&amp;M:</b><br>Forming a committee, Forming a planning group, Monitoring through committee. |
| <b>Implementation by Persuasion</b><br>Salient feature: Key executive allows experts to sell a change to the key executive.   | <b>B&amp;B: Crescive.</b><br><b>K&amp;S: Negotiation and Agreement</b><br><b>L&amp;M: Consultation</b>                                                                                   |
| <b>Implementation by Edict</b><br>Salient feature: Key executive issues directives requiring adoption of change.              | <b>B&amp;B: Commander</b><br><b>K&amp;S: Coercion</b><br><b>L&amp;M: Power</b>                                                                                                           |

Nutt's (1986) categorization is limited to the implementation of planned changes only, whereas this study includes the implementation of both planned as well as unanticipated organizational responses to changes in the environment. For the sake of clarity, this research will represent the implementation styles into the following four styles. The first two are collaborative while the latter two use a higher degree of authority. Figure 2.1 illustrates the four styles.

Figure 2.1 Implementation Styles Used in This Study

|                      |                                    |
|----------------------|------------------------------------|
| Collaborative Styles | Participative Implementation Style |
|                      | Third Party Consultant Style       |
| Authoritative Styles | Covert Authoritative Style         |
|                      | Overt Authoritative Style          |

The first style is "participative" and is based on the participation (Nutt, 1986; Kotter & Schlesinger, 1979), collaboration and cultural (Bourgeois & Brodwin, 1984), and committee (Lippitt & Mackenzie, 1976) approaches. The key characteristic of this implementation style is the use of groups and committees from within the organization. The second style is the "third party consultant" based on the persuasion (Nutt, 1986) and consultation (Lippitt & Mackenzie, 1976), and crecive (Bourgeois & Brodwin, 1984) definitions. The key feature is engagement of outside consultants. The third style is "covert authoritative" based on intervention (Nutt, 1986), change (Bourgeois & Brodwin, 1984), and manipulation/ co-optation (Kotter & Schlesinger, 1979) approaches. The main attribute is the manager's discreet use of power. The final style is "overt authoritative" based on the edict (Nutt, 1986), coercion (Kotter & Schlesinger, 1979), commander (Bourgeois & Brodwin, 1984), and power (Lippitt & Mackenzie, 1976) approaches. The principal aspect is the conspicuous use of authority through the issuance of directives and fiats.

In summary, in the strategic management field there is an absence of empirically derived implementation styles used by middle managers. To remedy this deficiency, this study uses Nutt's (1986) study of CEO implementation styles to synthesize theoretical arguments presented by other researchers. Four implementation styles of middle managers emerged that are very similar to the styles that Nutt formulated through analysis of top managers' implementation styles. The four implementation styles to be used in the study are a) participative, b) third party consultant, c) covert authoritative, and d) overt authoritative. The first two styles can be combined and referred to as collaborative styles and the latter two when combined are defined as authoritative styles.

#### Connecting Implementation Styles and Influence Strategies

According to Floyd and Wooldridge (1992), the process of implementation involves a series of interventions by middle managers so that organizational structures, actions of key personnel, and control systems are altered. The concept of implementation is more broadly defined by Nutt (1986) as follows:

From this perspective, implementation can be viewed as a procedure used in a planned change process that lays out steps taken to entice stakeholders to support changes. A coherent set of steps becomes a tactic used by managers to elicit the support, cooperation, or acquiescence needed to insure compliance with planned change. (p.234)

The definition of tactics of implementation as used by Nutt (1986) is modified and renamed as implementation style. According to this definition, the process of implementation is incremental and suggests that middle managers deal with their

superiors and subordinates in different ways. The need to use different approaches is emphasized by Nutt (1989):

To carry out implementation a manager must install or put into operation changes called for in a strategic plan. Successful installation of these changes often depends on obtaining the involvement, cooperation, endorsement, or consent of power centers that will operate the plan, be served by it, or be influenced by its operation. (p.145)

The use of influence, then, is an essential part of carrying out implementation. Its use by managers' has been researched extensively in the organizational behavior field (Kipnis, Schmidt & Wilkinson, 1980; Kipnis & Schmidt, 1988; Falbe & Yukl, 1992). In the organizational behavior literature, implementation deals with getting things done and is closely linked with exercising influence (Pfeffer, 1981; Salancik & Pfeffer, 1977). If middle managers are to achieve the planned strategies of top managers, they need to exercise some degree of influence. Middle managers cannot achieve these results without influencing their peers, subordinates, and superiors. The effectiveness of the implementation style will be based on their ability to influence other people successfully (Falbe Yukl, 1992).

In the organizational behavior field the use of influence strategies based on the objectives was initially studied by Kipnis, Schmidt and Wilkinson (1980). In a study that echoes the work of Nutt (1986, 1989) Kipnis and Schmidt (1983) suggest that influence is exercised for various reasons and to achieve organizational objectives:

Influence is exercised for a variety of reasons. Sometimes it is used to satisfy personal objectives such as securing benefits or better work with one's own activities. Most often influence is used to pursue organizational objectives, as, for example, to encourage others to perform effectively, to promote new ideas, or to introduce new work procedures. (p.304)

In light of the foregoing discussion, it can be argued that the concept of implementation styles in strategic management and influence strategies in organizational behavior are similar. Schilit (1990) argues that most studies dealing with influence styles have been conducted in order to understand the personal interaction within an organization, while none has looked at the use of influence styles for either strategy formulation or implementation. The lack of application of influence styles to strategic management, identified by Schilit (1990), offers researchers an opportunity to link these two different streams of research. Thus, this research will examine whether or not influence and implementation styles are parallel indicators of how managers accomplish their tasks.

#### Literature Review: Influence Strategies and Influence Styles

This section presents the literature review in two parts. Influence strategies are represented first. Using the influence strategies as the building blocks a broader concept of influence styles is discussed.

Implementation deals with getting things done or achieving planned goals. In the organizational behavior field the ability to get things done is closely linked with the execution of power (Pfeffer, 1981). The effectiveness of the implementation style will be based on ability to successfully influence other people (Falbe & Yukl, 1992). The exercise of power through behavioral tactics was initially demonstrated by Kipnis, Schmidt, and Wilkinson (1980). They started with a total of 370 behavioral statements and based on a preliminary analysis incorporated 58 statements in a questionnaire that

was administered to 754 respondents. Based on the initial responses and data analysis, Kipnis and associates developed eight influence strategies representing all of the influence behavior tactics. From this and subsequent research efforts, Kipnis and Schmidt (1983) generated seven (one influence strategy was regrouped) strategies in representing influence behaviors. Table 2.2 lists the seven influence strategies and their definitions.

**Table 2.2. Influence Strategies**

| <b>Name</b>             | <b>Definition (Based on Kipnis and Schmidt, 1983)</b>                                                      |
|-------------------------|------------------------------------------------------------------------------------------------------------|
| <b>Reason</b>           | This influence strategy involves use of facts and data to support the development of a logical argument.   |
| <b>Coalition</b>        | This influence strategy involves mobilization of other people in the organization.                         |
| <b>Ingratiation</b>     | This influence strategy involves the use of impression management, flattery, and the creation of goodwill. |
| <b>Bargaining</b>       | This influence strategy involves the use of negotiation through the exchange of benefits or favors.        |
| <b>Assertiveness</b>    | This influence strategy involves the use of a direct and forceful approach.                                |
| <b>Higher Authority</b> | This influence strategy involves gaining support of higher levels in the organization to back-up requests. |
| <b>Sanctions</b>        | This influence strategy involves the use of organizationally derived rewards and punishments.              |



Influence strategies used by managers is a topic of interest among researchers of many different view points. Dosier, Case, and Keys (1988), Kipnis and Schmidt (1983), and Kipnis, Schmidt, and Wilkinson (1980) have looked at how managers use of strategies on their subordinates, whereas, Case, Dosier, Murkinson, and Keys (1988) and Schilit and Locke (1982) have explored the use of upward influence strategies. Falbe and Yukl (1992) extended the concept of influence strategies further to analyze the effectiveness of individual tactics with regard to commitment, compliance, and resistance rather than treating the outcome as only successful or unsuccessful. Additionally, Kipnis and Schmidt (1988) examined the "type" of manager, based on the frequent use of influence strategies on their superiors and evaluation of differences among these types, with regard to salaries and performance evaluations.

#### Parsimonious Presentation of Influence Styles

Researchers have argued that managers use these seven influence strategies in various combinations (Kipnis & Schmidt, 1983; Kipnis & Schmidt, 1988; Yukl & Falbe, 1990; Falbe & Yukl, 1992) and select these combinations based on whether the influence strategies are applied in an upward, lateral, or downward direction. Kipnis and Schmidt (1983, 1988) have suggested that influence tactics used by managers should be represented parsimoniously. Accordingly, using the cluster analysis of the influence strategies, Kipnis and Schmidt (1983) developed three managerial styles that represented the way managers used influence strategies on their subordinates. Subsequently, Kipnis and Schmidt (1988) expanded the managerial styles to indicate influence strategies using

four different "types" of managerial styles, which they proposed as a) "the shotgun" influence style in which the primary usage is assertiveness, b) "the ingratiator" influence style in which the basic strategy is friendliness, c) "the tactician" influence style in which reason is the main strategy, and d) "the bystander" influence style in which the manager does not apply any influence strategies.

In another effort to be parsimonious, Kipnis and Schmidt (1985) obtained three categories of influence styles after using factor analysis. These are the "hard influence style" involving assertiveness influence strategy, the "soft influence style" entailing the use of influence strategy friendliness, and the "rational influence style" suggesting the use of reason and logic as the primary influence strategy. Deluga (1991) employed the parsimonious influence styles proposed by Kipnis and Schmidt (1985) to study the relationship between choice of influence style and impression management disposition. For this study Kipnis and Schmidt's (1985) categories of influence styles were utilized to maintain brevity in the development and administration of the questionnaire. Table 2.3 provides the connection between the seven influence strategies presented by Kipnis and Schmidt (1983) and the parsimonious influence styles approach used by Kipnis and Schmidt (1985) and Deluga (1991).

Table 2.3: Parsimonious Influence Styles

|                                                   |                                                                                                                                |
|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| Kipnis and Schmidt<br>(1985) and<br>Deluga (1991) | Kipnis and Schmidt (1983)                                                                                                      |
| Soft Approach                                     | Ingratiation (later reported as<br>Friendliness)                                                                               |
| Hard Approach                                     | Assertiveness (sometimes referred to as Pressure)<br>Higher Authority (sometimes referred to as<br>Upward Appeal)<br>Coalition |
| Rational Approach                                 | Bargaining (sometimes referred to as Exchange)<br>Reasoning or rationality                                                     |

Both Kipnis and Schmidt (1985) and Deluga (1991) did not utilize sanctions (rewards or punishment) as one of the influence strategies in their analyses of influence styles. The same scheme was followed in this study.

In summary, this section reviews the use of influence style in the organizational behavior field. Influence styles are a parsimonious representation of influence strategies, which are obtained through the cluster analyses of influence tactics. Influence styles and influence strategies have been used in a variety of situations but have never been applied to understanding the implementation of strategic change. One proximate application is the use of influence strategies in the creation of an international joint venture (Rao,

1993). This study treats the question of the relationship between the choice of influence styles and the perception of a proposed change as an exploratory issue. Since various researchers have suggested that use of the parsimonious approach is an effective approach, the present study uses Kipnis and Schmidt's (1985) categorization of these influence styles, soft, hard, and rational.

### **Literature Review of Moderator Variables**

A moderator variable alters the primary relationship between independent and dependent variables. Stone (1981) defines a moderator variable as follows:

**A moderator variable is any variable which when systematically varied, "causes" the relationship between two other variables to change. Stated somewhat differently, the relationship between two other variables will differ depending upon the level of the moderator variable. (p. 26)**

This section discusses the possible variables that may have a moderating<sup>7</sup> effect on the basic relationship between the perception of the proposed change (independent variables) and the choice of implementation and influence styles (dependent variable). In the basic model presented in the Figure 1.2 these variables are put together as either

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<sup>7</sup> Sometimes intervening and moderating effect may be confused. According to Stone (1981):

**An intervening variable is an unobservable process and/or state associated with an organism ... that helps to explain linkages between an independent and a dependent variable. (p.24).**

It is suggested that no intervening variables are present in the present study because all variables are observable and hence the relationship tested is either direct effect or moderator effect. This moderator effect is tested through the means of interaction effect, and it is discussed in detail in the methodology chapter.

organizational or individual factors. In the ensuing discussion, both factors will be presented in detail.

Many researchers have suggested that several variables can impact the formulation and implementation of strategy: incentives and reward systems (Pfeffer, 1995), strategic posture of the top management teams (Kanter, 1983), business level competitive strategies (Miller, 1983), top management participative style (Covin et al., 1993), and the industry structure (Covin & Slevin, 1989). Besides these organizational factors, some individual factors such as self-interest and commitment (Guth & MacMillan, 1986; Oswald et al., 1994) and personal characteristics (Nutt, 1990; Rao, 1993) can impact both the formulation and implementation process.

In their theoretical discussion of a model of change and performance Burke and Litwin (1992) integrated ideas from organizational development (OD), strategic management, and organizational behavior fields. They provide a comprehensive model that links various organizational variables to the change process. Their definition of management practice suggests how managers behave and what managers do normally to use the available resources. The implementation styles discussed in this research can be looked upon as a series of interactions between managers and their subordinates, peers, and superiors. Thus, the initial research model (a modified model will be presented at the end of this chapter) accommodates other variables that may have an indirect impact on the choice of implementation styles. Burke and Litwin<sup>8</sup> (1992) suggest that factors

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<sup>8</sup> Burke and Litwin (1992) represent a large array of literature review from strategic management, organizational behavior and organization development fields. Their work is based on the survey of several other models. To quote them:

that facilitate or impede the choice of implementation behavior are organizational structure, organizational strategy, organizational systems, and organizational culture. The argument that organizational framework (i.e., structure and systems) and processes (i.e., interaction and sanctions) facilitate implementation is also provided by Skivington and Daft (1991).

In general, there is agreement among researchers on the difficulties involved in measuring culture within an organization; however, researchers have reported a strong link between organizational reward systems and culture (Kerr & Slocum, 1987). Thus, the moderator variables in the present study combine the systems and culture variables and use reward systems as a proxy for both of them. Leadership is another variable that is discussed extensively without arriving at a clear consensus on how to measure it. Based on the Burke and Litwin (1992) arguments, it is suggested that strategic leadership of the organization will be reflected through "top management strategic posture" and "top management participative styles." Because the focus of this study is on middle managers, these variables have been operationalized at either the SBU or individual level.

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The ... represent(s), of course, our choices of organizational variables we consider to be the most important ones. These choices were not made in isolation. We have been influenced by other's thinking. To a large degree, therefore, we have followed precedence. (p. 527)

The variables are<sup>9</sup> a) middle manager's perception of strategic posture of top management team, b) middle manager's perception of the reward system of the SBU, c) middle manager's perception of top management participative style, d) middle manager's perception of competitive strategies of SBU, e) hostile nature of the industry in which the SBU operates, f) middle manager's commitment to the SBU, and g) middle manager's individual characteristics.

In summary, there are several possible additional moderator variables for this study. Resource restrictions and data collection limitations required that the study consider the most important ones. Because the study deals with middle managers, a primary question arose with regard to top managers' behavior and its impact on the middle manager's behavior. To respond to this concern, two variables (top management participativeness and top management strategic posture) that represent strategic leadership of the top managers were included. Additionally, variable reward system was included to reflect an aspect of the organizational culture. Two more variables that may impact the middle manager's choices of styles, namely competitive strategies followed by the SBU and the hostile industry structure, were also included. Finally, two individual level

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<sup>9</sup> A cautionary note: The author concurs with Burke and Litwin (1992) that the real-life model to understand organizational outcomes will no doubt be more complicated than what is presented in this study. Also, under some circumstances, the so-called moderator variable might have a direct effect on the choice of implementation styles. This study, however, has concentrated on the perception of the proposed change and its impact on the choice implementation style. Thus, the present study treats these variables as moderator variables only.

variables, one dealing with the commitment of the middle manager to the SBU and other dealing with the individual personality, were included.

### **Discussion of the Revised Model**

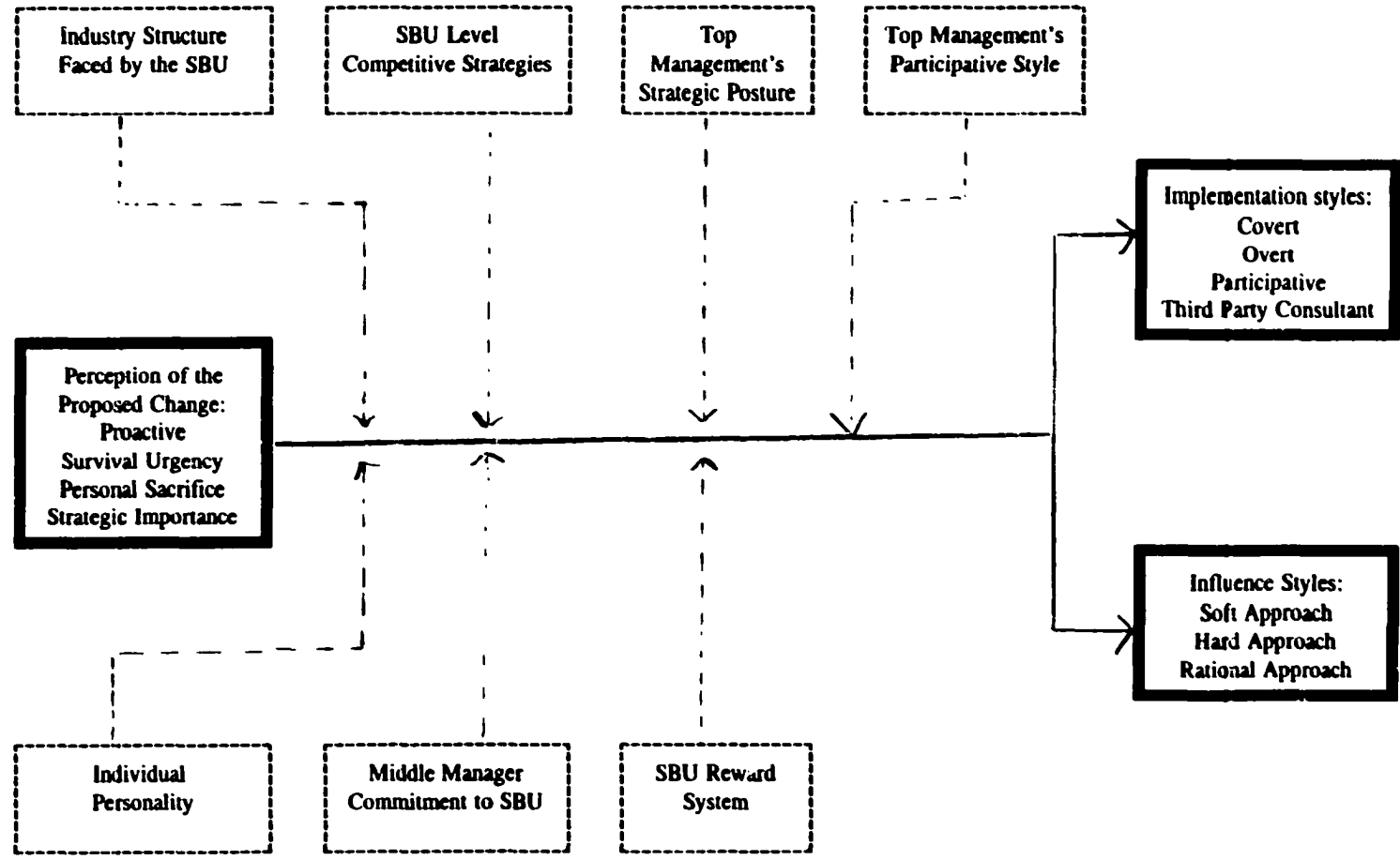
Based on the discussions in this chapter, the basic model (Figure 1.2) has been expanded to include the variables discussed in this chapter. It is now represented as Figure 2.2 The perception of a proposed change variable (independent variable) is represented by four distinct perspectives: proactive, survival urgency, personal sacrifice, and strategic importance of the proposed change. It will be hypothesized that these four constructs have an impact on the choice of both the implementation and influence styles (dependent variables). Four implementation styles have been culled from the strategic management field, namely overt implementation style, covert implementation style, participative implementation style, and third party consultant style. In addition, an dependent variable, influence style, is treated as exploratory. The influence style (based on the organizational behavior field) is represented by three approaches, namely soft influence style, hard influence style, and rational influence style.

Additionally, the model has seven moderator variables: a) middle manager's perception of strategic posture exhibited by the top management, b) middle manager's perception of participative style exhibited by the top management, c) middle manager's perception of the reward system in the SBU, d) middle manager's perception of the competitive strategy followed by the SBU, e) middle manager's perception of the hostile industry structure experienced by the SBU, f) middle manager's commitment level to the



SBU, and finally g) individual personality style of the middle manager. The model suggests that the choice of the implementation (or influence) style, which is mainly affected by the perception of the proposed change. Further, moderator variables either positively or negatively affect the relationship between the independent and dependent variables. The next chapter will discuss the positive and negative relationships in the form of a hypothesis development process.

Figure 2.2 Revised Model



## **CHAPTER 3**

### **DEVELOPMENT OF HYPOTHESES**

The previous chapter discussed the impact of several variables on the choice of implementation (and influence) styles. This chapter develops the specific relationships among the many predictable variables and choice of implementation styles. The perception of change in the SBU is broken down into four separate perspectives; proactive, survival urgency, personal sacrifice, and strategic importance. The dependent variable implementation style is reviewed in terms of overt authoritative, covert authoritative, third party consultant, and participative styles.

The ensuing discussion develops hypotheses with regard to the relationship between independent (perception of change) and dependent variables (implementation style). This is followed by the exploratory hypotheses related to the perception of change and its relationship to the influence styles. The influence styles are collapsed into three approaches; soft, hard, and rational. Each section discussing the main effect also propose how the relationship would change in the presence of the seven moderator variables; strategic posture of the top management team, participative style of the top managers, reward system in the SBU, the competitive strategy followed by the SBU, hostile industry structure, middle manager's commitment to the SBU, and personality style of the middle manager.

The development of hypothesis is based on the assumptions of the principle of minimum intervention (Hrebiniak & Joyce, 1984). According to this principle, when implementing change, executives should modify only what is necessary to provide a

solution to the strategic issue being addressed. Researchers have found that the principle of minimum intervention is in fact applicable to managers experiencing resource scarcity and environmental uncertainty. In her study on adaptive behavior of organizations Koberg (1987) found that there was indeed a hierarchy of adaptive organizational responses. Her findings indicate that the least costly adjustments occurred with the most frequency and the most costly occurred with the least frequency. The hypotheses of this study are based on similar arguments and propose that a manager will choose an implementation style that will accomplish the desired change with minimal expenditures and commitment of organizational resources.

### **Hypotheses Relating Proactive Change and the Choice of Implementation Styles**

Proactive changes indicate that middle managers have a sense that they can manage the external environment and that the changes will have a long-term impact on the organization. Proactive changes are designed in anticipation of the shifts in the external environment, hence, the environment is considered manageable. The discussion of hypotheses related to proactive changes and implementation styles is presented in four sub-sections that mirror the four dependent variables. Each sub-section is further divided into two parts, the main and the moderator effect.

**Main Effect of Proactive Change on**  
**the Choice of the Overt Authoritative Style**

The overt authoritative style entails a great deal of involvement in the implementation of a planned change. Its salient features include directives or fiats, total involvement in the implementation, and control of the decision making process.

In a proactive change situation, managers are generally under less time pressure and thus, consensus building can be achieved (Pfeffer, 1992). When the middle manager perceives that the organization has been able to manage the environment, the pressure to act is reduced. This allows the manager to be more open to others' suggestions and comments and less likely to pursue an overt authoritative style. This is consistent with the idea that if change has to be implemented for the long-term the manager has to win the support of all the stakeholders. According to Falbe and Yukl (1992), the overt authoritative style generates resistance rather than acceptance. In this situation, an overt authoritative style is not preferred.

**Hypothesis 1a: The more middle managers perceive that change is proactive, the less will they use the overt authoritative style.**

**Proactive Change, Moderator Variables**  
**and the Choice of the Overt Authoritative Style**

In this sub-section, each of the moderator variables will be considered in conjunction with the middle manager's perception that the proposed change is proactive.

### Strategic Posture of the Top Management

Strategic posture relates to the risk-taking ability of the top management. When the top management team is extremely cautious and opposed to risk-taking, the strategic posture is non-existent (Covin & Slevin, 1989). If the top management team exhibits an entrepreneurial streak, however, it signals the presence of strategic posture. To the middle managers this indicates that they too may be able to take some risks. Although it in the previous section that it would be too risky to choose the overt authoritative style because it might lead to resistance, in the presence of strategic posture, middle managers will be inclined to use the overt authoritative style. They would sense that the top management is aggressively responding to anticipated changes in the environment and would similarly, aggressively implement changes.

Hypothesis 1b: The more the top managers exhibit strategic posture, the more middle managers' choice of the overt authoritative style is positively associated with their perceptions that the change is proactive.

### Top Management Participative Style

When the top management team has a high degree of perceived participative style, the middle manager is likely to follow the same path. Covin, Byars and McDougall (1993) have suggested that the participative style of top managers makes it smoother for the implementation of strategic decisions. Earlier, in Hypothesis 1a, it was argued that in a proactive change situation it is less likely that the overt authoritative style will be selected. This will be especially applicable when the top managers are practicing the participative style. When the change is proactive, it allows managers to experiment with the participative style because they have time.

**Hypothesis 1c: The more the top managers exhibit participative style, the more middle managers' choice of the overt authoritative style is negatively associated with their perceptions that the change is proactive.**

### **Reward Systems**

In her detailed discussion on innovations Kanter (1983) argued that the reward system in innovative firms was different from that in non-innovative firms. Innovative firms were investment centered in their reward systems. They rewarded managers for being future oriented rather than past oriented. The past-oriented reward system is considered to be very rigid, whereas the future-oriented system is considered to be more flexible (Kanter, 1983). In the future-oriented reward system the rewards are based primarily on the initiatives taken by the managers. In the past-oriented reward system, when managers feel they will not be rewarded for their initiative and effort to bring about a change, it is likely that they will simply try to implement change as a top-down approach. In the proactive change situation, managers have more time and need to be participative. The change is being designed to have a long-lasting impact. Thus, for the implementation of a proactive change, flexible reward systems encourage managers to use collaborative styles and discourage the use of the authoritative style.

**Hypothesis 1d: The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the overt authoritative style is negatively associated with their perceptions that the change is proactive.**

### **SBU Competitive Strategies**

In the strategic management literature, the SBU competitive strategies have been represented in many ways (Miles & Snow, 1978; Porter, 1980; Miller 1988). Of all of

the typologies on strategies, those of Porter are tested most frequently. Porter has suggested that a firm may have one of three competitive strategies: low cost leadership, focus, and differentiation. First, low cost leadership entails an overriding concern for keeping costs low. Generally, this is achieved by way of exploiting economies of scale and thus serving a broad spectrum of customers. Second, focus strategy seeks to achieve a competitive edge by creating a better performing product or service for a very limited audience. Third, differentiation strategy entails creating a product or service that has the loyalty of the customers as the basic goal so that an insulation against the competitors is created. Because both differentiation and focus strategies at heart have a customer orientation, they require firms to be responsive to customers, necessitating flexibility and innovations. On the contrary, innovations in cost leadership come about from the process of providing the service or the product, both focus and differentiation involve a higher degree of decentralized decision making. For this study focus and differentiation are therefore treated in similar ways. Two separate sets of hypotheses, one related to differentiation and the other related to cost leadership, are proposed. The use of differentiation strategy by the SBU will demand more flexibility and hence in the proactive change situation will discourage an authoritative style. Cost leadership strategy in contrast will demand more centralized decision making, stringent controls, and obedience to rules and regulations. In proactive change, in which one needs to build consensus and acceptance of change for the long-term, the use of authoritative styles even in the presence of a cost leadership strategy will be unlikely.

**Hypothesis 1e: The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the overt**



authoritative style is negatively associated with their perception that the change is proactive.

**Hypothesis 1f: The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the overt authoritative style is negatively associated with their perception that the change is proactive.**

### **Industry Structure**

When the industry structure is very volatile and the competitive pressures within the industry are high, the firm has to follow actions very different from a situation in which the industry structure is stable. Khandwalla (1977) found that high-performing firms within an industry structure comprised of intense, non-stable competitive pressures (hostile structure) adopted organic structures, whereas firms operating within a benign industry structure had a more mechanistic structure. These observations correspond with those of Lawrence and Lorsch (1967). When the change is proactive, middle managers will find a greater need to involve more persons in the implementation process. Thus, hostility in the industry structure would enhance the choice of a collaborative style and minimize the choice of a authoritative style.

**Hypothesis 1g: The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the overt authoritative style is negatively associated with their perception that the change is proactive.**

### **Individual Personality**

In the management field, researchers have tried to link managers' decision styles to managerial behavior (Nutt, 1990). Since choice of implementation style is one way to

look at managerial behavior it can be argued that decision styles of the manager could impact the choice of implementation style. Researchers in the management field have used MBTI (Myers Briggs Type Indicator, Myers, 1963) ever since Churchman (1971) used two dimensions of MBTI to test for decision styles. Other researchers have followed suit (Blaylock & Rees, 1984; Nutt, 1979; Nutt, 1990). When short forms of MBTI are used, however, the results are inconclusive (Joshi, McMillan, & Hamilton, 1993). With limited resources and time restrictions, it was difficult to include the larger version of the MBTI scale in this research.

Instead, an alternative to the MBTI scale was considered; it is referred to as the Interpersonal Orientation (IO) scale. The construct of IO could be used to understand the behavior of the managers in certain situations. Rubin and Swap (1983) suggest that managers with high IO scores are likely to be interested in other persons and would react to their concerns. On the other hand, a person with a low IO score was more likely to be interested in getting the task done. Rao (1993) used a shortened version of Rubin and Swap's scale to evaluate the role of interpersonal orientation in negotiations of international collaborative ventures. For the purpose of implementing a proactive change, it was proposed that middle managers with high IO scores are likely to use collaborative styles rather than authoritative ones (since they are more people oriented). As discussed earlier, the need will be greater in a proactive change to generate a consensus.

**Hypothesis 1h: The higher the middle managers' interpersonal orientation, the more middle managers' choice of the overt authoritative style is negatively associated with their perception that the change is proactive.**

### Commitment to the SBU

Guth and MacMillan (1986) have argued that implementation may not be successful without the commitment of the middle managers. Recently, Pfeffer (1995) has argued the same point when discussing the issue of obtaining competitive advantage through the proper management of people within an organization. A high level of commitment may indicate that a manager will stay with whatever style they think is good for the organization. Thus, the presence of a high level of commitment would positively moderate the choice of management styles. When implementing proactive changes, a middle manager will prefer not to use the overt authoritative style.

**Hypothesis 1i: The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the overt authoritative style is negatively associated with their perception that the change is proactive.**

Overall, Hypothesis 1 discussed the direct and the interaction effect of the perception that the change is proactive and also discussed its effect on the choice of the overt authoritative style. Table 3.1 provides a summary of all the hypothesized relationships.

**Table 3.1**  
**Summary of Hypothesis 1: Choice of the Overt Authoritative Style**  
**When Change is Perceived to be Proactive**

| <b>Dependent Variable: Overt Authoritative Style</b> |                             |                           |               |                               |
|------------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                                    | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 1a                                                   | Proactive                   |                           | Direct        | " - "                         |
| 1b                                                   | Proactive                   | Strategic Posture         | Interaction   | " + "                         |
| 1c                                                   | Proactive                   | Participative Style       | Interaction   | " - "                         |
| 1d                                                   | Proactive                   | Reward System             | Interaction   | " - "                         |
| 1e                                                   | Proactive                   | Cost Leadership           | Interaction   | " - "                         |
| 1f                                                   | Proactive                   | Differentiation           | Interaction   | " - "                         |
| 1g                                                   | Proactive                   | Industry Structure        | Interaction   | " - "                         |
| 1h                                                   | Proactive                   | Interpersonal Orientation | Interaction   | " - "                         |
| 1i                                                   | Proactive                   | Commitment                | Interaction   | " - "                         |

**Main Effect of Proactive Change on**  
**the Choice of the Covert Authoritative Style**

The use of the covert authoritative style requires the middle manager to direct the change effort while controlling the implementation process. Within this style, a manager may form a committee and yet retain the ability and authority to make the final decisions with regard to the implementation process. The primary difference between the overt and the covert authoritative styles is that the covert style is a subtle way of exercising authority. Its subtlety demands greater resources in terms of the creation of committees and seeking opinions of subordinates.

Proactive changes require the consensus of many employees, and the change may be initiated by the top management team (TMT) long before the need for the change was recognized by many in the organization. It was argued earlier that in a proactive change situation the overt authoritative style will not be a preferred approach. Using the principle of minimum intervention, it is suggested that in the same situation the covert authoritative style which requires the middle manager to commitment more resource will also not be a preferred approach.

Hypothesis 2a: The more middle managers perceive that change is proactive, the less will they use the covert authoritative style.

#### Proactive Change, Moderator Variables and the Choice of the Covert Authoritative Style

In this sub-section, each of the moderator variables will be considered in conjunction with the middle manager's perception that the proposed change is proactive. In the development of moderator variable hypotheses, the principle of minimum intervention is applied several times.

#### Strategic Posture of the Top Management

Strategic posture relates to the risk-taking ability of the top management. The presence of strategic posture among top managers indicates to middle managers that they may be able to take some risks in implementing the proactive change. Thus, in the presence of the strategic posture in the TMT, a middle manager who is implementing a proactive change will be inclined to use some sort of authoritative style. The use of

principle of minimum intervention, however, implies that the overt authoritative style will be preferred over the covert as it requires less involvement.

**Hypothesis 2b: The more the top managers exhibit strategic posture, the more middle managers' choice of the covert authoritative style is negatively associated with their perceptions that the change is proactive.**

### **Top Management Participative Style**

When the top management team has a high degree of participative style, the middle manager is likely to follow the same path. In the event of implementing a proactive change, following this participative style is even more likely. Thus, no authoritative style (neither overt nor covert) will be chosen.

**Hypothesis 2c: The more the top managers exhibit participative style, the more middle managers' choice of the covert authoritative style is negatively associated with their perceptions that the change is proactive.**

### **Reward Systems**

In future-oriented (flexible) reward systems, rewards are based on the initiatives taken by managers. In a proactive change, consensus generation is critical because the changes are planned to have long-term effects. As a result, in a flexible reward system, managers will seek out collaborative styles and place less emphasis on authoritative styles.

**Hypothesis 2d: The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the covert authoritative style is negatively associated with their perceptions that the change is proactive.**

### SBU Competitive Strategies

The use of the differentiation strategy by the SBU demands more flexibility and hence less centralized decision-making. This will encourage the use of collaborative styles. Cost leadership strategy, on the other hand, demands concentrated decision-making approaches, stringent controls, and rules and regulations. The principle of minimum intervention would suggest that of the two authoritative styles, the overt authoritative style would be preferred over the covert style. In a proactive change the differentiation strategy will require a great amount of flexibility and thus neither authoritative style will be chosen.

**Hypothesis 2e: The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the covert authoritative style is negatively associated with their perception that the change is proactive.**

**Hypothesis 2f: The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the covert authoritative style is negatively associated with their perception that the change is proactive.**

### Industry Structure

When the industry structure is very harsh, the high-performing firms adopt an organic structure, whereas firms operating within a benign industry structure have a more mechanistic structure (Khandwalla 1977). Organic structures provide more flexibility than mechanistic structures, engendering input of a large pool of employees. When implementing proactive changes, middle managers have excess time and are very likely to operate under the organic structure. Thus, hostility in the industry structure would make managers more likely to choose collaborative over authoritative styles.

**Hypothesis 2g: The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the covert authoritative style is negatively associated with their perception that the change is proactive.**

### **Individual Personality**

Proactive change has to be accepted by all the employees who will be affected by the proposed change. Since management plans for the change have a long-term impact, consensus building is essential. Middle managers with high IO scores are likely to be interested in other persons and would react to their concerns; they are likely to use collaborative rather than authoritative styles.

**Hypothesis 2h: The higher the middle managers' interpersonal orientation, the more middle managers' choice of the covert authoritative style is negatively associated with their perception that the change is proactive.**

### **Commitment to the SBU**

A high level of commitment may indicate that managers will stay with whatever style they think is good for the organization. Thus, in a proactive situation if authoritative styles are normally un-likely to be used, then the probability of their use will further decrease in the presence of a high level of commitment.

**Hypothesis 2i: The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the covert authoritative style is negatively associated with their perception that the change is proactive.**

Overall, Hypothesis 2 discussed the direct and the interaction effect of the middle manager's perception that the change is proactive and also discussed how that perception related to the choice of the covert authoritative style. Table 3.2 provides a summary of all the hypothesized relationships.



**Table 3.2**  
**Summary of Hypothesis 2: Choice of the Covert Authoritative Style**  
**When Change is Perceived to be Proactive**

| <b>Dependent Variable: Covert Authoritative Style</b> |                             |                           |               |                               |
|-------------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                                     | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 2a                                                    | Proactive                   |                           | Direct        | "-"                           |
| 2b                                                    | Proactive                   | Strategic Posture         | Interaction   | "-"                           |
| 2c                                                    | Proactive                   | Participative Style       | Interaction   | "-"                           |
| 2d                                                    | Proactive                   | Reward System             | Interaction   | "-"                           |
| 2e                                                    | Proactive                   | Cost Leadership           | Interaction   | "-"                           |
| 2f                                                    | Proactive                   | Differentiation           | Interaction   | "-"                           |
| 2g                                                    | Proactive                   | Industry Structure        | Interaction   | "-"                           |
| 2h                                                    | Proactive                   | Interpersonal Orientation | Interaction   | "-"                           |
| 2i                                                    | Proactive                   | Commitment                | Interaction   | "-"                           |

**Main Effect of Proactive Change on**  
**the Choice of the Participative Style**

The participative style is one of the two collaborative styles discussed in Chapter 2. Its key feature is the use of groups and committees from within the organization. Unlike in the covert authoritative style, final decision-making power lies in the hands of the committee and not with the middle manager who is implementing the change.

As discussed previously, proactive change is anticipatory as well as designed for the long-term benefit of the firm, creating an atmosphere in which the middle manager is more likely to be open to colleagues' comments and suggestions. According to Nutt

(1987), at this juncture the manager can build social credit for the future. This idea also relates to the arguments of Falbe and Yukl (1992) and Pfeffer (1992) that participation will allow for consensus building. The arguments of Covin and associates (1993) on the effective use of participative style by top managers in the implementation process are extended in this study by analyzing the choice of styles made by middle managers.

When the middle manager perceives that the organization has been able to manage the environment through anticipatory changes, the pressure to produce immediate results is reduced. The manager then has time to be open to others' contributions to the change process. This openness makes it likely that a manager will pursue a collaborative style when implementing a proactive change.

**Hypothesis 3a: The more middle managers perceive that change is proactive, the more will they use the participative style.**

#### **Proactive Change, Moderator Variables and the Choice of the Participative Style**

In this sub-section, each of the moderator variables will be considered in conjunction with the middle manager's perception that the proposed change is proactive.

#### **Strategic Posture of the Top Management**

Middle managers implementing a proactive change will be less inclined to use the participative style when they sense that the top managers are willing to take extra risks in executing the planned project (thus exhibiting strategic posture). Even though the

change being undertaken is proactive, the presence of strategic posture indicates some sort of urgency (middle managers may not be able to identify the urgency but can sense it), which would prompt the manager to be more aggressive and hence likely to use the authoritative styles.

**Hypothesis 3b: The more the top managers exhibit strategic posture, the more middle managers' choice of the participative style is negatively associated with their perceptions that the change is proactive.**

### **Top Management Participative Style**

In the event that top management adopts a participative style it is very likely that middle managers will follow their leaders. Especially in the proactive change situation in which the changes are anticipated middle managers would want to build a consensus so that the implementation process is less stormy. The presence of a participative style among the top managers will facilitate participative style on the part of the middle managers.

**Hypothesis 3c: The more the top managers exhibit participative style, the more middle managers' choice of the participative style is positively associated with their perceptions that the change is proactive.**

### **Reward Systems**

A flexible reward system generates a culture that encourages flexibility in decision-making as well as in the execution of planned projects. Thus, in implementing a proactive change, a flexible reward system would induce the use of the participative style.

**Hypothesis 3d: The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the participative style is positively associated with their perceptions that the change is proactive.**

### **SBU Competitive Strategies**

**An SBU differentiation strategy demands flexibility and hence less use of the authoritative style. Cost leadership strategy, on the other hand demands centralized decision-making. In a proactive change, in which managers have time to solicit input from others, the presence of differentiation strategy enhances the use of the participative style. In addition, the presence of cost leadership as a strategy discourages the use of the participative style.**

**Hypothesis 3e: The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the participative style is negatively associated with their perception that the change is proactive.**

**Hypothesis 3f: The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the participative style is positively associated with their perception that the change is proactive.**

### **Industry Structure**

**A proactive change enables the manager to organize the implementation process with thorough planning and a relaxed time schedule. As the level of hostility in the industry increases, firms are forced to adopt an organic structure. Thus, hostility within the industry structure would induce managers to choose the participative style when implementing a proactive change.**

**Hypothesis 3g: The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the participative style is positively associated with their perception that the change is proactive.**

### **Individual Personality**

Middle managers with high IO scores will be more people-oriented and hence are likely to use the participative style. The choice of participative style is more accurate when the proposed change is well planned and designed to impact the members of an organization for a long period of time.

**Hypothesis 3h: The higher the middle managers' interpersonal orientation, the more middle managers' choice of the participative style is positively associated with their perception that the change is proactive.**

### **Commitment to the SBU**

A high level of commitment may indicate that managers will stay with whatever style they think is good for the organization. Thus, the presence of a high level of commitment would positively moderate the choice of participative management style when implementing proactive changes.

**Hypothesis 3i: The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the participative style is positively associated with their perception that the change is proactive.**

Overall, Hypothesis 3 discussed the direct and the interaction effect of the perception that change is proactive and also discussed its effect on the choice of the participative style. Table 3.3 provides a summary of all the hypothesized relationships.

**Table 3.3**  
**Summary of Hypothesis 3: Choice of the Participative Style**  
**When Change is Perceived to be Proactive**

| <b>Dependent Variable: Participative Style</b> |                             |                           |               |                               |
|------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                              | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 3a                                             | Proactive                   |                           | Direct        | " + "                         |
| 3b                                             | Proactive                   | Strategic Posture         | Interaction   | " - "                         |
| 3c                                             | Proactive                   | Participative Style       | Interaction   | " + "                         |
| 3d                                             | Proactive                   | Reward System             | Interaction   | " + "                         |
| 3e                                             | Proactive                   | Cost Leadership           | Interaction   | " - "                         |
| 3f                                             | Proactive                   | Differentiation           | Interaction   | " + "                         |
| 3g                                             | Proactive                   | Industry Structure        | Interaction   | " + "                         |
| 3h                                             | Proactive                   | Interpersonal Orientation | Interaction   | " + "                         |
| 3i                                             | Proactive                   | Commitment                | Interaction   | " + "                         |

**Main Effect of Proactive Change on**  
**the Choice of the Third Party Consultant Style**

The third party consultant style consists of using outside consultants to implement changes. Although the third party consultation may consume firm resources, it is effective in convincing the stakeholders to accept the need for change and reduces anticipated resistance (Nutt, 1989). In addition, this implementation style diminishes the level of mistrust among various factions within the firm, since outside consultants are considered experts or neutrals or both and they legitimize the need for change (Beer et al., 1990).

In a proactive change middle managers have ample time for implementation. If managers can scan the available opportunities and hire an appropriate third party consultant, the middle managers will be taking an action that both legitimizes the need for change and helps them achieve needed consensus for the implementation of the proposed change.

**Hypothesis 4a: The more middle managers perceive that change is proactive, the more will they use the third party consultant style.**

#### **Proactive Change, Moderator Variables and the Third Party Consultant Style**

In this sub-section, the choice of the third party consultant style based on the effect of each of the moderator variables will be considered in conjunction with the middle manager's perception that the proposed change is proactive.

#### **Strategic Posture of the Top Management**

In Hypothesis 3b it was suggested that in the presence of strategic posture no collaborative style will be chosen. This applies to the third party consultant, as it is one of the two collaborative styles.

**Hypothesis 4b: The more the top managers exhibit strategic posture, the more middle managers' choice of the third party consultant style is negatively associated with their perceptions that the change is proactive.**

#### **Top Management Participative Style**

When middle managers perceive that the top management team is using participative style, they too are likely to use collaborative styles. Applying the minimum

intervention principle, middle managers will prefer the participative style over the third party consultant style because the participative style uses fewer resources.

**Hypothesis 4c: The more the top managers exhibit participative style, the more middle managers' choice of the third party consultant style is negatively associated with their perceptions that the change is proactive.**

### **Reward Systems**

Hypothesis 3d expressed the relationship between flexible reward systems and collaborative implementation styles. In a proactive change middle managers might be equally interested in using a combination of participative (internal generation of consensus) and a third party consultant (external legitimization of change) styles. Both styles will lead to acceptance of the proposed changes and compliance with the implementation process.

**Hypothesis 4d: The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the third party consultant style is positively associated with their perceptions that the change is proactive.**

### **SBU Competitive Strategies**

In the case of cost leadership strategy when a proactive change is to be implemented, neither the participative nor the third party consultant style is preferred. When a proactive change is to be implemented in conjunction with differentiation strategy, however, middle managers would prefer participative style over third party consultant style. This argument is derived from the principle of minimum intervention, which implies that the third party consultant style is cost and time intensive and therefore not a desirable choice.



**Hypothesis 4e: The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the third party consultant style is negatively associated with their perception that the change is proactive.**

**Hypothesis 4f: The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the third party consultant style is negatively associated with their perception that the change is proactive.**

### **Industry Structure**

It was discussed earlier that in a hostile industry when a proactive change is to be implemented, authoritative styles are not chosen. When the industry structure is volatile and hence the competitive pressures within the industry are high, the middle manager may want many people involved in the implementation process. In implementing a proactive change, when time allows for consensus generation, middle managers will prefer the participative style over the third party consultant style because the participative style will allow them to solicit other's comments and opinions.

**Hypothesis 4g: The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the third party consultant style is negatively associated with their perception that the change is proactive.**

### **Individual Personality**

Middle managers with high IO scores prefer to generate an internal consensus (choice of participative style) rather than to seek external legitimization (choice of third party consultant style) for implementing a change because the participative style will allow them to involve more employees in the implementation process. Also, in a

proactive change, it is feasible for them to use the participative style, as time is not a critical factor.

**Hypothesis 4h: The higher the middle managers' interpersonal orientation, the more middle managers' choice of the third party consultant style is negatively associated with their perception that the change is proactive.**

### **Commitment to the SBU**

Once again a high degree of commitment to the SBU will guide the manager's decision to follow a style most suitable for given situation. Hypothesis 4a expressed how in a proactive change it is possible for a manager to choose a third party consultant style. This choice would more likely occur when the manager has a high degree of commitment and the SBU is implementing a proactive change.

**Hypothesis 4i: The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the third party consultant style is positively associated with their perception that the change is proactive.**

Overall, Hypothesis 4 discussed the direct and the interaction effect of the perception that the change is proactive and also discussed its effect on the choice of the third party consultant style. Table 3.4 provides a summary of all the hypothesized relationships.

**Table 3.4**  
**Summary of Hypothesis 4: Choice of the Third Party Consultant Style**  
**When Change is Perceived to be Proactive**

| <b>Dependent Variable: Third Party Consultant Style</b> |                             |                           |               |                               |
|---------------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                                       | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 4a                                                      | Proactive                   |                           | Direct        | " + "                         |
| 4b                                                      | Proactive                   | Strategic Posture         | Interaction   | " - "                         |
| 4c                                                      | Proactive                   | Participative Style       | Interaction   | " - "                         |
| 4d                                                      | Proactive                   | Reward System             | Interaction   | " + "                         |
| 4e                                                      | Proactive                   | Cost Leadership           | Interaction   | " - "                         |
| 4f                                                      | Proactive                   | Differentiation           | Interaction   | " - "                         |
| 4g                                                      | Proactive                   | Industry Structure        | Interaction   | " - "                         |
| 4h                                                      | Proactive                   | Interpersonal Orientation | Interaction   | " - "                         |
| 4i                                                      | Proactive                   | Commitment                | Interaction   | " + "                         |

## **Hypotheses Relating Survival Urgency and the Choice of Implementation Styles**

Changes designed with the survival of the firm in mind may lead to a crisis interpretation by middle managers. In this situation the external environment seems out of control and may indicate a possibility of loss (and middle managers experience time pressure to act). The discussion of hypotheses related to survival urgency and implementation styles is presented in four sub-sections. Each sub-section discusses one of the four dependent variables and is relatively succinct, as many of the arguments are similar to those presented in the discussion of hypotheses related to proactive changes (Hypotheses 1 through 4).

### **Effect of Survival Urgency on the Choice of the Overt Authoritative Style**

The resources required for a survival urgency change are quite different from those necessary to implement proactive change. In the former situation managers may be under more pressure to take action. Not surprising, researchers have recommended the use of authoritative styles in this situation (Dunphy & Stace, 1988; Harvey, 1990; Pfeffer, 1992). Because a crisis threatens both the organization and the middle managers implementing the change, manager response lends itself to tighter controls, less participation, and reduced flow of information (Staw, Sandelands, & Dutton, 1981). Therefore, to avert the blame, managers might "bluff" their way out of the problem by acting assertive (Brass & Burkhardt, 1993). This in turn, encourages the use of

authoritative styles and inhibits the use of collaborative ones. Thus, the manager has more control over actions enacted quickly and without consultation with subordinates (Dunphy & Stace, 1988). In general, middle managers facing survival urgency tend to choose authoritative styles. Based on the principle of minimum intervention, if managers must choose between the two authoritative styles (overt and covert), most of the time they will choose the overt style because it is less involved. This choice is made when both methods are supposedly equally effective.

With respect to the moderating variables, the presence of top management's strategic posture, use of cost leadership by the SBU, and the existence of a high degree of commitment in the middle manager will indicate the use of an overt authoritative style. The argument for the choice of an overt authoritative style is similar to that proposed in the presentation of Hypothesis 1b, that is, essentially, middle managers emulate their leaders. Arguments for the use of an overt authoritative style change, however, in the presence of a cost leadership strategy because the issue of survival of the firm is critical and managers may be able to sacrifice consensus building for tight controls. This will enable them to achieve their SBU strategy as well as to avoid the dire consequences faced by the firm.

The arguments against the use of the overt authoritative style for rest of the moderator variables are similar to those posed in the presentation of Hypothesis 1 (a through i). In the presence of these moderating variables, the use of the overt authoritative style is generally considered less suitable. At this juncture, hypotheses (both

direct and interactions) related to the use of overt authoritative styles to undertake a change in a survival urgency situation are presented.

**Hypothesis 5a:** The more middle managers perceive that change is due to survival urgency, the more will they use the overt authoritative style.

**Hypothesis 5b:** The more the top managers exhibit strategic posture, the more middle managers' choice of the overt authoritative style is positively associated with their perceptions that the change is due to survival urgency.

**Hypothesis 5c:** The more the top managers exhibit participative style, the more middle managers' choice of the overt authoritative style is negatively associated with their perceptions that the change is due to survival urgency.

**Hypothesis 5d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the overt authoritative style is negatively associated with their perceptions that the change is due to survival urgency.

**Hypothesis 5e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the overt authoritative style is positively associated with their perception that the change is due to survival urgency.

**Hypothesis 5f:** The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the overt authoritative style is negatively associated with their perception that the change is due to survival urgency.

**Hypothesis 5g:** The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the overt authoritative style is negatively associated with their perception that the change is due to survival urgency.

**Hypothesis 5h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the overt authoritative style is negatively associated with their perception that the change is due to survival urgency.

**Hypothesis 5i:** The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the overt authoritative style

is positively associated with their perception that the change is due to survival urgency.

Overall, Hypothesis 5 discussed the effect of the perception that the change is due to survival urgency and its effect on the choice of the overt authoritative style. Table 3.5 provides the summary of all the hypothesized relationships.

**Table 3.5**  
**Summary of Hypothesis 5: Choice of the Overt Authoritative Style**  
**When Change is Perceived to be Survival Urgency**

| <b>Dependent Variable: Overt Authoritative Style</b> |                             |                           |               |                               |
|------------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                                    | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 5a                                                   | Survival Urgency            |                           | Direct        | " + "                         |
| 5b                                                   | Survival Urgency            | Strategic Posture         | Interaction   | " + "                         |
| 5c                                                   | Survival Urgency            | Participative Style       | Interaction   | " - "                         |
| 5d                                                   | Survival Urgency            | Reward System             | Interaction   | " - "                         |
| 5e                                                   | Survival Urgency            | Cost Leadership           | Interaction   | " + "                         |
| 5f                                                   | Survival Urgency            | Differentiation           | Interaction   | " - "                         |
| 5g                                                   | Survival Urgency            | Industry Structure        | Interaction   | " - "                         |
| 5h                                                   | Survival Urgency            | Interpersonal Orientation | Interaction   | " - "                         |
| 5i                                                   | Survival Urgency            | Commitment                | Interaction   | " + "                         |

#### Effect of Survival Urgency

#### on the Choice of the Covert Authoritative Style

When an urgent situation throws a firm into the reactive mode, the overt authoritarian style is likely to be used. Middle managers might find that the covert

authoritative style (forming committees but retaining the final veto power and pushing for justification for changes demands more resources and effort than an overt authoritative style. Applying the principle of minimum intervention, under the survival urgency situation it is easier to select the overt rather than the covert authoritative style. In some situations, such as conditions in which a participative style would have been preferred (for example, see Hypothesis 3), the manager may choose the covert style. It is quite similar to the participative style, except that the final decision power lies with the middle manager.

Thus, using the principle of minimum intervention, when facing a survival urgency situation, middle managers will not use the covert authoritative style whenever they can use the overt authoritative style. Managers are likely to use the covert authoritative style whenever they can make a show of being participative yet retain the final decision-making power. Two exceptions to this argument are when the top managers follow a participative style and when the middle manager has a high degree of IO score and thus is interested in the concerns of subordinates.

**Hypothesis 6a: The more middle managers perceive that change is due to survival urgency, the less will they use the covert authoritative style.**

**Hypothesis 6b: The more the top managers exhibit strategic posture, the more middle managers' choice of the covert authoritative style is negatively associated with their perceptions that the change is due to survival urgency.**

**Hypothesis 6c: The more the top managers exhibit participative style, the more middle managers' choice of the covert authoritative style is negatively associated with their perceptions that the change is due to survival urgency.**



**Hypothesis 6d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the covert authoritative style is positively associated with their perceptions that the change is due to survival urgency.

**Hypothesis 6e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the covert authoritative style is negatively associated with their perception that the change is due to survival urgency.

**Hypothesis 6f:** The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the covert authoritative style is positively associated with their perception that the change is due to survival urgency.

**Hypothesis 6g:** The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the covert authoritative style is positively associated with their perception that the change is due to survival urgency.

**Hypothesis 6h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the covert authoritative style is negatively associated with their perception that the change is due to survival urgency.

**Hypothesis 6i:** The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the covert authoritative style is negatively associated with their perception that the change is due to survival urgency.

Overall, Hypothesis 6 discussed the direct and the interaction effect of the perception that change is due to survival urgency and also discussed its effect on the choice of covert authoritative style. Table 3.6 provides the summary of all the hypothesized relationships.

**Table 3.6**  
**Summary of Hypothesis 6: Choice of the Covert Authoritative Style**  
**When Change is Perceived to be Survival Urgency**

| <b>Dependent Variable: Covert Authoritative Style</b> |                             |                           |               |                               |
|-------------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                                     | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 6a                                                    | Survival Urgency            |                           | Direct        | "-"                           |
| 6b                                                    | Survival Urgency            | Strategic Posture         | Interaction   | "-"                           |
| 6c                                                    | Survival Urgency            | Participative Style       | Interaction   | "-"                           |
| 6d                                                    | Survival Urgency            | Reward System             | Interaction   | "+"                           |
| 6e                                                    | Survival Urgency            | Cost Leadership           | Interaction   | "-"                           |
| 6f                                                    | Survival Urgency            | Differentiation           | Interaction   | "+"                           |
| 6g                                                    | Survival Urgency            | Industry Structure        | Interaction   | "+"                           |
| 6h                                                    | Survival Urgency            | Interpersonal Orientation | Interaction   | "-"                           |
| 6i                                                    | Survival Urgency            | Commitment                | Interaction   | "-"                           |

**Effect of Survival Urgency**  
**on the Choice of the Participative Style**

The use of the participative style is very unlikely when survival urgency exists. Middle managers might find that there is not enough time to generate a level of consensus that will be constructive for the survival urgency situation. The two exceptions to this trend are top management participativeness and high IO score. When the top managers consistently follow the participative style, then middle managers are likely to do so even though there may be a survival urgency. Similarly, when managers are people

oriented (high IO score), even in an emergency situation they are likely to attend to subordinates' concerns about implementing the changes.

**Hypothesis 7a:** The more middle managers perceive that change is due to survival urgency, the less will they use the participative style.

**Hypothesis 7b:** The more the top managers exhibit strategic posture, the more middle managers' choice of the participative style is negatively associated with their perceptions that the change is due to survival urgency.

**Hypothesis 7c:** The more the top managers exhibit participative style, the more middle managers' choice of the participative style is negatively associated with their perceptions that the change is due to survival urgency.

**Hypothesis 7d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the participative style is positively associated with their perceptions that the change is due to survival urgency.

**Hypothesis 7e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the participative style is negatively associated with their perception that the change is due to survival urgency.

**Hypothesis 7f:** The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the participative style is negatively associated with their perception that the change is due to survival urgency.

**Hypothesis 7g:** The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the participative style is negatively associated with their perception that the change is due to survival urgency.

**Hypothesis 7h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the participative style is positively associated with their perception that the change is due to survival urgency.

**Hypothesis 7i:** The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the participative style is

negatively associated with their perception that the change is due to survival urgency.

Overall, Hypothesis 7 discussed the direct and the interaction effect of the perception that change is due to the survival urgency and also discussed its effect on the choice of the participative style. Table 3.7 provides the summary of all the hypothesized relationships.

**Table 3.7**  
**Summary of Hypothesis 7: Choice of the Participative Style**  
**When Change is Perceived to be Survival Urgency**

| <b>Dependent Variable: Participative Style</b> |                             |                           |               |                               |
|------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                              | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 7a                                             | Survival Urgency            |                           | Direct        | "-"                           |
| 7b                                             | Survival Urgency            | Strategic Posture         | Interaction   | "-"                           |
| 7c                                             | Survival Urgency            | Participative Style       | Interaction   | "+"                           |
| 7d                                             | Survival Urgency            | Reward System             | Interaction   | "-"                           |
| 7e                                             | Survival Urgency            | Cost Leadership           | Interaction   | "-"                           |
| 7f                                             | Survival Urgency            | Differentiation           | Interaction   | "-"                           |
| 7g                                             | Survival Urgency            | Industry Structure        | Interaction   | "-"                           |
| 7h                                             | Survival Urgency            | Interpersonal Orientation | Interaction   | "+"                           |
| 7i                                             | Survival Urgency            | Commitment                | Interaction   | "-"                           |

Effect of Survival Urgency  
on the Choice of the Third Party Consultant

The third party consultant style involves a great demand for resources. In survival urgency situations, the firm is already in a reactive mode; hiring a consultant at this stage might be very difficult for a middle manager. Thus, in most situations when a middle managers face a survival urgency, it is unlikely that they will engage a consultant.

One exception to this is when the industry structure is very hostile. In such circumstances middle manager could attribute the cause the urgency to failure of all inside personnel who were unable to identify the need for a change. The middle manager has little choice but to retain an outside consultant.

**Hypothesis 8a: The more middle managers perceive that change is due to survival urgency, the less will they use the third party consultant style.**

**Hypothesis 8b: The more the top managers exhibit strategic posture, the more middle managers' choice of the third party consultant style is negatively associated with their perceptions that the change is due to survival urgency.**

**Hypothesis 8c: The more the top managers exhibit participative style, the more middle managers' choice of the third party consultant style is negatively associated with their perceptions that the change is due to survival urgency.**

**Hypothesis 8d: The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the third party consultant style is negatively associated with their perceptions that the change is due to survival urgency.**

**Hypothesis 8e: The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the third party consultant style is negatively associated with their perception that the change is due to survival urgency.**

**Hypothesis 8f: The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the third party consultant style is negatively associated with their perception that the change is due to survival urgency.**

**Hypothesis 8g: The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the third party consultant style is positively associated with their perception that the change is due to survival urgency.**

**Hypothesis 8h: The higher the middle managers' interpersonal orientation, the more middle managers' choice of the third party consultant style is positively associated with their perception that the change is due to survival urgency.**

**Hypothesis 8i: The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the third party consultant style is negatively associated with their perception that the change is due to survival urgency.**

**In summary, Hypothesis 8 discussed the direct and the interaction effect of the perception that change is due to survival urgency and also discussed its effect on the choice of the third party consultant style. Table 3.8 provides the summary of all the hypothesized relationships.**

**Table 3.8**  
**Summary of Hypothesis 8: Choice of the Third Party Consultant Style**  
**When Change is Perceived to be Survival Urgency**

| <b>Dependent Variable: Third Party Consultant Style</b> |                             |                           |               |                               |
|---------------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                                       | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 8a                                                      | Survival Urgency            |                           | Direct        | " - "                         |
| 8b                                                      | Survival Urgency            | Strategic Posture         | Interaction   | " - "                         |
| 8c                                                      | Survival Urgency            | Participative Style       | Interaction   | " - "                         |
| 8d                                                      | Survival Urgency            | Reward System             | Interaction   | " - "                         |
| 8e                                                      | Survival Urgency            | Cost Leadership           | Interaction   | " - "                         |
| 8f                                                      | Survival Urgency            | Differentiation           | Interaction   | " - "                         |
| 8g                                                      | Survival Urgency            | Industry Structure        | Interaction   | " + "                         |
| 8h                                                      | Survival Urgency            | Interpersonal Orientation | Interaction   | " + "                         |
| 8i                                                      | Survival Urgency            | Commitment                | Interaction   | " - "                         |

**Hypotheses Relating Personal Sacrifice**  
**and the Choice of Implementation Styles**

When middle managers sense that the proposed change involves a high level of personal sacrifice, their attitude toward the change will be different (Guth and MacMillan, 1986). In this situation the personal risk level is higher because the blame of failure can easily fall on the manager. The middle manager can deflect (or reduce) the level of personal sacrifice in the proposed change by involving more people in the implementation process through a participative style. In general, when personal sacrifice is perceived to be high, middle managers are more likely to opt for the collaborative rather than authoritative styles.

The discussion of hypotheses related to personal sacrifice and implementation styles is presented in four sub-sections (in order to discuss four dependent variables). Each sub-section is relatively brief, as many of the arguments are similar to those presented in the discussion of hypotheses related to proactive changes and survival urgency (Hypotheses 1 through 8).

**Effect of Personal Sacrifice**  
**on the Choice of the Overt Authoritative Style**

The overt authoritative style will require that managers take complete control of the change implementation process. When managers experience a high level of sacrifice, they tend to take less control of the change process. The logic of this dynamic is that they will not get credit for achieving the needed change but they will also not be blamed if the project fails to get implemented. One exception to this argument is the situation in which they perceive top managers exhibiting a strategic posture, which lessens their own fear of personal sacrifice.

**Hypothesis 9a: The more middle managers perceive that change involves personal sacrifice, the less will they use the overt authoritative style.**

**Hypothesis 9b: The more the top managers exhibit strategic posture, the more middle managers' choice of the overt authoritative style is positively associated with their perceptions that the change involves personal sacrifice.**

**Hypothesis 9c: The more the top managers exhibit participative style, the more middle managers' choice of the overt authoritative style is negatively associated with their perceptions that the change involves personal sacrifice.**



**Hypothesis 9d: The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the overt authoritative style is negatively associated with their perceptions that the change involves personal sacrifice.**

**Hypothesis 9e: The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the overt authoritative style is negatively associated with their perception that the change involves personal sacrifice.**

**Hypothesis 9f: The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the overt authoritative style is negatively associated with their perception that the change involves personal sacrifice.**

**Hypothesis 9g: The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the overt authoritative style is negatively associated with their perception that the change involves personal sacrifice.**

**Hypothesis 9h: The higher the middle managers' interpersonal orientation, the more middle managers' choice of the overt authoritative style is negatively associated with their perception that the change involves personal sacrifice.**

**Hypothesis 9i: The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the overt authoritative style is negatively associated with their perception that the change involves personal sacrifice.**

**Overall, Hypothesis 9 discussed the choice of the overt authoritative style based on the middle manager's perception that change involves a high degree of personal sacrifice. Table 3.9 provides the summary of all the hypothesized relationships.**

**Table 3.9**  
**Summary of Hypothesis 9: Choice of the Overt Authoritative Style**  
**When Change is Perceived to Require Personal Sacrifice**

| <b>Dependent Variable: Overt Authoritative Style</b> |                             |                           |               |                               |
|------------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                                    | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 9a                                                   | Personal Sacrifice          |                           | Direct        | " - "                         |
| 9b                                                   | Personal Sacrifice          | Strategic Posture         | Interaction   | " + "                         |
| 9c                                                   | Personal Sacrifice          | Participative Style       | Interaction   | " - "                         |
| 9d                                                   | Personal Sacrifice          | Reward System             | Interaction   | " - "                         |
| 9e                                                   | Personal Sacrifice          | Cost Leadership           | Interaction   | " - "                         |
| 9f                                                   | Personal Sacrifice          | Differentiation           | Interaction   | " - "                         |
| 9g                                                   | Personal Sacrifice          | Industry Structure        | Interaction   | " - "                         |
| 9h                                                   | Personal Sacrifice          | Interpersonal Orientation | Interaction   | " - "                         |
| 9i                                                   | Personal Sacrifice          | Commitment                | Interaction   | " - "                         |

**Effect of Personal Sacrifice**

**on the Choice of the Covert Authoritative Style**

As discussed earlier and consistent with the principle of minimum intervention, in the presence of personal sacrifice the overt authoritative style will be preferred over the covert authoritative style. One exception is the presence of a cost leadership strategy. Here an overt authoritative style would be direct and hence more suitable. When managers believe they are making a personal sacrifice, however, they will use a covert authoritative style so that they can have some level of control (but not as much as with the overt style) while still reduce their level of sacrifice by involving a greater number

of employees. Most managers, however, prefer the collaborative style so they can distribute the sacrifice over a greater number of subordinates.

**Hypothesis 10a:** The more middle managers perceive that change involves personal sacrifice, the more will they use the covert authoritative style.

**Hypothesis 10b:** The more the top managers exhibit strategic posture, the more middle managers' choice of the covert authoritative style is negatively associated with their perceptions that the change involves personal sacrifice.

**Hypothesis 10c:** The more the top managers exhibit participative style, the more middle managers' choice of the covert authoritative style is negatively associated with their perceptions that the change involves personal sacrifice.

**Hypothesis 10d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the covert authoritative style is negatively associated with their perceptions that the change involves personal sacrifice.

**Hypothesis 10e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the covert authoritative style is positively associated with their perception that the change involves personal sacrifice.

**Hypothesis 10f:** The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the covert authoritative style is negatively associated with their perception that the change involves personal sacrifice.

**Hypothesis 10g:** The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the covert authoritative style is negatively associated with their perception that the change involves personal sacrifice.

**Hypothesis 10h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the covert authoritative style is negatively associated with their perception that the change involves personal sacrifice.

**Hypothesis 10i:** The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the covert authoritative style

is negatively associated with their perception that the change involves personal sacrifice.

In summary, Hypothesis 10 discussed the choice of the covert authoritative style based on the middle manager's perception that change involves a high degree of personal sacrifice. Table 3.10 provides the summary of all the hypothesized relationships.

**Table 3.10**  
**Summary of Hypothesis 10: Choice of the Covert Authoritative Style**  
**When Change is Perceived to Require Personal Sacrifice**

| <b>Dependent Variable: Covert Authoritative Style</b> |                             |                           |               |                               |
|-------------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                                     | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 10a                                                   | Personal Sacrifice          |                           | Direct        | " - "                         |
| 10b                                                   | Personal Sacrifice          | Strategic Posture         | Interaction   | " - "                         |
| 10c                                                   | Personal Sacrifice          | Participative Style       | Interaction   | " - "                         |
| 10d                                                   | Personal Sacrifice          | Reward System             | Interaction   | " - "                         |
| 10e                                                   | Personal Sacrifice          | Cost Leadership           | Interaction   | " + "                         |
| 10f                                                   | Personal Sacrifice          | Differentiation           | Interaction   | " - "                         |
| 10g                                                   | Personal Sacrifice          | Industry Structure        | Interaction   | " - "                         |
| 10h                                                   | Personal Sacrifice          | Interpersonal Orientation | Interaction   | " - "                         |
| 10i                                                   | Personal Sacrifice          | Commitment                | Interaction   | " - "                         |

**Effect of Personal Sacrifice**

**on the Choice of the Participative Style**

It was suggested in Hypothesis 9 that most middle managers prefer a collaborative style when making personal sacrifice to implement in a planned change. Using the

principle of minimum intervention, it is suggested that the participative style will be generally preferred over the third party consultant style, as it demands less resources of the middle manager. Two exceptions, however, apply to the top management strategic posture and the cost leadership strategy. Both of these moderator variables tend to bring about the use of the authoritarian style in the presence of personal sacrifice.

**Hypothesis 11a:** The more middle managers perceive that change involves personal sacrifice, the more will they use the participative style.

**Hypothesis 11b:** The more the top managers exhibit strategic posture, the more middle managers' choice of the participative style is negatively associated with their perceptions that the change involves personal sacrifice.

**Hypothesis 11c:** The more the top managers exhibit participative style, the more middle managers' choice of the participative style is positively associated with their perceptions that the change involves personal sacrifice.

**Hypothesis 11d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the participative style is positively associated with their perceptions that the change involves personal sacrifice.

**Hypothesis 11e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the participative style is negatively associated with their perception that the change involves personal sacrifice.

**Hypothesis 11f:** The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the participative style is positively associated with their perception that the change involves personal sacrifice.

**Hypothesis 11g:** The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the participative style is positively associated with their perception that the change involves personal sacrifice.

**Hypothesis 11h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the participative style is positively associated with their perception that the change involves personal sacrifice.

**Hypothesis 11i:** The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the participative style is positively associated with their perception that the change involves personal sacrifice.

In summary Hypothesis 11 discussed the choice of the participative style based on the middle manager's perception that change involves a high degree of personal sacrifice. Table 3.11 provides the summary of all the hypothesized relationships.

**Table 3.11**  
**Summary of Hypothesis 11: Choice of the Participative Style**  
**When Change is Perceived to Require Personal Sacrifice**

| <b>Dependent Variable: Participative Style</b> |                             |                           |               |                               |
|------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                              | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 11a                                            | Personal Sacrifice          |                           | Direct        | " + "                         |
| 11b                                            | Personal Sacrifice          | Strategic Posture         | Interaction   | " - "                         |
| 11c                                            | Personal Sacrifice          | Participative Style       | Interaction   | " + "                         |
| 11d                                            | Personal Sacrifice          | Reward System             | Interaction   | " + "                         |
| 11e                                            | Personal Sacrifice          | Cost Leadership           | Interaction   | " - "                         |
| 11f                                            | Personal Sacrifice          | Differentiation           | Interaction   | " + "                         |
| 11g                                            | Personal Sacrifice          | Industry Structure        | Interaction   | " + "                         |
| 11h                                            | Personal Sacrifice          | Interpersonal Orientation | Interaction   | " + "                         |
| 11i                                            | Personal Sacrifice          | Commitment                | Interaction   | " + "                         |

Effect of Personal Sacrifice

on the Choice of the Third Party Consultant Style

When middle managers perceive they are making a great personal sacrifice to implement a proposed change, they might use a style that they normally would shun. Thus, even though among the collaborative styles the third party consultant style demands a greater amount of material resources, sometimes under the circumstances of personal sacrifice managers will choose this style. Since outside experts legitimize the need for change (Beer et al., 1990), in an unsuccessful implementation attempt in the presence of outside consultants middle managers will be able to reduce their level of personal sacrifice.

**Hypothesis 12a:** The more middle managers perceive that change involves personal sacrifice, the more will they use the third party consultant style.

**Hypothesis 12b:** The more the top managers exhibit strategic posture, the more middle managers' choice of the third party consultant style is negatively associated with their perceptions that the change involves personal sacrifice.

**Hypothesis 12c:** The more the top managers exhibit participative style, the more middle managers' choice of the third party consultant style is negatively associated with their perceptions that the change involves personal sacrifice.

**Hypothesis 12d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the third party consultant style is negatively associated with their perceptions that the change involves personal sacrifice.

**Hypothesis 12e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the third party consultant style is negatively associated with their perception that the change involves personal sacrifice.

**Hypothesis 12f: The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the third party consultant style is negatively associated with their perception that the change involves personal sacrifice.**

**Hypothesis 12g: The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the third party consultant style is positively associated with their perception that the change involves personal sacrifice.**

**Hypothesis 12h: The higher the middle managers' interpersonal orientation, the more middle managers' choice of the third party consultant style is negatively associated with their perception that the change involves personal sacrifice.**

**Hypothesis 12i: The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the third party consultant style is negatively associated with their perception that the change involves personal sacrifice.**

**Overall, Hypothesis 12 discussed the choice of the third party consultant style based on the middle manager's perception that change involves a high degree of personal sacrifice. Table 3.12 provides the summary of all the hypothesized relationships.**



**Table 3.12**  
**Summary of Hypothesis 1: Choice of the Third Party Consultant Style**  
**When Change is Perceived to Require Personal Sacrifice**

| <b>Dependent Variable: Third Party Consultant Style</b> |                             |                           |               |                               |
|---------------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                                       | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 12a                                                     | Personal Sacrifice          |                           | Direct        | " + "                         |
| 12b                                                     | Personal Sacrifice          | Strategic Posture         | Interaction   | " - "                         |
| 12c                                                     | Personal Sacrifice          | Participative Style       | Interaction   | " - "                         |
| 12d                                                     | Personal Sacrifice          | Reward System             | Interaction   | " - "                         |
| 12e                                                     | Personal Sacrifice          | Cost Leadership           | Interaction   | " - "                         |
| 12f                                                     | Personal Sacrifice          | Differentiation           | Interaction   | " - "                         |
| 12g                                                     | Personal Sacrifice          | Industry Structure        | Interaction   | " + "                         |
| 12h                                                     | Personal Sacrifice          | Interpersonal Orientation | Interaction   | " - "                         |
| 12i                                                     | Personal Sacrifice          | Commitment                | Interaction   | " - "                         |

**Hypotheses Relating the Strategic Importance of Change**  
**and the Choice of Implementation Styles**

The strategic nature of the proposed change indicates the importance of the change to the middle manager. Unlike a proactive change, a strategically important change does not always allow the manager much time to implement a plan of action. When middle managers perceive a change to be strategically important, they are thinking of long-term implications and this will keep the survival (Chandler, 1962) of the firm in mind.

To some extent managers perceive a strategic change as strategic partially a proactive change and partially a survival urgency situation. In this situation neither strong authoritative nor strong collaborative styles will be preferred, which mostly excludes

overt authoritative and participative styles. The discussion of hypotheses related to strategic change implementation styles is presented in four sub-sections (in order to discuss the four dependent variables). Each sub-section is relatively concise, as many of the arguments are similar to those presented in the discussions of prior hypotheses.

### Effect of Strategic Importance

#### on the Choice of the Overt Authoritative Style

The overt authoritative style is less likely to be used in this situation because its use may lead to resistance among subordinates (Falbe & Yukl, 1992). Since the change being implemented is important to the middle manager (strategic nature), the minimization of removal of resistance and mistrust is important.

**Hypothesis 13a:** The more middle managers perceive that change has strategic importance, the less will they use the overt authoritative style.

**Hypothesis 13b:** The more the top managers exhibit strategic posture, the more middle managers' choice of the overt authoritative style is negatively associated with their perceptions that the change has strategic importance.

**Hypothesis 13c:** The more the top managers exhibit participative style, the more middle managers' choice of the overt authoritative style is negatively associated with their perceptions that the change has strategic importance.

**Hypothesis 13d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the overt authoritative style is negatively associated with their perceptions that the change has strategic importance.

**Hypothesis 13e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the overt authoritative style is negatively associated with their perception that the change has strategic importance.

**Hypothesis 13f: The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the overt authoritative style is negatively associated with their perception that the change has strategic importance.**

**Hypothesis 13g: The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the overt authoritative style is negatively associated with their perception that the change has strategic importance.**

**Hypothesis 13h: The higher the middle managers' interpersonal orientation, the more middle managers' choice of the overt authoritative style is negatively associated with their perception that the change has strategic importance.**

**Hypothesis 13i: The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the overt authoritative style is negatively associated with their perception that the change has strategic importance.**

**Overall, Hypothesis 13 discussed the choice of the overt authoritative style based on the perception that the change has strategic importance to the middle manager. Table 3.13 provides the summary of all the hypothesized relationships.**

**Table 3.13**  
**Summary of Hypothesis 13: Choice of the Overt Authoritative Style**  
**When Change is Perceived to have Strategic Importance**

| <b>Dependent Variable: Overt Authoritative Style</b> |                             |                           |               |                               |
|------------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                                    | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 13a                                                  | Strategic Importance        |                           | Direct        | " - "                         |
| 13b                                                  | Strategic Importance        | Strategic Posture         | Interaction   | " - "                         |
| 13c                                                  | Strategic Importance        | Participative Style       | Interaction   | " - "                         |
| 13d                                                  | Strategic Importance        | Reward System             | Interaction   | " - "                         |
| 13e                                                  | Strategic Importance        | Cost Leadership           | Interaction   | " - "                         |
| 13f                                                  | Strategic Importance        | Differentiation           | Interaction   | " - "                         |
| 13g                                                  | Strategic Importance        | Industry Structure        | Interaction   | " - "                         |
| 13h                                                  | Strategic Importance        | Interpersonal Orientation | Interaction   | " - "                         |
| 13i                                                  | Strategic Importance        | Commitment                | Interaction   | " - "                         |

### Effect of Strategic Importance

#### on the Choice of the Covert Authoritative Style

When middle managers perceive a change to be strategically important, they want would to achieve the implementation as smoothly as possible. At the same time, they do not want to lose control of the situation. Thus, the covert authoritative style is suitable because it reduces resistance and improves compliance.

**Hypothesis 14a:** The more middle managers perceive that change has strategic importance, the more will they use the covert authoritative style.

**Hypothesis 14b:** The more the top managers exhibit strategic posture, the more middle managers' choice of the covert authoritative style is

positively associated with their perceptions that the change has strategic importance.

**Hypothesis 14c:** The more the top managers exhibit participative style, the more middle managers' choice of the covert authoritative style is negatively associated with their perceptions that the change has strategic importance.

**Hypothesis 14d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the covert authoritative style is negatively associated with their perceptions that the change has strategic importance.

**Hypothesis 14e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the covert authoritative style is positively associated with their perception that the change has strategic importance.

**Hypothesis 14f:** The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the covert authoritative style is negatively associated with their perception that the change has strategic importance.

**Hypothesis 14g:** The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the covert authoritative style is positively associated with their perception that the change has strategic importance.

**Hypothesis 14h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the covert authoritative style is negatively associated with their perception that the change has strategic importance.

**Hypothesis 14i:** The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the covert authoritative style is positively associated with their perception that the change has strategic importance.

In summary, Hypothesis 14 discussed the choice of the covert authoritative style based on the middle manager's perception that change has strategic importance to the middle manager. Table 3.14 provides the summary of all the hypothesized relationships.

**Table 3.14**  
**Summary of Hypothesis 114: Choice of the Covert Authoritative Style**  
**When Change is Perceived to have Strategic Importance**

| <b>Dependent Variable: Covert Authoritative Style</b> |                             |                           |               |                               |
|-------------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                                     | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 14a                                                   | Strategic Importance        |                           | Direct        | " + "                         |
| 14b                                                   | Strategic Importance        | Strategic Posture         | Interaction   | " + "                         |
| 14c                                                   | Strategic Importance        | Participative Style       | Interaction   | " - "                         |
| 14d                                                   | Strategic Importance        | Reward System             | Interaction   | " - "                         |
| 14e                                                   | Strategic Importance        | Cost Leadership           | Interaction   | " + "                         |
| 14f                                                   | Strategic Importance        | Differentiation           | Interaction   | " - "                         |
| 14g                                                   | Strategic Importance        | Industry Structure        | Interaction   | " + "                         |
| 14h                                                   | Strategic Importance        | Interpersonal Orientation | Interaction   | " - "                         |
| 14i                                                   | Strategic Importance        | Commitment                | Interaction   | " + "                         |

### Effect of Strategic Importance

#### on the Choice of the Participative Style

As stated earlier, middle managers want to implement a strategic change as smoothly as possible while not losing control of the situation. Thus, it is unlikely that a participative style will be used extensively.

**Hypothesis 15a: The more middle managers perceive that change has strategic importance, the less will they use the participative style.**

**Hypothesis 15b: The more the top managers exhibit strategic posture, the more middle managers' choice of the participative style is negatively associated with their perceptions that the change has strategic importance.**

**Hypothesis 15c:** The more the top managers exhibit participative style, the more middle managers' choice of the participative style is positively associated with their perceptions that the change has strategic importance.

**Hypothesis 15d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the participative style is positively associated with their perceptions that the change has strategic importance.

**Hypothesis 15e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the participative style is negatively associated with their perception that the change has strategic importance.

**Hypothesis 15f:** The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the participative style is positively associated with their perception that the change has strategic importance.

**Hypothesis 15g:** The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the participative style is negatively associated with their perception that the change has strategic importance.

**Hypothesis 15h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the participative style is positively associated with their perception that the change has strategic importance.

**Hypothesis 15i:** The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the participative style is negatively associated with their perception that the change has strategic importance.

Overall, Hypothesis 15 discussed the choice of the participative style based on the middle manager's perception that the change has a strategic importance. Table 3.15 provides the summary of all the hypothesized relationships.

**Table 3.15**  
**Summary of Hypothesis 15: Choice of the Participative Style**  
**When Change is Perceived to have Strategic Importance**

| <b>Dependent Variable: Participative Style</b> |                             |                           |               |                               |
|------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                              | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 15a                                            | Strategic Importance        |                           | Direct        | " - "                         |
| 15b                                            | Strategic Importance        | Strategic Posture         | Interaction   | " - "                         |
| 15c                                            | Strategic Importance        | Participative Style       | Interaction   | " + "                         |
| 15d                                            | Strategic Importance        | Reward System             | Interaction   | " + "                         |
| 15e                                            | Strategic Importance        | Cost Leadership           | Interaction   | " - "                         |
| 15f                                            | Strategic Importance        | Differentiation           | Interaction   | " + "                         |
| 15g                                            | Strategic Importance        | Industry Structure        | Interaction   | " - "                         |
| 15h                                            | Strategic Importance        | Interpersonal Orientation | Interaction   | " + "                         |
| 15i                                            | Strategic Importance        | Commitment                | Interaction   | " - "                         |

### Effect of Strategic Importance

#### on the Choice of the Third Party Consultant Style

The third party consultant style offers managers an easy way to promote the idea of change. Thus, when a proposed change is perceived to be strategic, it is likely that managers would legitimize the process by hiring outside consultants. This also helps them eliminate any mistrust that subordinates may have about the proposed change.

**Hypothesis 16a:** The more middle managers perceive that change has strategic importance, the more will they use the third party consultant style.

**Hypothesis 16b:** The more the top managers exhibit strategic posture, the more middle managers' choice of the third party consultant style is



positively associated with their perceptions that the change has strategic importance.

**Hypothesis 16c:** The more the top managers exhibit participative style, the more middle managers' choice of the third party consultant style is negatively associated with their perceptions that the change has strategic importance.

**Hypothesis 16d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the third party consultant style is negatively associated with their perceptions that the change has strategic importance.

**Hypothesis 16e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the third party consultant style is negatively associated with their perception that the change has strategic importance.

**Hypothesis 16f:** The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the third party consultant style is positively associated with their perception that the change has strategic importance.

**Hypothesis 16g:** The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the third party consultant style is positively associated with their perception that the change has strategic importance.

**Hypothesis 16h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the third party consultant style is negatively associated with their perception that the change has strategic importance.

**Hypothesis 16i:** The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the third party consultant style is positively associated with their perception that the change has strategic importance.

In summary, Hypothesis 16 discussed the choice of the third party consultant style based on the middle manager's perception that change has a strategic importance. Table 3.16 provides the summary of all the hypothesized relationships.

**Table 3.16**  
**Summary of Hypothesis 16: Choice of Participative Style**  
**When the Change is Perceived to have Strategic Importance**

| <b>Dependent Variable: Third Party Consultant Style</b> |                             |                           |               |                               |
|---------------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                                       | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 16a                                                     | Strategic Importance        |                           | Direct        | " + "                         |
| 16b                                                     | Strategic Importance        | Strategic Posture         | Interaction   | " + "                         |
| 16c                                                     | Strategic Importance        | Participative Style       | Interaction   | " - "                         |
| 16d                                                     | Strategic Importance        | Reward System             | Interaction   | " - "                         |
| 16e                                                     | Strategic Importance        | Cost Leadership           | Interaction   | " - "                         |
| 16f                                                     | Strategic Importance        | Differentiation           | Interaction   | " + "                         |
| 16g                                                     | Strategic Importance        | Industry Structure        | Interaction   | " + "                         |
| 16h                                                     | Strategic Importance        | Interpersonal Orientation | Interaction   | " - "                         |
| 16i                                                     | Strategic Importance        | Commitment                | Interaction   | " + "                         |

### **Hypotheses Relating Independent Variables and the Choice of Influence Styles**

Schilit (1990) argues that most studies dealing with influence styles have been conducted in order to understand the personal interaction within an organization, while none has looked at the use of influence styles for either strategy formulation or implementation. The lack of understanding of this dynamic relationship has been considered as an opportunity to explore and comprehend the use of influence styles in strategic processes. The present research will examine whether influence and implementation styles are parallel indicators of how managers accomplish their tasks.

Chapter 2 presented three parsimonious approaches to the use of influence styles, namely soft, hard, and rational. Some similarities could be seen between the soft tactic proposed by Kipnis and Schmidt (1985) and the participative style discussed by Nutt (1986), as the soft approach in one way or other elicits support from the subordinates in a more democratic way and shuns the use of authority. On the other hand, the hard approach could be compared with the overt authoritative style (Nutt, 1986), since in both categories managers clearly indicate that they have the authority to make decisions and are willing to use it. The rational approach does not have a direct counter-part to the implementation style but does entail giving and receiving information, hence, it will be argued that regardless of any independent variable it is likely that most managers will use this approach. Since little research is available on the role of influence styles in implementing strategies (Schilit, 1990), an extrapolation from implementation styles is used to present hypotheses on influence style in the next section.

### **Hypotheses Relating Proactive Change and Influence Styles**

For the purpose of hypothesis development, the hard approach of influence style will be treated as similar to the overt authoritative style and soft approach to the participative style. In addition it is hypothesized that a rational approach will be used by most middle managers because one of their basic activities is dissemination of information (Floyd & Wooldridge, 1994).

**Effect of Proactive Change**  
**on the Choice of the Hard Influence Style**

The hard influence style is compared to the overt authoritative style. Based on the Hypothesis 1 (for the overt authoritative style in a proactive change situation), the following hypotheses are extrapolated for the choice of hard influence.

**Hypothesis 17a: The more middle managers perceive that change is proactive, the less will they use the hard influence style.**

**Hypothesis 17b: The more the top managers exhibit strategic posture, the more middle managers' choice of the hard influence style is positively associated with their perceptions that the change is proactive.**

**Hypothesis 17c: The more the top managers exhibit participative style, the more middle managers' choice of the hard influence style is negatively associated with their perceptions that the change is proactive.**

**Hypothesis 17d: The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the hard influence style is negatively associated with their perceptions that the change is proactive.**

**Hypothesis 17e: The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the hard influence style is negatively associated with their perception that the change is proactive.**

**Hypothesis 17f: The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the hard influence style is negatively associated with their perception that the change is proactive.**

**Hypothesis 17g: The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the hard influence style is negatively associated with their perception that the change is proactive.**

**Hypothesis 17h: The higher the middle managers' interpersonal orientation, the more middle managers' choice of the hard influence style is negatively associated with their perception that the change is proactive.**

**Hypothesis 17i: The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the hard influence style is negatively associated with their perception that the change is proactive.**

Overall, Hypothesis 17 discussed the direct and the interaction effect of the perception that the change is proactive and also discussed its effect on the choice of the hard influence style. Table 3.17 provides a summary of all the hypothesized relationships.

**Table 3.17**  
**Summary of Hypothesis 17: Choice of the Hard Influence Style**  
**When Change is Perceived to be Proactive**

| <b>Dependent Variable: Hard Influence Style</b> |                             |                           |               |                               |
|-------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                               | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 17a                                             | Proactive                   |                           | Direct        | "-"                           |
| 17b                                             | Proactive                   | Strategic Posture         | Interaction   | "+"                           |
| 17c                                             | Proactive                   | Participative Style       | Interaction   | "-"                           |
| 17d                                             | Proactive                   | Reward System             | Interaction   | "-"                           |
| 17e                                             | Proactive                   | Cost Leadership           | Interaction   | "-"                           |
| 17f                                             | Proactive                   | Differentiation           | Interaction   | "-"                           |
| 17g                                             | Proactive                   | Industry Structure        | Interaction   | "-"                           |
| 17h                                             | Proactive                   | Interpersonal Orientation | Interaction   | "-"                           |
| 17i                                             | Proactive                   | Commitment                | Interaction   | "-"                           |

**Effect of Proactive Change**  
**on the Choice of the Soft Influence Style**

The following hypotheses express the impact of proactive change on the choice of the soft influence approach. The soft influence style is compared to the participative style. Based on the Hypothesis 3 (for the participative style in a proactive change situation), the following hypotheses are extrapolated for the choice of hard influence.

**Hypothesis 18a: The more middle managers perceive that change is proactive, the more will they use the soft influence.**

**Hypothesis 18b: The more the top managers exhibit strategic posture, the more middle managers' choice of the soft influence is negatively associated with their perceptions that the change is proactive.**

**Hypothesis 18c: The more the top managers exhibit participative style, the more middle managers' choice of the soft influence is positively associated with their perceptions that the change is proactive.**

**Hypothesis 18d: The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the soft influence is positively associated with their perceptions that the change is proactive.**

**Hypothesis 18e: The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the soft influence is negatively associated with their perception that the change is proactive.**

**Hypothesis 18f: The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the soft influence is positively associated with their perception that the change is proactive.**

**Hypothesis 18g: The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the soft influence is positively associated with their perception that the change is proactive.**

**Hypothesis 18h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the soft influence is positively associated with their perception that the change is proactive.

**Hypothesis 18i:** The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the soft influence is positively associated with their perception that the change is proactive.

In summary, Hypothesis 18 discussed the direct and the interaction effect of the perception that the change is proactive and also discussed its effect on the choice of the soft influence style. Table 3.18 provides a summary of all the hypothesized relationships.

**Table 3.18**  
**Summary of Hypothesis 18: Choice of the Soft Influence**  
**When Change is Perceived to be Proactive**

| <b>Dependent Variable: Soft Influence Style</b> |                             |                           |               |                               |
|-------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                               | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 18a                                             | Proactive                   |                           | Direct        | " + "                         |
| 18b                                             | Proactive                   | Strategic Posture         | Interaction   | " - "                         |
| 18c                                             | Proactive                   | Participative Style       | Interaction   | " + "                         |
| 18d                                             | Proactive                   | Reward System             | Interaction   | " + "                         |
| 18e                                             | Proactive                   | Cost Leadership           | Interaction   | " - "                         |
| 18f                                             | Proactive                   | Differentiation           | Interaction   | " + "                         |
| 18g                                             | Proactive                   | Industry Structure        | Interaction   | " + "                         |
| 18h                                             | Proactive                   | Interpersonal Orientation | Interaction   | " + "                         |
| 18i                                             | Proactive                   | Commitment                | Interaction   | " + "                         |

**Effect of Proactive Change**  
**on the Choice of the Rational Influence Style**

The use of the rational influence style has no comparable match among all of the implementation styles discussed previously. It is argued that in a proactive change middle managers will try to generate a consensus and hence in the presence of most moderator variables will tend to use this influence style.

**Hypothesis 19a: The more middle managers perceive that change is proactive, the more will they use the rational influence.**

**Hypothesis 19b: The more the top managers exhibit strategic posture, the more middle managers' choice of the rational influence is negatively associated with their perceptions that the change is proactive.**

**Hypothesis 19c: The more the top managers exhibit participative style, the more middle managers' choice of the rational influence is positively associated with their perceptions that the change is proactive.**

**Hypothesis 19d: The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the rational influence is positively associated with their perceptions that the change is proactive.**

**Hypothesis 19e: The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the rational influence is negatively associated with their perception that the change is proactive.**

**Hypothesis 19f: The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the rational influence is positively associated with their perception that the change is proactive.**

**Hypothesis 19g: The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the rational influence is positively associated with their perception that the change is proactive.**



**Hypothesis 19h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the rational influence is positively associated with their perception that the change is proactive.

**Hypothesis 19i:** The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the rational influence is positively associated with their perception that the change is proactive.

Overall, Hypothesis 19 discussed the direct and the interaction effect of the perception that the change is proactive and also discussed its effect on the choice of the rational influence style. Table 3.19 provides a summary of all the hypothesized relationships.

**Table 3.19**  
**Summary of Hypothesis 19: Choice of the Rational Influence**  
**When Change is Perceived to be Proactive**

| <b>Dependent Variable: Rational Influence Style</b> |                             |                           |               |                               |
|-----------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                                   | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 19a                                                 | Proactive                   |                           | Direct        | " + "                         |
| 19b                                                 | Proactive                   | Strategic Posture         | Interaction   | " - "                         |
| 19c                                                 | Proactive                   | Participative Style       | Interaction   | " + "                         |
| 19d                                                 | Proactive                   | Reward System             | Interaction   | " + "                         |
| 19e                                                 | Proactive                   | Cost Leadership           | Interaction   | " - "                         |
| 19f                                                 | Proactive                   | Differentiation           | Interaction   | " + "                         |
| 19g                                                 | Proactive                   | Industry Structure        | Interaction   | " + "                         |
| 19h                                                 | Proactive                   | Interpersonal Orientation | Interaction   | " + "                         |
| 19i                                                 | Proactive                   | Commitment                | Interaction   | " + "                         |

## **Hypotheses Relating Survival Urgency and Influence Styles**

Three sub-section represent the three influence approaches.

### **Effect of Survival Urgency on the Choice of the Hard Influence Style**

The impact of survival urgency on the choice of the hard influence approach is expressed in the following hypotheses, which are based on Hypothesis 5 (for the authoritative style in a survival urgency situation).

**Hypothesis 20a:** The more middle managers perceive that change is due to survival urgency, the more will they use the hard influence style.

**Hypothesis 20b:** The more the top managers exhibit strategic posture, the more middle managers' choice of the hard influence style is positively associated with their perceptions that the change is due to survival urgency.

**Hypothesis 20c:** The more the top managers exhibit participative style, the more middle managers' choice of the hard influence style is negatively associated with their perceptions that the change is due to survival urgency.

**Hypothesis 20d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the hard influence style is negatively associated with their perceptions that the change is due to survival urgency.

**Hypothesis 20e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the hard influence style is positively associated with their perception that the change is due to survival urgency.

**Hypothesis 20f:** The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the hard

influence style is negatively associated with their perception that the change is due to survival urgency.

**Hypothesis 20g:** The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the hard influence style is negatively associated with their perception that the change is due to survival urgency.

**Hypothesis 20h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the hard influence style is negatively associated with their perception that the change is due to survival urgency.

**Hypothesis 20i:** The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the hard influence style is positively associated with their perception that the change is due to survival urgency.

In summary, Hypothesis 20 discussed the direct and the interaction effect of the perception that change is due to survival urgency and also discussed its effect on the choice of the hard influence style. Table 3.20 provides the summary of all the hypothesized relationships.

**Table 3.20**  
**Summary of Hypothesis 20: Choice of the Hard Influence Style**  
**When Change is Perceived to be Survival Urgency**

| <b>Dependent Variable: Hard Influence Style</b> |                             |                           |               |                               |
|-------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypo-thesis</b>                              | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 20a                                             | Survival Urgency            |                           | Direct        | " + "                         |
| 20b                                             | Survival Urgency            | Strategic Posture         | Interaction   | " + "                         |
| 20c                                             | Survival Urgency            | Participative Style       | Interaction   | " - "                         |
| 20d                                             | Survival Urgency            | Reward System             | Interaction   | " - "                         |
| 20e                                             | Survival Urgency            | Cost Leadership           | Interaction   | " + "                         |
| 20f                                             | Survival Urgency            | Differentiation           | Interaction   | " - "                         |
| 20g                                             | Survival Urgency            | Industry Structure        | Interaction   | " - "                         |
| 20h                                             | Survival Urgency            | Interpersonal Orientation | Interaction   | " - "                         |
| 20i                                             | Survival Urgency            | Commitment                | Interaction   | " + "                         |

**Effect of Survival Urgency**

**on the Choice of the Soft Influence Style**

The use of the soft influence style is very unlikely when a survival urgency situation exists. Hypothesis 7 suggests two exceptions, the top management participative style and high IO score.

**Hypothesis 21a: The more middle managers perceive that change is due to survival urgency, the less will they use the soft influence.**

**Hypothesis 21b: The more the top managers exhibit strategic posture, the more middle managers' choice of the soft influence is negatively associated with their perceptions that the change is due to survival urgency.**

**Hypothesis 21c:** The more the top managers exhibit participative style, the more middle managers' choice of the soft influence is negatively associated with their perceptions that the change is due to survival urgency.

**Hypothesis 21d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the soft influence is positively associated with their perceptions that the change is due to survival urgency.

**Hypothesis 21e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the soft influence is negatively associated with their perception that the change is due to survival urgency.

**Hypothesis 21f:** The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the soft influence is negatively associated with their perception that the change is due to survival urgency.

**Hypothesis 21g:** The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the soft influence is negatively associated with their perception that the change is due to survival urgency.

**Hypothesis 21h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the soft influence is positively associated with their perception that the change is due to survival urgency.

**Hypothesis 21i:** The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the soft influence is negatively associated with their perception that the change is due to survival urgency.

Overall, Hypothesis 21 discussed the direct and the interaction effect of the perception that change is due to survival urgency and also discussed its effect on the choice of the soft influence style. Table 3.21 provides the summary of all the hypothesized relationships.

**Table 3.21**  
**Summary of Hypothesis 21: Choice of the Soft Influence**  
**When Change is Perceived to be Survival Urgency**

| <b>Dependent Variable: Soft Influence Style</b> |                             |                           |               |                               |
|-------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                               | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 21a                                             | Survival Urgency            |                           | Direct        | " - "                         |
| 21b                                             | Survival Urgency            | Strategic Posture         | Interaction   | " - "                         |
| 21c                                             | Survival Urgency            | Participative Style       | Interaction   | " + "                         |
| 21d                                             | Survival Urgency            | Reward System             | Interaction   | " - "                         |
| 21e                                             | Survival Urgency            | Cost Leadership           | Interaction   | " - "                         |
| 21f                                             | Survival Urgency            | Differentiation           | Interaction   | " - "                         |
| 21g                                             | Survival Urgency            | Industry Structure        | Interaction   | " - "                         |
| 21h                                             | Survival Urgency            | Interpersonal Orientation | Interaction   | " + "                         |
| 21i                                             | Survival Urgency            | Commitment                | Interaction   | " - "                         |

**Effect of Survival Urgency**

**on the Choice of the Rational Influence Style**

In the survival urgency situation the use of a rational influence style may be construed as time consuming and thus an impediment to the successful implementation of a change. For this reason, it is less likely that middle managers will choose the rational influence style.

**Hypothesis 22a:** The more middle managers perceive that change is due to survival urgency, the less will they use the rational influence.

**Hypothesis 22b:** The more the top managers exhibit strategic posture, the more middle managers' choice of the rational influence is negatively

associated with their perceptions that the change is due to survival urgency.

**Hypothesis 22c:** The more the top managers exhibit participative style, the more middle managers' choice of the rational influence is negatively associated with their perceptions that the change is due to survival urgency.

**Hypothesis 22d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the rational influence is positively associated with their perceptions that the change is due to survival urgency.

**Hypothesis 22e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the rational influence is negatively associated with their perception that the change is due to survival urgency.

**Hypothesis 22f:** The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the rational influence is negatively associated with their perception that the change is due to survival urgency.

**Hypothesis 22g:** The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the rational influence is negatively associated with their perception that the change is due to survival urgency.

**Hypothesis 22h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the rational influence is positively associated with their perception that the change is due to survival urgency.

**Hypothesis 22i:** The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the rational influence is negatively associated with their perception that the change is due to survival urgency.

In summary, Hypothesis 22 discussed the direct and the interaction effect of the perception that change is due to survival urgency and also discussed its effect on the

choice of the rational influence style. Table 3.22 provides a summary of all the hypothesized relationships.

**Table 3.22**  
**Summary of Hypothesis 22: Choice of the Rational Influence**  
**When Change is Perceived to be Survival Urgency**

| <b>Dependent Variable: Rational Influence Style</b> |                             |                           |               |                               |
|-----------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                                   | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 22a                                                 | Survival Urgency            |                           | Direct        | "-"                           |
| 22b                                                 | Survival Urgency            | Strategic Posture         | Interaction   | "-"                           |
| 22c                                                 | Survival Urgency            | Participative Style       | Interaction   | "+"                           |
| 22d                                                 | Survival Urgency            | Reward System             | Interaction   | "-"                           |
| 22e                                                 | Survival Urgency            | Cost Leadership           | Interaction   | "-"                           |
| 22f                                                 | Survival Urgency            | Differentiation           | Interaction   | "-"                           |
| 22g                                                 | Survival Urgency            | Industry Structure        | Interaction   | "-"                           |
| 22h                                                 | Survival Urgency            | Interpersonal Orientation | Interaction   | "+"                           |
| 22i                                                 | Survival Urgency            | Commitment                | Interaction   | "-"                           |

### **Hypotheses Relating Personal Sacrifice and the Choice of the Influence Styles**

These hypotheses are sub-divided into three parts. The arguments are extrapolated from Hypotheses 9 and 11.



**Effect of Personal Sacrifice**  
**on the Choice of the Hard Influence Style**

When middle managers sense that the proposed change involves a high level of personal sacrifice, they perceive a high level of personal risk because the blame for failure can easily fall on them. The middle manager can deflect (or reduce) the level of personal sacrifice in the proposed change by involving more people in the implementation process. Thus, when the personal sacrifice is perceived to be high, middle managers opt for the soft influence style rather than the hard influence style.

**Hypothesis 23a: The more middle managers perceive that change involves personal sacrifice, the less will they use the hard influence style.**

**Hypothesis 23b: The more the top managers exhibit strategic posture, the more middle managers' choice of the hard influence style is positively associated with their perceptions that the change involves personal sacrifice.**

**Hypothesis 23c: The more the top managers exhibit participative style, the more middle managers' choice of the hard influence style is negatively associated with their perceptions that the change involves personal sacrifice.**

**Hypothesis 23d: The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the hard influence style is negatively associated with their perceptions that the change involves personal sacrifice.**

**Hypothesis 23e: The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the hard influence style is negatively associated with their perception that the change involves personal sacrifice.**

**Hypothesis 23f: The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the hard influence style is negatively associated with their perception that the change involves personal sacrifice.**

**Hypothesis 23g:** The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the hard influence style is negatively associated with their perception that the change involves personal sacrifice.

**Hypothesis 23h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the hard influence style is negatively associated with their perception that the change involves personal sacrifice.

**Hypothesis 23i:** The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the hard influence style is negatively associated with their perception that the change involves personal sacrifice.

In summary, Hypothesis 23 discussed the choice of the hard influence style based on the perception that the change involves a high degree of personal sacrifice on the part of the middle manager. Table 3.23 provides the summary of all the hypothesized relationships.

**Table 3.23**  
**Summary of Hypothesis 23: Choice of the Hard Influence Style**  
**When Change is Perceived to Require Personal Sacrifice**

| <b>Dependent Variable: Hard Influence Style</b> |                             |                           |               |                               |
|-------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                               | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 23a                                             | Personal Sacrifice          |                           | Direct        | " - "                         |
| 23b                                             | Personal Sacrifice          | Strategic Posture         | Interaction   | " + "                         |
| 23c                                             | Personal Sacrifice          | Participative Style       | Interaction   | " - "                         |
| 23d                                             | Personal Sacrifice          | Reward System             | Interaction   | " - "                         |
| 23e                                             | Personal Sacrifice          | Cost Leadership           | Interaction   | " - "                         |
| 23f                                             | Personal Sacrifice          | Differentiation           | Interaction   | " - "                         |
| 23g                                             | Personal Sacrifice          | Industry Structure        | Interaction   | " - "                         |
| 23h                                             | Personal Sacrifice          | Interpersonal Orientation | Interaction   | " - "                         |
| 23i                                             | Personal Sacrifice          | Commitment                | Interaction   | " - "                         |

**Effect of Personal Sacrifice**

**on the Choice of the Soft Influence Style**

The soft influence style is preferred when middle managers perceive the level of personal sacrifice is high. This is based on the Hypothesis 11.

**Hypothesis 24a: The more middle managers perceive that change involves personal sacrifice, the more will they use the soft influence.**

**Hypothesis 24b: The more the top managers exhibit strategic posture, the more middle managers' choice of the soft influence is negatively associated with their perceptions that the change involves personal sacrifice.**

**Hypothesis 24c:** The more the top managers exhibit participative style, the more middle managers' choice of the soft influence is positively associated with their perceptions that the change involves personal sacrifice.

**Hypothesis 24d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the soft influence is positively associated with their perceptions that the change involves personal sacrifice.

**Hypothesis 24e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the soft influence is negatively associated with their perception that the change involves personal sacrifice.

**Hypothesis 24f:** The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the soft influence is positively associated with their perception that the change involves personal sacrifice.

**Hypothesis 24g:** The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the soft influence is positively associated with their perception that the change involves personal sacrifice.

**Hypothesis 24h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the soft influence is positively associated with their perception that the change involves personal sacrifice.

**Hypothesis 24i:** The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the soft influence is positively associated with their perception that the change involves personal sacrifice.

In summary, Hypothesis 24 discussed the choice of the soft influence style based on the perception that the change involves a high degree of personal sacrifice on the part of the middle manager. Table 3.24 provides the summary of all the hypothesized relationships.

**Table 3.24**  
**Summary of Hypothesis 24: Choice of the Soft Influence**  
**When Change is Perceived to Require Personal Sacrifice**

| <b>Dependent Variable: Soft Influence Style</b> |                             |                           |               |                               |
|-------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                               | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 24a                                             | Personal Sacrifice          |                           | Direct        | " + "                         |
| 24b                                             | Personal Sacrifice          | Strategic Posture         | Interaction   | " - "                         |
| 24c                                             | Personal Sacrifice          | Participative Style       | Interaction   | " + "                         |
| 24d                                             | Personal Sacrifice          | Reward System             | Interaction   | " + "                         |
| 24e                                             | Personal Sacrifice          | Cost Leadership           | Interaction   | " - "                         |
| 24f                                             | Personal Sacrifice          | Differentiation           | Interaction   | " + "                         |
| 24g                                             | Personal Sacrifice          | Industry Structure        | Interaction   | " + "                         |
| 24h                                             | Personal Sacrifice          | Interpersonal Orientation | Interaction   | " + "                         |
| 24i                                             | Personal Sacrifice          | Commitment                | Interaction   | " + "                         |

### Effect of Personal Sacrifice

#### on the Choice of the Rational Influence Style

Middle managers will lean toward using the rational influence style when they perceive they are making a personal sacrifice. The dissemination of information may help them reduce the level of personal sacrifice.

**Hypothesis 25a:** The more middle managers perceive that change involves personal sacrifice, the more will they use the rational influence.

**Hypothesis 25b:** The more the top managers exhibit strategic posture, the more middle managers' choice of the rational influence is negatively associated with their perceptions that the change involves personal sacrifice.

**Hypothesis 25c:** The more the top managers exhibit participative style, the more middle managers' choice of the rational influence is positively associated with their perceptions that the change involves personal sacrifice.

**Hypothesis 25d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the rational influence is positively associated with their perceptions that the change involves personal sacrifice.

**Hypothesis 25e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the rational influence is negatively associated with their perception that the change involves personal sacrifice.

**Hypothesis 25f:** The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the rational influence is positively associated with their perception that the change involves personal sacrifice.

**Hypothesis 25g:** The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the rational influence is positively associated with their perception that the change involves personal sacrifice.

**Hypothesis 25h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the rational influence is positively associated with their perception that the change involves personal sacrifice.

**Hypothesis 25i:** The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the rational influence is positively associated with their perception that the change involves personal sacrifice.

In summary, Hypothesis 25 discussed the choice of the rational influence style based on the perception that the change involves a high degree of personal sacrifice on the part of the middle manager. Table 3.25 provides the summary of all the hypothesized relationships.

**Table 3.25**  
**Summary of Hypothesis 25: Choice of the Rational Influence**  
**When Change is Perceived to Require Personal Sacrifice**

| <b>Dependent Variable: Rational Influence Style</b> |                             |                           |               |                               |
|-----------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                                   | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 25a                                                 | Personal Sacrifice          |                           | Direct        | " + "                         |
| 25b                                                 | Personal Sacrifice          | Strategic Posture         | Interaction   | " - "                         |
| 25c                                                 | Personal Sacrifice          | Participative Style       | Interaction   | " + "                         |
| 25d                                                 | Personal Sacrifice          | Reward System             | Interaction   | " + "                         |
| 25e                                                 | Personal Sacrifice          | Cost Leadership           | Interaction   | " - "                         |
| 25f                                                 | Personal Sacrifice          | Differentiation           | Interaction   | " + "                         |
| 25g                                                 | Personal Sacrifice          | Industry Structure        | Interaction   | " + "                         |
| 25h                                                 | Personal Sacrifice          | Interpersonal Orientation | Interaction   | " + "                         |
| 25i                                                 | Personal Sacrifice          | Commitment                | Interaction   | " + "                         |

**Hypotheses Relating the Strategic Importance of the Change**  
**and the Choice of the Implementation Styles**

This section is broken down into three parts in order to discuss the three influence styles.

### Effect of Strategic Importance

#### on the Choice of the Hard Influence Style

For this section hypotheses are extrapolated from the discussion of the development of hypothesis 13, which expressed the relationships affecting the choice of the overt authoritarian implementation style.

**Hypothesis 26a:** The more middle managers perceive that change has strategic importance, the less will they use the hard influence style.

**Hypothesis 26b:** The more the top managers exhibit strategic posture, the more middle managers' choice of the hard influence style is negatively associated with their perceptions that the change has strategic importance.

**Hypothesis 26c:** The more the top managers exhibit participative style, the more middle managers' choice of the hard influence style is negatively associated with their perceptions that the change has strategic importance.

**Hypothesis 26d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the hard influence style is negatively associated with their perceptions that the change has strategic importance.

**Hypothesis 26e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the hard influence style is negatively associated with their perception that the change has strategic importance.

**Hypothesis 26f:** The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the hard influence style is negatively associated with their perception that the change has strategic importance.

**Hypothesis 26g:** The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the hard influence style is negatively associated with their perception that the change has strategic importance.

**Hypothesis 26h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the hard influence style



is negatively associated with their perception that the change has strategic importance.

**Hypothesis 26i:** The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the hard influence style is negatively associated with their perception that the change has strategic importance.

Overall, Hypothesis 26 discussed the choice of the hard influence style based on the perception that the change has strategic importance to the middle manager. Table 3.26 provides the summary of all the hypothesized relationships.

**Table 3.26**  
**Summary of Hypothesis 26: Choice of the Hard Influence Style**  
**When Change is Perceived to have Strategic Importance**

| <b>Dependent Variable: Hard Influence Style</b> |                             |                           |               |                               |
|-------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                               | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 26a                                             | Strategic Importance        |                           | Direct        | " - "                         |
| 26b                                             | Strategic Importance        | Strategic Posture         | Interaction   | " - "                         |
| 26c                                             | Strategic Importance        | Participative Style       | Interaction   | " - "                         |
| 26d                                             | Strategic Importance        | Reward System             | Interaction   | " - "                         |
| 26e                                             | Strategic Importance        | Cost Leadership           | Interaction   | " - "                         |
| 26f                                             | Strategic Importance        | Differentiation           | Interaction   | " - "                         |
| 26g                                             | Strategic Importance        | Industry Structure        | Interaction   | " - "                         |
| 26h                                             | Strategic Importance        | Interpersonal Orientation | Interaction   | " - "                         |
| 26i                                             | Strategic Importance        | Commitment                | Interaction   | " - "                         |

**Effect of Strategic Importance**  
**on the Choice of the Soft Influence Style**

When the proposed change is strategically important, middle managers like to make the implementation as smooth as possible. Thus, they are likely to choose a soft influence style so that they can avoid resistance from their subordinates.

**Hypothesis 27a:** The more middle managers perceive that change has strategic importance, the less will they use the soft influence.

**Hypothesis 27b:** The more the top managers exhibit strategic posture, the more middle managers' choice of the soft influence is negatively associated with their perceptions that the change has strategic importance.

**Hypothesis 27c:** The more the top managers exhibit participative style, the more middle managers' choice of the soft influence is positively associated with their perceptions that the change has strategic importance.

**Hypothesis 27d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the soft influence is positively associated with their perceptions that the change has strategic importance.

**Hypothesis 27e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the soft influence is negatively associated with their perception that the change has strategic importance.

**Hypothesis 27f:** The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the soft influence is positively associated with their perception that the change has strategic importance.

**Hypothesis 27g:** The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the soft influence is negatively associated with their perception that the change has strategic importance.

**Hypothesis 27h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the soft influence is

positively associated with their perception that the change has strategic importance.

**Hypothesis 27i: The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the soft influence is negatively associated with their perception that the change has strategic importance.**

Overall, Hypothesis 27 discussed the choice of the soft influence style based on the perception that the change has strategic importance to the middle manager. Table 3.27 provides the summary of all the hypothesized relationships.

**Table 3.27**  
**Summary of Hypothesis 27: Choice of the Soft Influence**  
**When Change is Perceived to have Strategic Importance**

| <b>Dependent Variable: Soft Influence Style</b> |                             |                           |               |                               |
|-------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                               | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 27a                                             | Strategic Importance        |                           | Direct        | " - "                         |
| 27b                                             | Strategic Importance        | Strategic Posture         | Interaction   | " - "                         |
| 27c                                             | Strategic Importance        | Participative Style       | Interaction   | " + "                         |
| 27d                                             | Strategic Importance        | Reward System             | Interaction   | " + "                         |
| 27e                                             | Strategic Importance        | Cost Leadership           | Interaction   | " - "                         |
| 27f                                             | Strategic Importance        | Differentiation           | Interaction   | " + "                         |
| 27g                                             | Strategic Importance        | Industry Structure        | Interaction   | " - "                         |
| 27h                                             | Strategic Importance        | Interpersonal Orientation | Interaction   | " + "                         |
| 27i                                             | Strategic Importance        | Commitment                | Interaction   | " - "                         |

**Effect of Strategic Importance**  
**on the Choice of the Rational Influence Style**

Middle managers are very likely to use the rational influence style when they perceive that the proposed change has strategic importance for the firm.

**Hypothesis 28a:** The more middle managers perceive that change has strategic importance, the less will they use the rational influence.

**Hypothesis 28b:** The more the top managers exhibit strategic posture, the more middle managers' choice of the rational influence is negatively associated with their perceptions that the change has strategic importance.

**Hypothesis 28c:** The more the top managers exhibit participative style, the more middle managers' choice of the rational influence is positively associated with their perceptions that the change has strategic importance.

**Hypothesis 28d:** The more middle managers perceive the SBU reward system to be flexible, the more middle managers' choice of the rational influence is positively associated with their perceptions that the change has strategic importance.

**Hypothesis 28e:** The more middle managers perceive the SBU is following a cost leadership strategy, the more middle managers' choice of the rational influence is negatively associated with their perception that the change has strategic importance.

**Hypothesis 28f:** The more middle managers perceive the SBU is following a differentiation strategy, the more middle managers' choice of the rational influence is positively associated with their perception that the change has strategic importance.

**Hypothesis 28g:** The more middle managers perceive the SBU industry structure to be hostile, the more middle managers' choice of the rational influence is negatively associated with their perception that the change has strategic importance.

**Hypothesis 28h:** The higher the middle managers' interpersonal orientation, the more middle managers' choice of the rational influence is positively associated with their perception that the change has strategic importance.

**Hypothesis 28i: The higher the middle managers' commitment toward the SBU, the more middle managers' choice of the rational influence is negatively associated with their perception that the change has strategic importance.**

In summary, Hypothesis 28 discussed the choice of the rational influence style based on the perception that the change has strategic importance to the middle manager.

Table 3.28 provides the summary of all the hypothesized relationships.

**Table 3.28**  
**Summary of Hypothesis 28: Choice of the Rational Influence**  
**When Change is Perceived to have Strategic Importance**

| <b>Dependent Variable: Rational Influence Style</b> |                             |                           |               |                               |
|-----------------------------------------------------|-----------------------------|---------------------------|---------------|-------------------------------|
| <b>Hypothesis</b>                                   | <b>Independent Variable</b> | <b>Moderator Variable</b> | <b>Effect</b> | <b>Predicted Relationship</b> |
| 28a                                                 | Strategic Importance        |                           | Direct        | " - "                         |
| 28b                                                 | Strategic Importance        | Strategic Posture         | Interaction   | " - "                         |
| 28c                                                 | Strategic Importance        | Participative Style       | Interaction   | " + "                         |
| 28d                                                 | Strategic Importance        | Reward System             | Interaction   | " + "                         |
| 28e                                                 | Strategic Importance        | Cost Leadership           | Interaction   | " - "                         |
| 28f                                                 | Strategic Importance        | Differentiation           | Interaction   | " + "                         |
| 28g                                                 | Strategic Importance        | Industry Structure        | Interaction   | " - "                         |
| 28h                                                 | Strategic Importance        | Interpersonal Orientation | Interaction   | " + "                         |
| 28i                                                 | Strategic Importance        | Commitment                | Interaction   | " - "                         |

### **Overall Summary of Chapter 3**

This chapter developed and proposed twenty eight hypotheses. The first sixteen used the dependent variable implementation style, whereas the remaining twelve

hypotheses are exploratory in nature and use influence style as the dependent variable. Each hypothesis consists of one direct and eight interaction effects. The next chapter will discuss the operationalization of all the variables introduced in this chapter and the choice of methodology to test the proposed hypotheses. Also, the next chapter will discuss some of the control variables used in the study.

## **CHAPTER 4**

### **METHODOLOGY**

This chapter discusses the methodology used to test the proposed hypotheses. The first section discusses the methodology issues related to the choice of research design. The next section provides the description of validity issues. This is followed by a section on the operationalization of variables as well as introduction of control variables. The final section relays the reliability and modification of constructs based on the reliability tests.

#### **Research Design**

The procedure for collecting data about implementation process is quite different from that used for the study of the formulation of strategies. In fact, there are few well-established methods of data collection. This void is addressed by Van de Ven and Huber (1990) in the special issue of Organization Science on research methods.

Few guidelines are available to researchers interested in studying processes of change in organizations. As a consequence researchers undertaking process studies have been developing their own methods through trial-and-error.

... Among the methods that can be used to observe organizational process in the field, this special issue includes papers with focus on ethnographic methods (Barley), longitudinal and comparative case studies (Leonard-Barton and Pettigrew), event history analysis (Glick, et al.) and real-time tracking of events, as they occur over time (Van de Ven & Poole). (p.215)

This current study investigated the behavioral aspects of managers, and although the use of secondary or published data is a common practice in the field of strategic management, it was not acceptable here. Thus, the research design was based on the collection of primary data.

The most commonly used method of data collection in "process" (as opposed to content) studies has been the retrospective case history. Van de Ven (1992) suggested that it is likely that the prior knowledge of outcome, a part and parcel of using retrospective case histories, will bias a study's conclusions. The weakness of the case history makes a stronger case for the methods discussed by Van de Ven and Huber (1990) in the forthcoming quote. These methods, however, are not extensively used in the strategy field. Part of the problem is the resource requirement. The following quote summarizes the presentation of this problem by Van de Ven & Huber (1990):

A host of additional important theoretical and practical problems need to be addressed in conducting longitudinal field research. They include questions of how to deal with time, site selection ... The sheer labor intensity required to observe an organizational change process over time limits a researcher's capabilities to study more than a few cases at a time. As a result a serious question is often raised about the generalizability of an in-depth case study. (p.216)

This research, as a part of the doctoral dissertation, faced both money and time constraints. In addition, data collection through organizational observation demands access to many organizations (Van de Ven, 1992). This requirement limited the researcher's effort in conducting longitudinal and case-based data collection. Thus, other alternatives were explored.

The literature review indicated two distinct approaches used by researchers when dealing with primary data collection of behavioral aspects. The strategy literature relied mainly on the scenario construction (Nutt, 1986, 1990; Thomas et al., 1993), while organizational behavior researchers, in studying influence tactics, relied on data based on the personal experiences of their subjects (Kipnis et al., 1980; Schilit & Locke, 1982).



Both approaches have advantages and limitations. The scenario approach allows for controlling all of the variables, as per the desire of the researcher. The limitation, however, is that the respondents are not involved in the situation and might pick an answer that sounds better rather than selecting an answer that represents what they might really do in a hypothetical situation. Questionnaires on the other hand, collect data based on the real experiences of managers, who have the advantage of extensive managerial involvement in the change process. At the same time, if they are asked to recall historical events, some respondents may not have as accurate a recollection as others. There may be a bias to report expected or "right" behavior.

This study used a questionnaire design that included the scenario approach because possibilities of surveying managers who had been recently involved in a real strategic change were very challenging and time consuming, and probably beyond the scope of a doctoral dissertation. It involved identifying firms that had undergone some kind of strategic change in the first place. To make up for the loss of real experience, the researcher included two cases<sup>10</sup> which represented different situations. A sample of the questionnaire is attached (see Appendix A). The two scenarios, the Arion Tele-Systems and the Co-Fo Footwear Division are on pages 2 and 4 of the questionnaire, respectively.

The inclusion of two cases is congruent with arguments provided by Nutt (1987), he states that multiple case studies overcome many of the limitations of a single case

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<sup>10</sup> The Scenarios are modified from Moberg and Caldwell (1988) Interactive Cases in Organizational Behavior. Glenview, IL: Scott, Foresman and Co.

study and simultaneously allow for some features of a controlled laboratory experiment. It was hoped that a multiple case scenario approach would help avoid a situation in which the respondent manipulated data by trying to give the "correct" answer. Also, a survey instrument executed over a cross section of middle managers facing strategy implementation will have a greater generalizability. In the "process" research, generalizability is critical; however, the literature review for this dissertation found that most current studies had limited generalizability.

#### Scope of Data Collection

The purpose of this research was to understand the choice of implementation styles by middle managers and to ascertain the impact of organizational and individual variables on the choice of implementation styles. As a result, it was not only necessary to obtain responses from several middle managers, but also it was considered desirable to identify large firms that would have several middle managers. This would allow for the control of organizational factors. Accordingly, the data collection was split into two parts.

In the first part, efforts were made to identify firms that would agree to participate in the study in principle. In the second part, a sample questionnaire was provided to decision makers in the firms so they assess the degree of involvement needed for their middle managers. It generally took a manager 30 minutes to respond carefully to the questionnaire. In order to convince top managers that participating in this research would benefit their organization, it was necessary to visit some firm's headquarters and

to make presentations. These visits required that the researcher concentrate on the Philadelphia region to obtain respondents.

### The Questionnaire

The questionnaire was twelve pages. The first page was a title page with a request to respond from the former Dean of the Temple University Business School, Dr. William C. Dunkelberg. The last two pages of the questionnaire dealt with return addresses and comments. The remaining nine pages corresponded with 117 items in the questionnaire, which included two dependent variables, four independent variables, seven moderating variables, and several control variables. Most of the variables had multiple items. A sample of the questionnaire is attached (see Appendix A).

### Data Collection

In 1993, The Philadelphia Inquirer published a list of the largest one hundred firms in the Delaware Valley (Metropolitan Philadelphia is referred to as the Delaware Valley). The former Dean of the School of Business and Management at Temple University, Dr. Dunkelberg offered to go over the list and identified 25 firms in which a possible permission for survey could be obtained through his efforts. The first request for participation<sup>11</sup> received three positive responses. Later, two firms withdrew for

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<sup>11</sup> Sample letters of request (by Dean Dunkelberg, Dr. Hamilton, and the researcher) are attached (see Appendix B).

unknown reasons. The second wave of requests by the Dean yielded two more firms, but the number of participants in both firms was small.

Subsequently, three waves of requests were mailed to the remaining 75 firms by Dr. Robert Hamilton, the chairperson of the dissertation committee. In total, four firms agreed to participate as a result of this effort. The number of participants (qualified middle managers) ranged from 5 to 20. This prompted the researcher to explore other potential avenues where a larger number of responses could be obtained. Upon the suggestion of Dr. Hamilton, Executive MBA (EMBA) graduates of Temple University were contacted and asked if their firms would be able to participate. In the meantime, the possibility of contacting other professors and requesting them to solicit support for the questionnaire was explored. Simultaneously, the researcher exploited the possibility of using professors at St. Joseph's University as contacts.

### Response Rate

Once a firm agreed to participate, the response rate generally ranged from 40% to 60%. There were few firms whose response rate was less. Many EMBA graduates of Dr. Hamilton's personally filled out one questionnaire each when their firm was not willing to participate. The designing of the questionnaire took slightly longer than six months and the process of collecting data lasted from January 1994 to January 1995. The total number of usable responses at this stage was 241 (about 50% rate). As a precaution to maintain balanced data, single response questionnaires and firms such as Pfizer (2 out

of 28 eligible respondents) were eliminated<sup>12</sup>. After the elimination, the minimum number of responses from a single firm was 3, and maximum was 55. The total number of responses used after the elimination (for the rest of data analysis) was 215. A detailed list of participating firms, contact persons, and response rates are listed in Appendix C. This appendix also lists the major business of the firms and the divisions that participated in the present study.

### **Validity Issues**

Cook and Campbell (1976 and 1979) have suggested that there are four types of validity issues experienced by researchers in field settings. They define field setting as any setting that is not perceived by the respondents as the primary cause of research. Hence, the present data collection befits this definition of field setting, as respondents are primary in an organization to perform their required duties of work and not to respond to research inquiries. The four validity issues are a) internal validity, b) statistical conclusion validity, c) construct validity, and d) external validity.

Threats to internal validity refer to the suspicion that the hypothesized relationship between independent and dependent variable is spurious. The major factors that lead to this threat are listed as history, maturation, testing, instrumentation, statistical regression,

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<sup>12</sup> Conversations in the statistics department by the researcher led him to conclude that when one is faced with an uneven number of respondents from different organizations, as a rule of thumb, one can include all the responses that fall into a certain agreeable range of response rate. In this case, the firms that provided a response rate of about 40% to 60% were considered agreeable. The researcher also eliminated single responses.

selection, and mortality. According to Cook and Campbell (1976), the use of randomized experiments provide pertinent protection against these threats of internal validity. The threats to internal validity is critical when the research is planned to make causal inferences. The present research only intends to infer associations between independent and dependent variables and thus internal validity issue is not crucial here.

The statistical conclusion validity helps a researcher make reasonable conclusions about the co-variance of dependent and independent variables. Further, it helps to infer causality and the magnitude of the co-variance (Cook & Campbell, 1979). Some of the threats to statistical conclusion validity emanate from low statistical power. Cook and Campbell suggest that small sample sizes and low significance limits tend to reduce the power of the statistical methods. Additionally, other threats are based on the violations of the assumptions of the statistical tests. The detailed discussion on these two issues is presented later in the statistical method section. This section addresses the assumptions regarding use of ordinary least square (OLS) in this research and suggests that the present research is substantially within the bounds of the assumptions of OLS regression method. Similarly, because the usable sample size is 215, the power of the statistical test is not weak. Hence, the present research fulfills the statistical conclusion validity sufficiently.

Existence of construct validity in a study confirms that the constructs used to test the proposed relationship really measure what a researcher claims to measure (Cook & Campbell, 1976). Construct validity ensures that the operational definition of a variable is indeed the true interpretation of the construct. One way to achieve the construct

validity is to use multiple operationalizations. The major threats to construct validity originate either from construct under-representation (all dimensions of the constructs are not covered) or with surplus construct irrelevancies (some dimensions of the construct are not relevant to the operationalization). Thus, in the present research the threats to validity may be listed as inadequate pre-operational explication of construct, mono-operation bias, and mono-method bias. Of these three, the first two do not pose a threat because most of the operationalizations of the constructs are obtained from the published research (indicating proper search and explication of the construct). Second, mono-operational issues are overcome with the use of multi-item constructs. Further, as discussed in the later section on reliability of variables, many scales to measure different constructs have been either dropped or modified based on the reliability tests. The issue of mono-method bias has been partially addressed. The mono-method bias is removed in the present study in the sense that some attitudinal statements in the questionnaire are positively worded and others are negatively worded. Also, the high and low ends of the scale have been varied through-out the questionnaire (Cook and Campbell, 1976). The only limiting aspect in this research with regard to mono-method bias is that data was collected using only the questionnaire method. No interviews or observations were conducted to triangulate the present study. It is acknowledged that this is a limitation of the present research.

External validity is the ability of the research to generalize the results to or across times, settings, and persons (Cook & Campbell, 1976). External validity covers the congruence among available samples, the populations they represent, and the populations

to which generalization is applied. The sample of the present study comprises of fourteen firms. The respondents are from across the United States and from various industries inclusive of both manufacturing and services. The sample is uneven in terms of number of respondents per firm. The range of response was from 3 to 55 middle managers per firm (see details in Appendix C).

The data set is obtained primarily from a randomized design at two levels. First, the firms were selected from various published lists (e.g., top 100 firms in the Philadelphia Metro area), and because of this the firms represent a random selection. Second, and more important, the respondent in each firm was a person who fit the definition of middle manager provided by the researcher. Once the participating firm identified all the middle managers in a particular division of their firm, all the middle managers were contacted by the top management. Thus, at the second level of respondent selection there was no selection bias and hence this study may be treated as a random sample.

These kind of samples, however, may suffer from a positive bias because the sample represents self-selection by participating firms and thus might invite participation from organizations who think their way of implementing change is better than others (Nutt, 1987). Finally, since the majority of firms are from the Philadelphia Metro region, the generalizations of the results must be cautiously done in other parts of the United States.

As suggested by Van de Ven (1992), most frequently used method to evaluate the process of implementation is the case study. For example, both Beer et al., (1990) and



**Kanter (1983) studied six firms to understand the role of middle managers in the process of change and process of innovations, respectively. The weakness of case studies is poor generalizability of the results. In this regard, though the present research has uneven numbers of respondent from fourteen different firms representing various sectors of United States economy(though primarily from Philadelphia region), it is more generalizable in comparison to an individual case study. Thus, external validity is partially supported in the present research.**

**To summarize, the validity issues as discussed in the foregoing section suggested that the present research design is well-positioned with regard to internal and statistical conclusion validity. The construct and external validity pose some restriction. Particularly, mono-method bias reduces the construct validity, and uneven respondent numbers and concentration in one region reduce the generalizability of this research. Overall, the research design is considered to be robust with regard to validity issues.**

### **Operationalization of Variables**

**The operationalization of variables is discussed in four sub-groups: dependent, independent, moderating, and finally, control variables.**

### Operationalization of Dependent Variables

The dependent variables are split into two sub-groups: implementation and influence styles.

#### Implementation Styles

As represented in Figure 2.1 of Chapter 2, the four styles used in this research are participative, third party consultant, covert authoritative, and overt authoritative. These styles were primarily obtained from Nutt (1986). Because Nutt (1986) described these styles based on his observations of the CEO, it was necessary to examine the consistency of the description objectively.

The pretest results of the dependent variable were reported by Joshi, McMillan, and Hamilton (1993). The pretest was conducted via an iterative process. Ten experts, comprising faculty and graduate students, were identified from the General and Strategic Management and Human Resources Departments of Temple University. They were given the key features in each implementation style and then were asked to match it with Nutt's (1986) definitions of each style. For the purpose of the questionnaire preparation, the key features were reworded to accommodate the case scenario. The experts first read the four action plans and on the following page they read the key features for each style. As the third step, they were asked to match the action plans with the key features.

Experts whose answers did not match Nutt (1986) categorization were interviewed to understand where the differences existed. The process was repeated by incorporating more details representing the key features of the implementation style after the interview

with the expert. The third iteration yielded a 96% agreement among the raters, about the match between the key features and the definition provided by Nutt (1986). The eight action plans (four for the first case and four for the second, eight in total) are reproduced in Appendix D. The order of the four action plans was changed between the two cases.

### Influence Styles

The re-evaluation of influence strategies by Schriesheim and Hinkin (1990) was considered appropriate for this study, since they revisited the original items proposed by Kipnis et al. (1980) and conducted factor analysis to confirm that the items used in the original research by Kipnis et al. were still valid.

Due to a large number of items (117 to be precise), only two items per influence strategy were included for the survey instrument. Schriesheim and Hinkin (1990) used six of the seven influence strategies used from the original research of Kipnis et al. (1980). Thus, in the present survey instrument, twelve items were included. Because the research concentrates on middle managers, however, and the unit of analysis is the SBU, one of the items had to be dropped, since it did not apply to the SBU level. In its final form, eleven items were included in the survey instrument. The process of item selection was based on the rule of thumb that to choose any item it must be one of the two highest scores on factor loadings obtained by Schriesheim and Hinkin (1990) in their factor analysis.

As with the implementation styles analysis, the order of influence styles was altered between two cases. Table 1 (page 250) of Schriesheim and Hinkin's (1990) article

was used extensively. Twice, the highest ranked items were not included because they did not apply to implementing strategic change<sup>13</sup>. Once the eleven items were selected, they were slightly modified to suit the two cases. The language of the statements was adjusted improve the analysis of the choice of influence strategies with regard to a strategic change. The 22 items are listed in Appendix E.

In the literature review influence styles were identified as a parsimonious approach to represent influence strategies. The influence styles are classified into three approaches, soft, hard and rational (Kipnis & Schmidt, 1985). In this study, influence style approaches of Kipnis and Schmidt (1985) and Deluga (1991) are used for operationalization. As an additional caution, however, it was proposed that a factor analysis be conducted on the eleven items (influence strategies) in the present questionnaire to ensure that the three approaches are derived from the eleven items when the manager responded to use influence strategies under the perception of a strategic change situation. This was done because the Kipnis and Schmidt (1985) classification was not obtained using a strategic change situation.

#### Operationalization of Independent Variables

In the pretest of this research, reported in Joshi et al. (1993), respondents did not clearly identify the difference between anticipatory actions and actions taken by managers that may benefit the organizations in the long run. Thus, a two-item scale of the variable

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<sup>13</sup> These were Items 40 and 32 of Schriesheim and Hinkin's (1990) article in Table 1, on page 250.

called "proactive" was created that included both anticipatory actions as well as actions that could benefit the organization in the long run. Similarly, in the pretest, the respondents showed confusion between actions that were needed urgently and those that were needed for the firm to survive. Thus, a two-item scale was developed to represent an independent variable called "survival urgency." The statements for these were developed on the basis proposed by Nadler and Tushman (1990), Smart and Vertinsky (1984), and Dunphy and Stace (1988). In addition, one variable regarding the importance of change and one regarding the level of personal sacrifice the change would demand were included as two more independent variables.

Because the research linked the perception of the environment from a middle manager's perspective to the middle manager's choice of implementation style, it was considered necessary to provide the case scenario first. Middle managers were then immediately asked the six questions about how they perceived the environment in those particular cases. The six questions were then repeated in a different order after the presentation of a second scenario. The two scenarios and six questions each are located in Appendix F.

#### Operationalization of Moderating Variables

This section discusses the operationalization of seven moderating variables. Each variable is discussed in a separate sub-heading.

### **Strategic Posture of Top Managers**

The strategic posture of the top management team variable was obtained from Covin, Byars and McDougall (1993). The original scale had ten items, but two of the ten items seemed more appropriate at the corporate level rather than at the SBU level and hence were dropped. These items are listed in Appendix G.

### **Top Management Participativeness**

The same paper by Covin et al., (1993) was utilized to obtain a three-item scale on top management participativeness. These items are listed in Appendix H.

### **Reward System**

The statements on reward systems are based on the arguments provided by Chorn (1991). Similar ideas on entrepreneurial reward systems are also suggested by Kanter (1983). Based on these studies, a four-item scale for the reward system was created and this is listed in Appendix I.

### **SBU Competitive Strategies**

The six statements on the business unit strategy were obtained from Dess and Davis (1984). They conducted a factor analysis; the factor loading is provided in Table 1 of their article and was used extensively. Once again, the choice was based on the process of extracting two items from each strategy: low cost leader, focus, and differentiation. The factor loading of that item in the particular strategy is above 0.5,

and at the same time the factor loading of the same item for the other two strategies is lower than 0.2. This was done so that the items would clearly represent a particular strategy. Item five was added to the questionnaire as a very direct rather than subtle item; the subtle item from Dess and Davis (1984) was not represented clearly to many who evaluated the questionnaire. The items used in the formulation of this construct are listed in Appendix J.

### Industry Structure

A seven-item scale on the hostility of the industry structure was obtained from Covin et al., (1993). Appendix K lists all the items used for this construct.

### Interpersonal Orientation

The scale for the interpersonal orientation variable was obtained from Rao (1993) who originally used Swap and Rubin (1983) to create a shorter but equally valid version of this instrument. Appendix L represents items used for interpersonal orientation.

### Commitment to the SBU

The commitment instrument was obtained from Cook, Hepworth, Wall, and Warr (1981). Their book includes a survey of more than 100 instruments used in the organizational behavior field. The commitment instrument was originally reported by Mowday, Steers and Porter (1979). The original (long) form has 15 items, but Hepworth and colleagues suggested that six reverse score items 3, 7, 9, 11, 12, and 15 may be

dropped to shorten the length. Recently, Mossholder and Harris (1994) used the nine-item scale to study the commitment construct in light of strategic involvement. Three additional items, 6, 10, and 14, were removed as they did not apply at the SBU level. Thus, the present scale has only six items. The items used commitment construct are listed in Appendix M.

#### Operationalization of Control Variables

It has been argued in the literature that many times the results of an experiment may be different based on the demographic characteristics of the respondents. To control the potential differences six control variables were utilized. These variables consist of a) firm of the respondent, b) race of the respondent, c) education level of the respondent, d) gender of the respondent, e) total work experience, and f) numbers of level in the organizational hierarchy the respondent was from the general manager.

The two large respondent firms, Advanta and UPS (52 and 55 responses, respectively), were separated from the remaining firms by way of classifying company variables as Advanta and UPS (value = 1), and others (value = 3). The race variable was divided into two groups, whites and non-whites. It was discovered later, however, that most respondents were white and as such this control variable was dropped. The education level was bifurcated into two levels: up to the bachelor's degree (value = 1) and respondents with a higher education (value = 2). The total work experience was broken into two groups: up to 10 years of work experience (value = 1) and 11 years and more work experience (value = 2). The distance from the general manager was split into



two levels: one level away (value = 1) and more than one level away (value = 2). Gender variables were divided into three groups: males, females, and no-response (no response was one of the options on the questionnaire). To maintain two levels for all of the control variables (so that most of the cells were filled in the ANOVA test), females and no response groups were merged to create one level (value = 1) and the other level was males (value = 2).

### **Reliability of Variables**

This section presents the discussion of the reliability of both newly created variables as well as constructs borrowed from other research studies.

#### **Perception of Change: Independent Variables**

In the operationalization of variables it was proposed that the respondents would answer six statements immediately following the case scenarios. Of these six statements, two would suggest the proposed change was proactive and two would indicate the change was survival urgency. The remaining two statements deal with the level of personal sacrifice and importance of the proposed strategic change. To ensure that the two proposed variables were indeed separate and not parallel measures of the dimensions of the perception of the environment, a factor analysis was performed using a varimax rotation method to evaluate the factor loadings. The number of factors to be generated was not forced into the process, but the criterion of minimum eigen-value equal to one for factor creation was used as the default command. The Arion case (the first scenario

in the questionnaire) yielded a final communality estimate of 2.95. The rotated factor pattern in the Arion case is provided in Table 4.1.

**Table 4.1**  
**Independent Variables Factor Patterns in the Arion case**

| Item Used (Coding Symbol)                                                 | Factor 1    | Factor 2    |
|---------------------------------------------------------------------------|-------------|-------------|
| Arion has anticipated the changes in its business environment well (Pro1) | -.09        | <u>0.93</u> |
| The planned change will benefit Arion in the long run (Lt1)               | 0.57        | <u>0.63</u> |
| Arion needs to implement the planned change immediately (Urge1)           | <u>0.82</u> | 0.06        |
| The planned change is critical to the division's survival (Sur1)          | <u>0.82</u> | -.01        |

Similarly, the Co-Fo case (second case) yielded a final communality estimate of 3.07. The factor loading pattern is reported in Table 4.2.

**Table 4.2**  
**Independent Variables Factor Patterns in the Co-Fo case**

| Item Used (Coding Symbol)                                                 | Factor 1           | Factor 2                        |
|---------------------------------------------------------------------------|--------------------|---------------------------------|
| Co-Fo has anticipated the changes in its business Environment well (Pro2) | -.02               | <b><u>0.94</u></b>              |
| The planned change will benefit Co-Fo in the long run (Lt2)               | 0.59               | <b><u>0.56</u><sup>14</sup></b> |
| Co-Fo needs to implement the planned change immediately (Urge2)           | <b><u>0.87</u></b> | 0.00                            |
| The planned change is critical to the division's survival (Sur2)          | <b><u>0.86</u></b> | 0.09                            |

The boldfaced and underlined items create a common dimension on the perception of the environment. Thus, in both situations a two-factor solution was obtained. One way to combine the items is to simply add up the item scores and create a separate variable. The two newly created variables are PROLT1FA and SURGE1FA for the Arion case; and PROLT2FA and SURGE2FA for the Co-Fo case. These new variables represent the two dimensions of perceived environment, proactive and survival urgency. Since the two remaining independent variables, personal sacrifice and importance of change, were only single item constructs, no factor analysis was conducted.

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<sup>14</sup> Sometimes the choice of factors depends on theoretical arguments. Especially when an item has a high factor loading, the researcher can decide, based on theoretical arguments, on the factor to which that particular item is assigned. In this study the long term (LT) item, in both the cases, loads heavy on more than one factor, but because of the theoretical issues it has been assigned to factor 2.

### Reliability Estimates of Moderating Variables

Most of the moderating variables were obtained from pre-existing literature. A modification and shortening of the scale, however, necessitated that the reliability of these scales be evaluated. The validity of the scales was assessed using Cronbach's Alpha value obtained through the SAS<sup>15</sup> statistical package. When the alpha value is not at an acceptable range, a researcher can drop a few items to improve the score. The SAS program provides a table that indicates the improvement in the alpha value when a specific item is dropped. Thus, some times few items have been dropped to modify the existing scales.

Normally, it is expected that the alpha value will be higher than 0.7; the issue of acceptable alpha value to determine the reliability of the scale is discussed in detail by Carmines and Zeller (1979). According to them, there are two factors that lead to a high value in alpha; inter-item correlation should be high and the number of items should be high. The authors give an example (page 46 of their book) in which they suggest that with a constant value 0.2 as the inter-item correlation when the number of items increase, so does the alpha value. The increase in alpha is from 0.33 for two items, to 0.5 for four items, to 0.6 for six items and to 0.714 for ten items. This issue is also explained by Cortina (1993). Similarly, in marketing research, Anderson and Coughlan (1987) have suggested that an alpha value of 0.53 is a good value if only two items are used to create the scale. As this research in many ways is exploratory, a *minimum* alpha value of 0.53

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<sup>15</sup> SAS is a statistical package created by SAS Institute Inc. SAS Circle, Box # 8000, Cary, North Carolina, 27512-8000 USA.

is desired. Whenever possible, the number of items in any given scale is reduced if a better reliability could be obtained.

### Strategic Posture of the Top Management Team

This variable originally had eight items. The initial analysis did not yield an acceptable Cronbach Alpha. After the first item was dropped, however, the remaining items produced a standardized alpha of 0.67, which was acceptable for this research. This analysis is reported in Table 4.3.

**Table 4.3**  
**Reliability for Strategic Posture of the Top Management Team**

| Items Used <sup>16</sup> | Alpha (Using Raw Variables) | Alpha (Using Standardized Variables) | To Be Used in Further Analysis |
|--------------------------|-----------------------------|--------------------------------------|--------------------------------|
| stpos1 through stpos8    | 0.62                        | 0.61                                 | No                             |
| stpos2 through stpos8    | 0.67                        | 0.67                                 | Yes                            |

### Top Management Team Participative Style

The original scale suggested three items on this scale. The SAS output suggested that dropping item 3 would increase the alpha score. Thus, this variable was also modified as represented in Table 4.4.

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<sup>16</sup> Please see Appendix G for details about the items used in this analysis.

**Table 4.4**  
**Reliability for the Top Management Team Participative Style**

| Items Used <sup>17</sup> | Alpha (Using<br>Raw Variables) | Alpha (Using<br>Standardized<br>Variables) | To Be Used in<br>Further<br>Analysis |
|--------------------------|--------------------------------|--------------------------------------------|--------------------------------------|
| tmtpt1 through tmtpt3    | 0.66                           | 0.67                                       | No                                   |
| tmtpt1 & tmtpt2          | 0.69                           | 0.69                                       | Yes                                  |

### Reward System

The next moderating variable, the reward system of an organization, used four items from prior research. The items used in this instrument were not tested by any other researchers in the past. In the preliminary data analysis it showed that this instrument needs more refining. The following table (Table 4.5) lists all of the different iterations that were performed in order to explore the reliability of the four items as one instrument.

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<sup>17</sup> Please refer to Appendix H for the details of the items used.

**Table 4.5**  
**Reliability for Reward Systems**

| Items Used <sup>18</sup>   | Alpha (Using<br>Raw Variables) | Alpha (Using<br>Standardized<br>Variables) | To Be Used in<br>Further<br>Analysis |
|----------------------------|--------------------------------|--------------------------------------------|--------------------------------------|
| divrw1 through divrw4      | -.03                           | -.02                                       | No                                   |
| divrw2 through divrw4      | -.12                           | -.11                                       | No                                   |
| divrw1, divrw3 &<br>divrw4 | -.07                           | -.06                                       | No                                   |
| divrw1, divrw2 &<br>divrw4 | 0.21                           | 0.21                                       | No                                   |
| divrw1 through divrw3      | -.17                           | -.16                                       | No                                   |
| divrw1 & divrw4            | 0.23                           | 0.24                                       | No                                   |
| divrw1 & divrw2            | 0.14                           | 0.14                                       | No                                   |

It was decided that the reward systems variable would not be included in further data analysis.

### SBU Competitive Strategies

The low cost leadership (two items) scale produced alpha levels lower than even 0.53 (the minimum level as suggested by Anderson and Coughlan, 1987). There were only two items; hence, no further analysis could be conducted. Similarly, no dropping

<sup>18</sup> Please see Appendix I for details about the items used in the analysis.

of items could improve the alpha level in the case of focus, strategy so these two variables were dropped from the rest of the analysis. The two-item scale on differentiation, however, was acceptable at the alpha 0.63 level. Table 4.6 depicts the alpha scores for all three SBU level strategies.

**Table 4.6**  
**Reliability for SBU Level Strategies**

| <b>Items Used<sup>19</sup></b> | <b>Alpha (Using Raw Variables)</b> | <b>Alpha (Using Standardized Variables)</b> | <b>To Be Used in Further Analysis</b> |
|--------------------------------|------------------------------------|---------------------------------------------|---------------------------------------|
| lcl1 & lcl2                    | 0.04                               | 0.04                                        | No                                    |
| foc1 & foc2                    | 0.43                               | 0.43                                        | No                                    |
| diff1 & diff2                  | 0.63                               | 0.63                                        | Yes                                   |

Based on the reported alpha values it was decided that only hypotheses related to the differentiation strategy be tested. Thus, hypotheses related to low cost leadership were eliminated.

#### Level of Hostility in the Industry Where the SBU Operates

The original scale had seven items. The alpha score for all seven items was very weak. Table 4.7 indicates the final choice of the items used in further analysis.

<sup>19</sup> Please see Appendix J for details about the items used in the analysis.



**Table 4.7**  
**Reliability of Hostility Level in the SBU Industry**

| Items Used <sup>20</sup>         | Alpha (Using Raw Variables) | Alpha (Using Standardized Variables) | To Be Used in Further Analysis |
|----------------------------------|-----------------------------|--------------------------------------|--------------------------------|
| dindh1 through dindh7            | 0.46                        | 0.45                                 | No                             |
| dindh3, dindh4, dindh5, & dindh7 | 0.46                        | 0.47                                 | No                             |
| dindh1 & dindh2                  | 0.61                        | 0.61                                 | Yes                            |

#### Interpersonal Orientation

This scale was originally composed of eight items; however, the alpha value was weak. After dropping items seven and eight the alpha value was acceptable, as reported in Table 4.8

**Table 4.8**  
**Reliability for Interpersonal Orientation**

| Items Used <sup>21</sup> | Alpha (Using Raw Variables) | Alpha (Using Standardized Variables) | To Be Used in Further Analysis |
|--------------------------|-----------------------------|--------------------------------------|--------------------------------|
| inper1 through inper8    | 0.59                        | 0.58                                 | No                             |
| inper1 through inper6    | 0.60                        | 0.60                                 | Yes                            |

<sup>20</sup> Please see Appendix K for details about the items used in this analysis.

<sup>21</sup> Please see Appendix L for details about the items used in the analysis.

Commitment to the SBU

This construct in its short form had six items. The six-item scale was quite strong; however, the SAS program suggested the reliability could be improved if one item was dropped. The iterative process stopped with four items. Table 4.9 lists the various alpha values in relation to the commitment construct.

**Table 4.9**  
**Reliability of Commitment Level Strategies**

| Items Used <sup>22</sup> | Alpha (Using Raw Variables) | Alpha (Using Standardized Variables) | To Be Used in Further Analysis |
|--------------------------|-----------------------------|--------------------------------------|--------------------------------|
| dcomt1 through dcomt6    | 0.77                        | 0.77                                 | No                             |
| dcomt2 through dcomt5    | 0.78                        | 0.79                                 | Yes                            |

In summary, sub-hypotheses related to the reward system and cost leadership were not tested because the reliability was extremely low. The rest of the hypotheses which were tested as part of the model presented in Chapter 3.

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<sup>22</sup> Please see Appendix M for details about the items used in this analysis.

### **Reliability of Dependent Variables**

The dependent variable implementation style was composed of several small actions, and its reliability was tested by ten experts. The final iterative step provided an inter-rater reliability of 96%. The details were explained in the previous chapter.

The study hoped to duplicate Kipnis and Schmidt's (1985) approaches with regard to influence styles. The first step toward this was to factor analyze the influence strategies. The second step was to make sure that the reliability of these factors was at least at the minimum acceptable level. A factor analysis was performed using a varimax rotation method to evaluate the factor loadings. The number of factors to be generated was left open through the SAS program. The minimum eigen-value equal to one for factor creation was used as the default command. The underlined and highlighted items in Tables 4.10 and 4.11 were combined to form a factor for the Arion case and Co-Fo case, respectively.

Table 4.10 Rotated Factor  
Pattern for Influence Strategies in Arion Case

| Influence Strategies <sup>23</sup> | Strategies <sup>24</sup> | Factor 1or         | Factor 2or         | Factor             | Factor 4or         |
|------------------------------------|--------------------------|--------------------|--------------------|--------------------|--------------------|
| fr11                               | 0.10                     | -.10               | 0.00               | 0.08               | <b><u>0.90</u></b> |
| fr12                               | -.15                     | 0.12               | 0.13               | <b><u>0.81</u></b> | 0.14               |
| ex11                               | <b><u>0.73</u></b>       | -.11               | -.09               | 0.17               | 0.07               |
| ex12                               | 0.22                     | -.29               | 0.05               | <b><u>0.70</u></b> | -.06               |
| rt11                               | <b><u>0.62</u></b>       | 0.20               | 0.04               | -.09               | 0.29               |
| rt12                               | 0.38                     | <b><u>0.65</u></b> | 0.00               | 0.000              | -.21               |
| as11                               | <b><u>0.61</u></b>       | 0.08               | 0.23               | -.06               | -.11               |
| co11                               | 0.07                     | <b><u>0.62</u></b> | 0.26               | -.27               | 0.18               |
| co12                               | 0.06                     | 0.08               | <b><u>0.69</u></b> | 0.21               | 0.27               |
| up11                               | 0.06                     | -.13               | <b><u>0.80</u></b> | 0.01               | -.21               |
| as12                               | 0.15                     | <b><u>-.71</u></b> | 0.33               | -.07               | 0.10               |

Table 4.11 Rotated Factor  
Pattern for Influence Strategies in Co-Fo Case

| Influence Strategies | Factor 1           | Factor 2           | Factor 3           | Factor 4           |
|----------------------|--------------------|--------------------|--------------------|--------------------|
| fr21                 | 0.12               | <b><u>0.64</u></b> | -.25               | 0.01               |
| fr22                 | 0.05               | <b><u>0.76</u></b> | 0/16               | 0.00               |
| ex21                 | 0.38               | 0.18               | <b><u>0.43</u></b> | 0.14               |
| ex22                 | -.11               | <b><u>0.72</u></b> | 0.23               | 0.10               |
| as21                 | 0.24               | -.08               | 0.30               | <b><u>0.75</u></b> |
| as22                 | -.21               | 0.15               | -.21               | <b><u>0.77</u></b> |
| co21                 | <b><u>0.67</u></b> | 0.05               | 0.20               | 0.16               |
| co22                 | 0.27               | 0.21               | <b><u>0.39</u></b> | -.05               |
| up21                 | -.10               | -.03               | <b><u>0.79</u></b> | 0.00               |
| rt21                 | <b><u>0.74</u></b> | 0.08               | 0.04               | -.16               |
| rt22                 | <b><u>0.74</u></b> | -.11               | -.11               | 0.00               |

<sup>23</sup> Please refer to Appendix E for the details of the items used in the analysis.

<sup>24</sup> Please refer to Appendix E for the details of the items used in the analysis.

Based on the factor analysis of the two cases (Arion and Co-Fo), a total of nine separate factors were created. Since these factors did not match exactly those of Kipnis and Schmidt (1985) or Deluga (1991), it was decided to carry out a reliability test on all the newly derived factors, except for one. One factor was a single item and hence was eliminated for further data analysis (Factor 5 in the Arion case). Table 4.12 represents the alpha values of the remaining eight factors.

Table 4.12  
Reliability of Influence Styles

| Items Used <sup>25</sup> as Influence Styles | Alpha <sup>26</sup><br>(Raw) | Alpha<br>Standardized | Accept |
|----------------------------------------------|------------------------------|-----------------------|--------|
| ex11, rt11, as11 (factor 1, Arion case)      | 0.43                         | 0.45                  | No     |
| rt12, col1, noas12 (factor 2, Arion case)    | 0.45                         | 0.45                  | No     |
| co12 & up11 (factor 3, Arion case)           | 0.45                         | 0.45                  | No     |
| fr12 & ex12 (factor 4, Arion case)           | 0.43                         | 0.44                  | No     |
| co21, rt21, rt22 (Co-Fo case)                | 0.61                         | 0.61                  | Yes    |
| fr21, fr22, ex22 (Co-Fo case)                | 0.53                         | 0.54                  | Yes    |
| as21 & as22 (Co-Fo case)                     | 0.30                         | 0.33                  | No     |
| ex21, co22 & up21 (Co-Fo case)               | 0.29                         | 0.29                  | No     |

<sup>25</sup> Please see Appendix E (List of Influence Strategies) for details about the items.

<sup>26</sup> The reported alpha values were the best for each of the factors related to the influence strategies. The removal of any items would have only reduced the alpha values.

Only two factors were maintained for further analysis. These were the soft approach and rational approach. Overall, through the process of validity and reliability some variables are eliminated from the process. Variables used in further analysis are summarized in Table 4.13.

**Table 4.13**

**List of Variables Used in the Analysis<sup>27</sup>**

| <b>Sr. No.</b> | <b>Variable Symbol</b> | <b>Construct Presented by the Symbol (perception of the middle manager)</b> | <b>Items Used</b>             |
|----------------|------------------------|-----------------------------------------------------------------------------|-------------------------------|
| 1              | sac1                   | Sacrifice needed to implement change                                        | perc14                        |
| 2              | stch1                  | The proposed change is strategic                                            | perc15                        |
| 3              | prolt1fa               | The change is proactive for the long term benefit of the firm               | mean of pro1 and lt1          |
| 4              | surge1fa               | The change is urgent for the survival of the firm                           | mean of sur1 and urge1        |
| 5              | sac2                   | Sacrifice is needed to implement change                                     | perc24                        |
| 6              | stch2                  | The proposed change is strategic                                            | perc21                        |
| 7              | prolt2fa               | The change is proactive for the long term benefit of the firm               | mean of pro2 and lt2          |
| 8              | surge2fa               | The change is urgent for the survival of the firm                           | mean of sur2 and urge2        |
| 9              | diffa                  | Differentiation strategy at the SBU level                                   | mean of dstra1 & dstra4       |
| 10             | tmtposal               | Top management team strategic posture                                       | mean of stpos2 through stpos8 |

Continued...

<sup>27</sup> Please refer to Appendices D (implementation styles), E (influence tactics), F (perception variables), or G through M (moderating variables) for the details on the items used in the analysis.

Please note all the variables are derived through the perception the middle manager. Also note that suffix "1" in the variable indicates Arion case and "2" indicates Co-Fo case.

**Table 4.13 (Continued)**  
**List of Variables Used in the Analysis**

| <b>Sr. No.</b> | <b>Variable Symbol</b> | <b>Construct Presented by the Symbol</b>          | <b>Items Used for the Variable</b>        |
|----------------|------------------------|---------------------------------------------------|-------------------------------------------|
| 11             | tmtptal                | Top management team participativeness             | mean of tmtpt1 and tmtpt2                 |
| 12             | ioal                   | Inter personal orientation of the middle manager  | mean of inper1 through inper6             |
| 13             | hosindfa               | Hostility in the industry of SBU                  | mean of dindh1 and dindh2                 |
| 14             | comal                  | Commitment level of the middle manager to the SBU | mean of dcomt2 through dcomt5             |
| 15             | semiau1                | Covert authoritarian style                        | action 1 (in Arion case)                  |
| 16             | fullau1                | Overt authoritarian style                         | action 2 (in Arion case)                  |
| 17             | semipt1                | Third party consultant style                      | action 3 (in Arion case)                  |
| 18             | fullpt1                | Participative style                               | action 4 (in Arion case)                  |
| 19             | semipt2                | Third party consultant style                      | action 1 (in Co-Fo case)                  |
| 20             | fullpt2                | Participative style                               | action 2 (in Co-Fo case)                  |
| 21             | fullau2                | Overt authoritative style                         | action 3 (in Co-Fo case)                  |
| 22             | semiau2                | Covert authoritative style                        | action 4 (in Co-Fo case)                  |
| 23             | rat2fa                 | Rational influence style approach                 | mean of co21, r21, & r22 (in Co-Fo case)  |
| 24             | soft2fa                | Soft influence style approach                     | mean of fr21, fr22 & ex22 (in Co-Fo case) |



### **Statistical Method**

The questionnaire was designed on a five-point Likert-like scale. The values for the variables ranged from 1 through 5. In the fields of marketing and organizational behavior researchers have developed several scales relating to a variety of human behaviors. Most of them use the ordinary least square (OLS) regression method to estimate the relationship between the dependent and independent variables.

One advantage of using OLS regression method is that it is considered fairly robust. This method allows for some violations of the basic assumption, such as distribution of the sample data. Fox (1991) suggests that there are three main assumptions that need to be evaluated when using OLS. Based on his arguments the following is considered acceptable.

1. Since the data is individual level cross-sectional and a survey method was utilized, it is not suffering from the issues related to co-linearity of variables.

2. **Non-normality:** The data is not perfectly normally distributed. Fox (1991), however, suggests that

... the central-limit theorem assures that under very broad conditions inference based on the least squares estimators is approximately valid in all but small samples. (p. 40)

Since this research uses  $n = 215$ , non-normality is not a major issue.

3. Fox (1991) combines all other assumptions for valid OLS and suggests that

A commonly quoted justification of least-squares estimation -- called the Gauss-Markov theorem -- states that the least-squares coefficients are the most efficient unbiased estimators that are linear functions of the observations  $y_i$ . The results depend on the assumptions of linearity, constant error variance, and independence but do not require normality. (p.40)

The following quote by Lewis-Beck (1980) supports the previous arguments about the robustness of the OLS method:

... researchers argue that regression analysis is "robust," that is, the parameter estimates are not meaningfully influenced by violations. This "robust" perspective on regression is employed in Kerlinger and Pedhazur (1973)... The normality assumption, for instance, can be ignored when sample size is large enough, for then the central-limit theorem can be invoked. (p.30) (emphasis added by the authors)

This research used OLS regression as the statistical method<sup>28</sup>. Because there are several interaction terms in the hypothesis testing, it was deemed necessary to normalize

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<sup>28</sup> Researchers have to be careful with regard to their choice of the statistical method. This footnote further argues why OLS as opposed to ANOVA was chosen as the statistical method although the variables are scaled (on a scale of 1 to 5). Abelson and Tukey (1959) have mathematically shown that when a researcher is faced with scale observations and uses regression it is still very efficient way of analyzing the data.

Further, in this research interaction terms are used to test for moderator variables. The following quote (Jaccard et al., 1990) suggests why it is acceptable to use OLS instead of ANOVA:

Three strategies are commonly used in the social science literature to test for such interaction effects. One strategy is to dichotomize ... and then to conduct a traditional 2X2 analysis of variance. A second strategy is to dichotomize the sample on the moderator variable ... and then to compute the slopes ... for each of the two resulting groups. ... The third strategy is to use multiple regression procedures. The regression strategy that is most popular is that recommended by Cohen and Cohen (1983). It involves forming a multiplicative term  $X_1X_2$ , which is said to encompass the interaction effect. (p.21)

In addition, recent literature in the strategy field has been using OLS over ANOVA to test for moderator effect. Some current examples are Finkelstein and D'Aveni (1994), Bergh (1995), and Hambrick and Finkelstein (1995).

the data prior to running the regression equation, so as to make the regression estimates meaningful.

### **Summary of the Chapter**

Most of the variables were found to have acceptable alpha values. In comparison to the theoretical model proposed in Chapter 3, low cost leadership and reward systems (as a part of moderator variables) were dropped from the analysis owing to validity issues. Similarly, influence approaches experienced validity problems and were limited to the soft and the rational approaches in the Co-Fo case only. The hard influence approach was not found to be a valid approach and hence not pursued further. No approaches were found to be valid in Arion case.

In all, there were sixteen regression equations concerning the middle manager's choice of implementation style with regard to the first case scenario (Arion case). Similarly, there were sixteen regression equations with regard to the second case (Co-Fo case). Additionally, there were eight regression equations, four each, with regard to the choice of the soft and the rational influence style with regard to Co-Fo case. The next chapter reports the results of all the 40 regression equations. Each of these regression equations has one dependent variable, one independent variable, six moderator variables (interaction terms), and five control variables (class variables, all two levels).

## **CHAPTER 5**

### **RESULTS AND DISCUSSIONS**

Based on the variables developed in Chapter 4, this chapter first presents the preliminary data and then reports on the testing of the hypotheses. The first section reports on descriptive statistics. The second section initially summarizes the models tested and then reports in detail on the significant models.

#### **Descriptive Statistics**

This section reports on the descriptive statistics in three different tables. The first table (Table 5.1) reports mean and standard deviation of all the 24 variables developed according to the methodology in discussed in Chapter 4. The next two tables (Table 5.2 and Table 5.3) present correlation of variables used in the Arion and Co-Fo cases, respectively. Both tables indicate that no two independent variables are strongly correlated, and the same observation is applicable to the moderator variables. A few dependent variables indicate a limited degree of correlation. No two dependent variables are used in a statistical model together and thus it is not a serious issue in this research. Table 5.3 has two additional variables, compared to Table 5.2, because two influence styles have been added to the Co-Fo analysis.

Table 5.1 Descriptive Statistics

| Sr. No. | Variable | N   | Mean | Std. Dev |
|---------|----------|-----|------|----------|
| 1       | sac1     | 214 | 3.80 | 0.93     |
| 2       | stch1    | 215 | 4.05 | 0.90     |
| 3       | prolt1fa | 215 | 3.7  | 0.70     |
| 4       | surge1fa | 215 | 3.01 | 0.91     |
| 5       | sac2     | 215 | 3.90 | 0.86     |
| 6       | stch2    | 215 | 4.28 | 0.95     |
| 7       | prolt2fa | 215 | 2.80 | 0.76     |
| 8       | surge2fa | 215 | 4.01 | 0.78     |
| 9       | difffa   | 208 | 2.86 | 1.07     |
| 10      | tmtposal | 208 | 2.93 | 0.62     |
| 11      | tmtptal  | 214 | 3.32 | 0.98     |
| 12      | ioal     | 215 | 3.34 | 0.59     |
| 13      | hosindfa | 211 | 2.26 | 0.83     |
| 14      | comal    | 214 | 3.52 | 0.77     |
| 15      | semiau1  | 214 | 3.14 | 1.24     |
| 16      | fullau1  | 214 | 2.05 | 1.05     |
| 17      | semipt1  | 214 | 3.07 | 1.24     |
| 18      | fullpt1  | 214 | 3.90 | 1.07     |
| 19      | semipt2  | 213 | 3.63 | 1.08     |
| 20      | fullpt2  | 213 | 3.30 | 1.13     |
| 21      | semiau2  | 213 | 3.15 | 1.19     |
| 22      | fullau2  | 213 | 2.16 | 1.06     |
| 23      | rat2fa   | 215 | 4.28 | 0.55     |
| 24      | soft2fa  | 215 | 2.09 | 0.70     |

Table 5.2 Correlation Analysis of Variables Used in the Arion Case

| Variable   | 1                 | 2                 | 3                 | 4                 | 5                  | 6                 | 7                 | 8                  | 9                 | 10                | 11                 | 12                 | 13                 | 14   |
|------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------------------|--------------------|--------------------|------|
| 1.sac1     | 1.00              |                   |                   |                   |                    |                   |                   |                    |                   |                   |                    |                    |                    |      |
| 2.stchl    | 0.15 <sup>a</sup> | 1.00              |                   |                   |                    |                   |                   |                    |                   |                   |                    |                    |                    |      |
| 3.protlfa  | 0.12 <sup>f</sup> | 0.12 <sup>f</sup> | 1.00              |                   |                    |                   |                   |                    |                   |                   |                    |                    |                    |      |
| 4.surge1fa | 0.35 <sup>c</sup> | 0.17 <sup>b</sup> | 0.25 <sup>b</sup> | 1.00              |                    |                   |                   |                    |                   |                   |                    |                    |                    |      |
| 5.diffa    |                   | 0.15 <sup>a</sup> | 0.15 <sup>a</sup> |                   | 1.00               |                   |                   |                    |                   |                   |                    |                    |                    |      |
| 6.tntposal |                   | 0.38 <sup>c</sup> | 0.31 <sup>c</sup> |                   | 0.38 <sup>c</sup>  | 1.00              |                   |                    |                   |                   |                    |                    |                    |      |
| 7.tntptal  |                   |                   | 0.31 <sup>c</sup> |                   | 0.31 <sup>c</sup>  | 0.31 <sup>c</sup> | 1.00              |                    |                   |                   |                    |                    |                    |      |
| 8.ioal     |                   |                   |                   |                   | -0.14 <sup>a</sup> |                   |                   | 1.00               |                   |                   |                    |                    |                    |      |
| 9.hosindfa |                   |                   |                   |                   |                    |                   |                   |                    | 1.00              |                   |                    |                    |                    |      |
| 10.comal   |                   |                   | 0.12 <sup>f</sup> |                   | 0.16 <sup>b</sup>  | 0.32 <sup>c</sup> | 0.29 <sup>c</sup> |                    |                   | 1.00              |                    |                    |                    |      |
| 11.semiaul |                   |                   |                   |                   |                    |                   |                   |                    |                   |                   | 1.00               |                    |                    |      |
| 12.fullaul |                   |                   | 0.13 <sup>a</sup> | 0.13 <sup>f</sup> |                    |                   |                   |                    |                   |                   | 0.16 <sup>f</sup>  | 1.00               |                    |      |
| 13.semiptl |                   |                   |                   |                   |                    |                   |                   |                    |                   |                   |                    |                    | 1.00               |      |
| 14.fullptl |                   | 0.18 <sup>b</sup> |                   | 0.14 <sup>a</sup> |                    |                   |                   | -0.16 <sup>a</sup> | 0.17 <sup>a</sup> | 0.12 <sup>f</sup> | -0.23 <sup>c</sup> | -0.20 <sup>b</sup> | -0.14 <sup>a</sup> | 1.00 |

Note: f: p < 0.10; a: p < 0.05; b: p < 0.01; c: p < 0.001; only significant values are reported

**Table 5.3 Correlation Analysis of Variables Used in the Co-Fo Case**

| Variable   | 1                  | 2                 | 3                  | 4                  | 5                  | 6                 | 7                 | 8                  | 9                 | 10                | 11                 | 12                 | 13                | 14                | 15   | 16   |
|------------|--------------------|-------------------|--------------------|--------------------|--------------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------------------|--------------------|-------------------|-------------------|------|------|
| 1.sac2     | 1.00               |                   |                    |                    |                    |                   |                   |                    |                   |                   |                    |                    |                   |                   |      |      |
| 2.stch2    |                    | 1.00              |                    |                    |                    |                   |                   |                    |                   |                   |                    |                    |                   |                   |      |      |
| 3.prot2fa  |                    | 0.21 <sup>b</sup> | 1.00               |                    |                    |                   |                   |                    |                   |                   |                    |                    |                   |                   |      |      |
| 4.surge2fa | 0.13 <sup>†</sup>  | 0.16 <sup>a</sup> | 0.32 <sup>c</sup>  | 1.00               |                    |                   |                   |                    |                   |                   |                    |                    |                   |                   |      |      |
| 5.diffa    | 0.19 <sup>b</sup>  |                   |                    |                    | 1.00               |                   |                   |                    |                   |                   |                    |                    |                   |                   |      |      |
| 6.tmtposal |                    |                   | -0.12 <sup>†</sup> |                    | 0.38 <sup>c</sup>  | 1.00              |                   |                    |                   |                   |                    |                    |                   |                   |      |      |
| 7.tmtptal  |                    |                   |                    |                    |                    | 0.31 <sup>c</sup> | 1.00              |                    |                   |                   |                    |                    |                   |                   |      |      |
| 8.ioal     |                    |                   | -0.14 <sup>a</sup> | -0.15 <sup>a</sup> | -0.14 <sup>a</sup> |                   |                   | 1.00               |                   |                   |                    |                    |                   |                   |      |      |
| 9.hosindfa |                    |                   |                    | -0.19 <sup>b</sup> |                    |                   |                   |                    | 1.00              |                   |                    |                    |                   |                   |      |      |
| 10.comal   |                    |                   |                    |                    | 0.16 <sup>b</sup>  | 0.32 <sup>c</sup> | 0.29 <sup>c</sup> |                    |                   | 1.00              |                    |                    |                   |                   |      |      |
| 11.semipt2 | 0.17 <sup>b</sup>  | 0.12 <sup>†</sup> | 0.12 <sup>†</sup>  |                    |                    | 0.15 <sup>a</sup> |                   |                    | 0.19 <sup>b</sup> |                   | 1.00               |                    |                   |                   |      |      |
| 12.fullpt2 |                    |                   |                    | 0.12 <sup>†</sup>  |                    |                   |                   |                    |                   |                   | -0.18 <sup>b</sup> | 1.00               |                   |                   |      |      |
| 13.semiau2 | -0.15 <sup>a</sup> |                   | 0.12 <sup>†</sup>  |                    | 0.14 <sup>a</sup>  |                   |                   | -0.20 <sup>b</sup> |                   |                   |                    | -0.24 <sup>c</sup> | 1.00              |                   |      |      |
| 14.fullau2 |                    |                   | 0.18 <sup>b</sup>  |                    |                    |                   |                   |                    |                   | 0.22 <sup>b</sup> | -0.17 <sup>b</sup> |                    | 0.14 <sup>a</sup> | 1.00              |      |      |
| 15.rat2fa  | 0.14 <sup>a</sup>  | 0.23 <sup>c</sup> |                    | 0.20 <sup>b</sup>  | 0.16 <sup>a</sup>  | 0.18 <sup>b</sup> |                   |                    |                   | 0.13 <sup>a</sup> | 0.11               | 0.13 <sup>a</sup>  |                   |                   | 1.00 |      |
| 16.soft2fa |                    |                   |                    | -0.14 <sup>a</sup> |                    |                   |                   | 0.25 <sup>c</sup>  |                   | 0.14 <sup>a</sup> | -0.04              | 0.05               | -0.07             | 0.11 <sup>†</sup> | 0.06 | 1.00 |

Note: †: p < 0.10; a: p < 0.05; b: p < 0.01; c: p < 0.001 only significant values are reported

## **Results**

The results of the test of hypotheses are reported in this section. In all, 22 hypotheses (due to two cases in the questionnaire, in actuality, 40 models) were tested. For ease in understanding, the results section is split into two subparts: summary results and detailed results. The summary part reports the models' significance, whereas the detailed part reports every significant variable in every significant model. When a model is not significant, the detailed results are not reported even though some variables may individually be significant.

### **Summary Results**

The summary results are provided in the same order as that of the hypotheses development. First, all four regression models for proactive changes are presented. This is followed by survival urgency, personal sacrifice, and finally strategic importance of change. The same order is maintained in reporting the summary results of influence styles.

### **Proactive Change and the Choice of Implementation Style**

Hypotheses 1 through 4 provide a mixed result. Two were significant and two were not. Only one model was significant with regard to the Co-Fo case (the second case). The results are reported in Table 5.4.



Table 5.4 Summary Table of Hypotheses Results of Proactive Changes

| Hypo | Dependent Variable     | Arion Case         |                | Co-Fo Case         |                |
|------|------------------------|--------------------|----------------|--------------------|----------------|
|      |                        | Model Significance | R <sup>2</sup> | Model Significance | R <sup>2</sup> |
| H1   | Overt Authoritative    | F > 0.0001         | 18%            | Not Sig            | n/a            |
| H2   | Covert Authoritative   | Not Sig            | n/a            | Not Sig            | n/a            |
| H3   | Participative          | Not sig            | n/a            | Not Sig            | n/a            |
| H4   | Third Party Consultant | F > 0.01           | 12%            | F > 0.09           | 9%             |

Note: Hypo ----> Hypothesis, n/a ----> not applicable, not sig ----> not significant

#### Survival Urgency and the Choice of Implementation Styles

For these independent variables three out of four models were significant. No models were significant when testing the hypotheses in relationship with the Co-Fo case (second case).

Table 5.5 Summary Table of Hypotheses Results of Survival Urgency

| Hypo | Dependent Variable     | Arion Case         |                | Co-Fo Case         |                |
|------|------------------------|--------------------|----------------|--------------------|----------------|
|      |                        | Model Significance | R <sup>2</sup> | Model Significance | R <sup>2</sup> |
| H5   | Overt Authoritative    | F > 0.001          | 15%            | Not Sig            | n/a            |
| H6   | Covert Authoritative   | F > 0.03           | 11%            | Not Sig            | n/a            |
| H7   | Participative          | Not sig            | n/a            | Not Sig            | n/a            |
| H8   | Third Party Consultant | F > 0.04           | 11%            | Not Sig            | n/a            |

Note: Hypo ----> Hypothesis, n/a ----> not applicable, not sig ----> not significant

### Personal Sacrifice and the Choice of Implementation Styles

Hypotheses 9 through 12 represented this construct. It is the only construct in which all four models are significant, and additionally, two of them are significant with regard to the Co-Fo case. Table 5.6 reports the results.

**Table 5.6 Summary Table of Hypotheses Results of Personal Sacrifice**

| Hypo | Dependent Variable     | Arion Case         |                | Co-Fo Case         |                |
|------|------------------------|--------------------|----------------|--------------------|----------------|
|      |                        | Model Significance | R <sup>2</sup> | Model Significance | R <sup>2</sup> |
| H9   | Overt Authoritative    | F > 0.02           | 12%            | Not Sig            | n/a            |
| H10  | Covert Authoritative   | F > 0.02           | 12%            | Not Sig            | n/a            |
| H11  | Participative          | F > 0.06           | 10%            | F > 0.01           | 13%            |
| H12  | Third Party Consultant | Not Sig            | n/a            | F > 0.03           | 11%            |

Note: Hypo ----> Hypothesis, n/a ----> not applicable, not sig ----> not significant

### Strategic Importance of the Change and the Choice of Implementation Styles

Once again, only two of the four models were significant in this case (Hypotheses 13 through 16). Table 5.7 provides the summary.

Table 5.7 Summary Table of Hypotheses Results of Strategic Importance

| Hypo | Dependent Variable     | Arion Case         |                | Co-Fo Case         |                |
|------|------------------------|--------------------|----------------|--------------------|----------------|
|      |                        | Model Significance | R <sup>2</sup> | Model Significance | R <sup>2</sup> |
| H13  | Overt Authoritative    | Not sig            | n/a            | Not Sig            | n/a            |
| H14  | Covert Authoritative   | F > 0.03           | 11%            | Not Sig            | n/a            |
| H15  | Participative          | Not sig            | n/a            | Not Sig            | n/a            |
| H16  | Third Party Consultant | F > 0.01           | 13%            | F > 0.03           | 11%            |

Note: Hypo ----> Hypothesis, n/a ----> not applicable, not sig ----> not significant

#### Proactive Change and the Choice of Influence Styles

This sub-section covers hypotheses related to influence styles. As discussed in Chapter 4, the hypotheses related to the hard influence style were not tested because the factor loadings of the factor analysis did not support the hard influence style. Thus, Hypotheses 17, 20, 23 and 26 were not tested. Table 5.8 reports on the two hypotheses tested with regard to proactive change.

Table 5.8  
Summary Table of Hypotheses Results of Proactive Changes and Influence Style

| Hypotheses | Dependent Variable | Only Co-Fo Case    |                |
|------------|--------------------|--------------------|----------------|
|            |                    | Model Significance | R <sup>2</sup> |
| H18        | Soft Influence     | F > 0.10           | 9%             |
| H19        | Rational Influence | Not Significant    | Not Applicable |

### Survival Urgency and the Choice of Influence Styles

Hypotheses 21 and 22 were tested to evaluate this construct. The hypotheses related to the rational influence style were not significant, as reported in Table 5.9.

**Table 5.9**  
**Summary Table of Hypotheses Results of Survival Urgency and Influence Style**

| Hypotheses | Dependent Variable       | Only Co-Fo Case    |                |
|------------|--------------------------|--------------------|----------------|
|            |                          | Model Significance | R <sup>2</sup> |
| H21        | Soft Influence Style     | F > 0.07           | 10%            |
| H22        | Rational Influence Style | Not Significant    | Not Applicable |

### Personal Sacrifice and the Choice of Influence Styles

This sub-section reviews hypotheses related to the choice of influence styles and personal sacrifice. Hypothesis 23, relating the hard influence approach, was not tested.

**Table 5.10**  
**Summary Table of Hypotheses Results of Personal Sacrifice and Influence Style**

| Hypotheses | Dependent Variable       | Only Co-Fo Case    |                |
|------------|--------------------------|--------------------|----------------|
|            |                          | Model Significance | R <sup>2</sup> |
| H24        | Soft Influence Style     | F > 0.03           | 11%            |
| H25        | Rational Influence Style | Not Significant    | Not Applicable |

### Strategic Importance and the Choice of Influence Style

This sub-section reviews hypotheses related to the choice of influence styles and strategic importance of the change. Hypothesis 26, relating the hard influence approach, was not tested.

**Table 5.11**  
**Summary Table of Hypotheses Results of Strategic Importance and Influence Style**

| Hypotheses | Dependent Variable       | Only Co-Fo Case    |                |
|------------|--------------------------|--------------------|----------------|
|            |                          | Model Significance | R <sup>2</sup> |
| H27        | Soft Influence Style     | Not Significant    | Not Applicable |
| H28        | Rational Influence Style | F > 0.003          | 14%            |

### **Detailed Results**

In this section all of the significant models reported in the previous section are presented in detail. The details include the listing of all the direct, moderator, and control variables which are significant. Subsections are created so that they combine and discuss four hypotheses each for the implementation style; and two hypotheses each for the influence style.

### Proactive Change

Hypotheses 1 through 4 provided mixed results. Of the two significant models, Hypothesis 1, though significant, indicated that the direct effect was in the opposite direction than that predicted. The rest of the significant results were in the anticipated direction. Some control variables were found to be significant. Hypotheses 2 and 3 (the

covert authoritative and participative styles, respectively) were not predictable in the presence of the perception of proactive changes. Tables 5.12 and 5.13 present the detailed results. Only the significant values are reported; thus a blank against a variable indicates that the variable was not found to be significant.

**Table 5.12 Results of Hypothesis 1: Choice of Overt Authoritative Style in the Presence of Proactive Change**

| Dependent Variable: Overt Authoritative Style<br>Arion Case: Model R <sup>2</sup> 0.18      Model Significance F > 0.0001<br>Co-Fo Case: Model R <sup>2</sup> Not Significant      Model Significance Not Applicable |                                             |             |                |            |         |            |         |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-------------|----------------|------------|---------|------------|---------|--|
| Hyp                                                                                                                                                                                                                  | Variable                                    | Effect      | Pred. Relation | Arion Case |         | Co-Fo Case |         |  |
|                                                                                                                                                                                                                      |                                             |             |                | Para. Esti | p Value | Para. Esti | p Value |  |
| 1a                                                                                                                                                                                                                   | Proactive Change                            | Direct      | "-"            | 0.14       | 0.04    |            |         |  |
| 1b                                                                                                                                                                                                                   | Proactive X Strategic Posture               | Interaction |                |            |         |            |         |  |
| 1c                                                                                                                                                                                                                   | Proactive X TMT Participative Style         | Interaction |                |            |         |            |         |  |
| 1f                                                                                                                                                                                                                   | Proactive X Differentiation Strategy        | Interaction |                |            |         |            |         |  |
| 1g                                                                                                                                                                                                                   | Proactive X Hostile Industry Structure      | Interaction | "-"            | -.25       | 0.001   |            |         |  |
| 1h                                                                                                                                                                                                                   | Proactive X High Interpersonal Orientation  | Interaction |                |            |         |            |         |  |
| 1i                                                                                                                                                                                                                   | Proactive X High Commitment Level           | Interaction |                |            |         |            |         |  |
| n/a                                                                                                                                                                                                                  | Education (Base: Higher than bachelor)      | Control     |                |            |         |            |         |  |
| n/a                                                                                                                                                                                                                  | Gender (Base: Male respondents)             | Control     |                | -.29       | 0.05    |            |         |  |
| n/a                                                                                                                                                                                                                  | Work Experience (Base: More than 10 years)  | Control     |                |            |         |            |         |  |
| n/a                                                                                                                                                                                                                  | Position (Base: One level away from the GM) | Control     |                | 0.48       | 0.001   |            |         |  |
| n/a                                                                                                                                                                                                                  | Firm (Base: Other than UPS and Advanta)     | Control     |                | 0.42       | 0.01    |            |         |  |

Explanations: Hyp--> Hypothesis, Pred. Relation--> Predicted Relationship, Para. Esti--> Parameter Estimate

**Table 5.13 Results of Hypothesis 4: Choice of Third Party Consultant Style in the Presence of Proactive Change**

| <b>Dependent Variable: Third Party Consultant Style</b> |                                             |                                       |                       |                   |                |                   |                |
|---------------------------------------------------------|---------------------------------------------|---------------------------------------|-----------------------|-------------------|----------------|-------------------|----------------|
| <b>Arion Case: Model R<sup>2</sup> 0.12</b>             |                                             | <b>Model Significance F &gt; 0.01</b> |                       |                   |                |                   |                |
| <b>Co-Fo Case: Model R<sup>2</sup> 0.09</b>             |                                             | <b>Model Significance F &gt; 0.09</b> |                       |                   |                |                   |                |
| <b>Hyp</b>                                              | <b>Variable</b>                             | <b>Effect</b>                         | <b>Pred. Relation</b> | <b>Arion Case</b> |                | <b>Co-Fo Case</b> |                |
|                                                         |                                             |                                       |                       | <b>Para. Esti</b> | <b>p Value</b> | <b>Para. Esti</b> | <b>p Value</b> |
| 4a                                                      | Proactive Change                            | Direct                                | " + "                 |                   |                | 0.14              | 0.05           |
| 4b                                                      | Proactive X Strategic Posture               | Interaction                           |                       |                   |                |                   |                |
| 4c                                                      | Proactive X TMT Participative Style         | Interaction                           |                       |                   |                |                   |                |
| 4f                                                      | Proactive X Differentiation Strategy        | Interaction                           |                       |                   |                |                   |                |
| 4g                                                      | Proactive X Hostile Industry Structure      | Interaction                           |                       |                   |                |                   |                |
| 4h                                                      | Proactive X High Interpersonal Orientation  | Interaction                           | " - "                 | -.13              | 0.04           |                   |                |
| 4i                                                      | Proactive X High Commitment Level           | Interaction                           |                       |                   |                |                   |                |
| n/a                                                     | Education (Base: Higher than bachelor)      | Control                               |                       |                   |                |                   |                |
| n/a                                                     | Gender (Base: Male respondents)             | Control                               |                       | -.45              | 0.01           |                   |                |
| n/a                                                     | Work Experience (Base: More than 10 years)  | Control                               |                       |                   |                |                   |                |
| n/a                                                     | Position (Base: One level away from the GM) | Control                               |                       | 0.48              | 0.001          |                   |                |
| n/a                                                     | Firm (Base: Other than UPS and Advanta)     | Control                               |                       | 0.40              | 0.01           | 0.52              | 0.001          |

Explanations: Hyp--> Hypothesis, Pred. Relation--> Predicted Relationship, Para. Esti--> Parameter Estimate



### Survival Urgency

Hypotheses 5 through 8 produced stronger results as compared with the proactive change hypotheses. The use of the overt authoritative style (Hypothesis 5) was strongly supported in the presence of a perception of survival urgency. Except for Hypothesis 7, which involved the participative style, all other hypotheses related to the perception of survival urgency were significant. Only one relationship among the three significant models was in the direction opposite from the one predicted. Control variables such as gender, position from the general manager, and the firm of respondents were significant. Tables 5.14, 5.15 and 5.16 report the detailed results. Only the significant values are reported; thus a blank against a variable indicates that the variable was not found to be significant.

**Table 5.14 Results of Hypothesis 5: Choice of Overt Authoritative Style in the Presence of Survival Urgency Change**

| Dependent Variable: Overt Authoritative Style<br>Arion Case: Model R <sup>2</sup> 0.16      Model Significance F > 0.001<br>Co-Fo Case: Model R <sup>2</sup> Not Significant      Model Significance Not Applicable |                                                   |             |                |            |         |            |         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-------------|----------------|------------|---------|------------|---------|
| Hyp                                                                                                                                                                                                                 | Variable                                          | Effect      | Pred. Relation | Arion Case |         | Co-Fo Case |         |
|                                                                                                                                                                                                                     |                                                   |             |                | Para. Esti | p Value | Para. Esti | p Value |
| 5a                                                                                                                                                                                                                  | Survival Urgency Change                           | Direct      | " + "          | 0.15       | 0.04    |            |         |
| 5b                                                                                                                                                                                                                  | Survival Urgency X Strategic Posture              | Interaction |                |            |         |            |         |
| 5c                                                                                                                                                                                                                  | Survival Urgency X TMT Participative Style        | Interaction | " - "          | -.14       | 0.05    |            |         |
| 5f                                                                                                                                                                                                                  | Survival Urgency X Differentiation Strategy       | Interaction |                |            |         |            |         |
| 5g                                                                                                                                                                                                                  | Survival Urgency X Hostile Industry Structure     | Interaction | " - "          | -.16       | 0.02    |            |         |
| 5h                                                                                                                                                                                                                  | Survival Urgency X High Interpersonal Orientation | Interaction |                |            |         |            |         |
| 5i                                                                                                                                                                                                                  | Survival Urgency X High Commitment Level          | Interaction |                |            |         |            |         |
| n/a                                                                                                                                                                                                                 | Education (Base: Higher than bachelor)            | Control     |                |            |         |            |         |
| n/a                                                                                                                                                                                                                 | Gender (Base: Male respondents)                   | Control     |                | -.27       | 0.07    |            |         |
| n/a                                                                                                                                                                                                                 | Work Experience (Base: More than 10 years)        | Control     |                |            |         |            |         |
| n/a                                                                                                                                                                                                                 | Position (Base: One level away from the GM)       | Control     |                | 0.45       | 0.01    |            |         |
| n/a                                                                                                                                                                                                                 | Firm (Base: Other than UPS and Advanta)           | Control     |                | 0.40       | 0.01    |            |         |

Explanations: Hyp--> Hypothesis, Pred. Relation--> Predicted Relationship, Para. Esti--> Parameter Estimate

**Table 5.15 Results of Hypothesis 6: Choice of Covert Authoritative Style in the Presence of Survival Urgency Change**

| Dependent Variable: Covert Authoritative Style   |                                                   |             |                |                                   |         |            |         |
|--------------------------------------------------|---------------------------------------------------|-------------|----------------|-----------------------------------|---------|------------|---------|
| Arion Case: Model R <sup>2</sup> 0.11            |                                                   |             |                | Model Significance F > 0.03       |         |            |         |
| Co-Fo Case: Model R <sup>2</sup> Not Significant |                                                   |             |                | Model Significance Not Applicable |         |            |         |
| Hyp                                              | Variable                                          | Effect      | Pred. Relation | Arion Case                        |         | Co-Fo Case |         |
|                                                  |                                                   |             |                | Para. Esti                        | p Value | Para. Esti | p Value |
| 6a                                               | Survival Urgency Change                           | Direct      |                |                                   |         |            |         |
| 6b                                               | Survival Urgency X Strategic Posture              | Interaction | "-"            | 0.17                              | 0.05    |            |         |
| 6c                                               | Survival Urgency X TMT Participative Style        | Interaction | "-"            | -.14                              | 0.05    |            |         |
| 6f                                               | Survival Urgency X Differentiation Strategy       | Interaction |                |                                   |         |            |         |
| 6g                                               | Survival Urgency X Hostile Industry Structure     | Interaction | "+"            | 0.18                              | 0.01    |            |         |
| 6h                                               | Survival Urgency X High Interpersonal Orientation | Interaction |                |                                   |         |            |         |
| 6i                                               | Survival Urgency X High Commitment Level          | Interaction |                |                                   |         |            |         |
| n/a                                              | Education (Base: Higher than bachelor)            | Control     |                |                                   |         |            |         |
| n/a                                              | Gender (Base: Male respondents)                   | Control     |                |                                   |         |            |         |
| n/a                                              | Work Experience (Base: More than 10 years)        | Control     |                |                                   |         |            |         |
| n/a                                              | Position (Base: One level away from the GM)       | Control     |                |                                   |         |            |         |
| n/a                                              | Firm (Base: Other than UPS and Advanta)           | Control     |                |                                   |         |            |         |

Explanations: Hyp--> Hypothesis, Pred. Relation--> Predicted Relationship, Para. Esti--> Parameter Estimate

**Table 5.16 Results of Hypothesis 8: Choice of Third Party Consultant Style in the Presence of Survival Urgency Change**

| Dependent Variable: Third Party Consultant Style |                                                   |             |                |                                   |         |            |         |
|--------------------------------------------------|---------------------------------------------------|-------------|----------------|-----------------------------------|---------|------------|---------|
| Arion Case: Model R <sup>2</sup> 0.11            |                                                   |             |                | Model Significance F > 0.04       |         |            |         |
| Co-Fo Case: Model R <sup>2</sup> Not Significant |                                                   |             |                | Model Significance Not Applicable |         |            |         |
| Hyp                                              | Variable                                          | Effect      | Pred. Relation | Arion Case                        |         | Co-Fo Case |         |
|                                                  |                                                   |             |                | Para. Esti                        | p Value | Para. Esti | p Value |
| 8a                                               | Survival Urgency Change                           | Direct      |                |                                   |         |            |         |
| 8b                                               | Survival Urgency X Strategic Posture              | Interaction |                |                                   |         |            |         |
| 8c                                               | Survival Urgency X TMT Participative Style        | Interaction |                |                                   |         |            |         |
| 8f                                               | Survival Urgency X Differentiation Strategy       | Interaction | "-"            | -.13                              | 0.08    |            |         |
| 8g                                               | Survival Urgency X Hostile Industry Structure     | Interaction |                |                                   |         |            |         |
| 8h                                               | Survival Urgency X High Interpersonal Orientation | Interaction |                |                                   |         |            |         |
| 8i                                               | Survival Urgency X High Commitment Level          | Interaction |                |                                   |         |            |         |
| n/a                                              | Education (Base: Higher than bachelor)            | Control     |                |                                   |         |            |         |
| n/a                                              | Gender (Base: Male respondents)                   | Control     |                | -.46                              | 0.01    |            |         |
| n/a                                              | Work Experience (Base: More than 10 years)        | Control     |                |                                   |         |            |         |
| n/a                                              | Position (Base: One level away from the GM)       | Control     |                |                                   |         |            |         |
| n/a                                              | Firm (Base: Other than UPS and Advanta)           | Control     |                | 0.38                              | 0.01    |            |         |

Explanations: Hyp--> Hypothesis, Pred. Relation--> Predicted Relationship, Para. Esti--> Parameter Estimate

### **Personal Sacrifice**

Hypotheses 9 through 12 produced the strongest results with compared to either proactive change hypotheses or survival urgency hypotheses. All four models were significant, and in fact personal sacrifice was the only independent variable for which the Co-Fo case had more than one significant model. Once again, only one relationship among the four significant models was in the opposite direction than the direction predicted. Control variables such as gender, position from the GM, and belonging to a specific firm were significant. Tables 5.17, 5.18, and 5.19 report the detailed results. Only the significant values are reported; thus a blank against a variable indicates that the variable was not found to be significant.

**Table 5.17 Results of Hypothesis 9: Choice of Overt Authoritative Style in the Presence of Personal Sacrifice**

| Dependent Variable: Overt Authoritative Style<br>Arion Case: Model R <sup>2</sup> 0.16      Model Significance F > 0.001<br>Co-Fo Case: Model R <sup>2</sup> Not Significant      Model Significance Not Applicable |                                                     |             |                |            |         |            |         |  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-------------|----------------|------------|---------|------------|---------|--|
| Hyp                                                                                                                                                                                                                 | Variable                                            | Effect      | Pred. Relation | Arion Case |         | Co-Fo Case |         |  |
|                                                                                                                                                                                                                     |                                                     |             |                | Para. Esti | p Value | Para. Esti | p Value |  |
| 9a                                                                                                                                                                                                                  | Personal Sacrifice in the Proposed Change           | Direct      |                |            |         |            |         |  |
| 9b                                                                                                                                                                                                                  | Personal Sacrifice X Strategic Posture              | Interaction | " + "          | 0.21       | 0.02    |            |         |  |
| 9c                                                                                                                                                                                                                  | Personal Sacrifice X TMT Participative Style        | Interaction |                |            |         |            |         |  |
| 9f                                                                                                                                                                                                                  | Personal Sacrifice X Differentiation Strategy       | Interaction | " - "          | -.14       | 0.07    |            |         |  |
| 9g                                                                                                                                                                                                                  | Personal Sacrifice X Hostile Industry Structure     | Interaction |                |            |         |            |         |  |
| 9h                                                                                                                                                                                                                  | Personal Sacrifice X High Interpersonal Orientation | Interaction |                |            |         |            |         |  |
| 9i                                                                                                                                                                                                                  | Personal Sacrifice X High Commitment Level          | Interaction | " - "          | -.12       | 0.09    |            |         |  |
| n/a                                                                                                                                                                                                                 | Education (Base: Higher than bachelor)              | Control     |                |            |         |            |         |  |
| n/a                                                                                                                                                                                                                 | Gender (Base: Male respondents)                     | Control     |                | -.27       | 0.08    |            |         |  |
| n/a                                                                                                                                                                                                                 | Work Experience (Base: More than 10 years)          | Control     |                |            |         |            |         |  |
| n/a                                                                                                                                                                                                                 | Position (Base: One level away from the GM)         | Control     |                | 0.40       | 0.01    |            |         |  |
| n/a                                                                                                                                                                                                                 | Firm (Base: Other than UPS and Advanta)             | Control     |                | 0.33       | 0.03    |            |         |  |

Explanations: Hyp--> Hypothesis, Pred. Relation--> Predicted Relationship, Para. Esti--> Parameter Estimate

**Table 5.18 Results of Hypothesis 10: Choice of Covert Authoritative Style in the Presence of Personal Sacrifice**

| Dependent Variable: Covert Authoritative Style   |                                                     |             |                                   |            |         |            |         |  |
|--------------------------------------------------|-----------------------------------------------------|-------------|-----------------------------------|------------|---------|------------|---------|--|
| Arion Case: Model R <sup>2</sup> 0.11            |                                                     |             | Model Significance F > 0.03       |            |         |            |         |  |
| Co-Fo Case: Model R <sup>2</sup> Not Significant |                                                     |             | Model Significance Not Applicable |            |         |            |         |  |
| Hyp                                              | Variable                                            | Effect      | Pred. Relation                    | Arion Case |         | Co-Fo Case |         |  |
|                                                  |                                                     |             |                                   | Para. Esti | p Value | Para. Esti | p Value |  |
| 10a                                              | Personal Sacrifice in Change                        | Direct      |                                   |            |         |            |         |  |
| 10b                                              | Personal Sacrifice X Strategic Posture              | Interaction |                                   |            |         |            |         |  |
| 10c                                              | Personal Sacrifice X TMT Participative Style        | Interaction | "-"                               | -.19       | 0.01    |            |         |  |
| 10f                                              | Personal Sacrifice X Differentiation Strategy       | Interaction |                                   |            |         |            |         |  |
| 10g                                              | Personal Sacrifice X Hostile Industry Structure     | Interaction |                                   |            |         |            |         |  |
| 10h                                              | Personal Sacrifice X High Interpersonal Orientation | Interaction |                                   |            |         |            |         |  |
| 10i                                              | Personal Sacrifice X High Commitment Level          | Interaction |                                   |            |         |            |         |  |
| n/a                                              | Education (Base: Higher than bachelor)              | Control     |                                   |            |         |            |         |  |
| n/a                                              | Gender (Base: Male respondents)                     | Control     |                                   |            |         |            |         |  |
| n/a                                              | Work Experience (Base: More than 10 years)          | Control     |                                   |            |         |            |         |  |
| n/a                                              | Position (Base: One level away from the GM)         | Control     |                                   |            |         |            |         |  |
| n/a                                              | Firm (Base: Other than UPS and Advanta)             | Control     |                                   |            |         |            |         |  |

Explanations: Hyp--> Hypothesis, Pred. Relation--> Predicted Relationship, Para. Esti--> Parameter Estimate

**Table 5.19 Results of Hypothesis 11: Choice of Participative Style in the Presence of Personal Sacrifice**

| <b>Dependent Variable: Participative Style</b> |                                                     |                                       |                       |                   |                |                   |                |
|------------------------------------------------|-----------------------------------------------------|---------------------------------------|-----------------------|-------------------|----------------|-------------------|----------------|
| <b>Arion Case: Model R<sup>2</sup> 0.10</b>    |                                                     | <b>Model Significance F &gt; 0.06</b> |                       |                   |                |                   |                |
| <b>Co-Fo Case: Model R<sup>2</sup> 0.13</b>    |                                                     | <b>Model Significance F &gt; 0.01</b> |                       |                   |                |                   |                |
| <b>Hyp</b>                                     | <b>Variable</b>                                     | <b>Effect</b>                         | <b>Pred. Relation</b> | <b>Arion Case</b> |                | <b>Co-Fo Case</b> |                |
|                                                |                                                     |                                       |                       | <b>Para. Esti</b> | <b>p Value</b> | <b>Para. Esti</b> | <b>p Value</b> |
| 11a                                            | Personal Sacrifice in Change                        | Direct                                | " + "                 | 0.21              | 0.01           |                   |                |
| 11b                                            | Personal Sacrifice X Strategic Posture              | Interaction                           | " - "                 |                   |                | -0.23             | 0.01           |
| 11c                                            | Personal Sacrifice X TMT Participative Style        | Interaction                           | " + "                 |                   |                | 0.18              | 0.01           |
| 11f                                            | Personal Sacrifice X Differentiation Strategy       | Interaction                           |                       |                   |                |                   |                |
| 11g                                            | Personal Sacrifice X Hostile Industry Structure     | Interaction                           |                       |                   |                |                   |                |
| 11h                                            | Personal Sacrifice X High Interpersonal Orientation | Interaction                           | " + "                 |                   |                | -0.18             | 0.01           |
| 11i                                            | Personal Sacrifice X High Commitment Level          | Interaction                           |                       |                   |                |                   |                |
| n/a                                            | Education (Base: Higher than bachelor)              | Control                               |                       |                   |                |                   |                |
| n/a                                            | Gender (Base: Male respondents)                     | Control                               |                       |                   |                |                   |                |
| n/a                                            | Work Experience (Base: More than 10 years)          | Control                               |                       |                   |                | 0.33              | 0.10           |
| n/a                                            | Position (Base: One level away from the GM)         | Control                               |                       |                   |                |                   |                |
| n/a                                            | Firm (Base: Other than UPS and Advanta)             | Control                               |                       |                   |                | -0.32             | 0.03           |

**Explanations: Hyp--> Hypothesis, Pred. Relation--> Predicted Relationship, Para. Esti--> Parameter Estimate**



**Table 5.20 Results of Hypothesis 12: Choice of Third Party Consultant Style in the Presence of Personal Sacrifice**

| Dependent Variable: Third Party Consultant Style |                                                     |             |                |                                   |         |            |         |
|--------------------------------------------------|-----------------------------------------------------|-------------|----------------|-----------------------------------|---------|------------|---------|
| Arion Case: Model R <sup>2</sup> Not significant |                                                     |             |                | Model Significance Not Applicable |         |            |         |
| Co-Fo Case: Model R <sup>2</sup> 0.09            |                                                     |             |                | Model Significance F > 0.09       |         |            |         |
| Hyp                                              | Variable                                            | Effect      | Pred. Relation | Arion Case                        |         | Co-Fo Case |         |
|                                                  |                                                     |             |                | Para. Esti                        | p Value | Para. Esti | p Value |
| 12a                                              | Personal Sacrifice in Proposed Change               | Direct      | " + "          |                                   |         | 0.19       | 0.001   |
| 12b                                              | Personal Sacrifice X Strategic Posture              | Interaction |                |                                   |         |            |         |
| 12c                                              | Personal Sacrifice X TMT Participative Style        | Interaction |                |                                   |         |            |         |
| 12f                                              | Personal Sacrifice X Differentiation Strategy       | Interaction |                |                                   |         |            |         |
| 12g                                              | Personal Sacrifice X Hostile Industry Structure     | Interaction |                |                                   |         |            |         |
| 12h                                              | Personal Sacrifice X High Interpersonal Orientation | Interaction |                |                                   |         |            |         |
| 12i                                              | Personal Sacrifice X High Commitment Level          | Interaction |                |                                   |         |            |         |
| n/a                                              | Education (Base: Higher than bachelor)              | Control     |                |                                   |         |            |         |
| n/a                                              | Gender (Base: Male respondents)                     | Control     |                |                                   |         |            |         |
| n/a                                              | Work Experience (Base: More than 10 years)          | Control     |                |                                   |         |            |         |
| n/a                                              | Position (Base: One level away from the GM)         | Control     |                |                                   |         |            |         |
| n/a                                              | Firm (Base: Other than UPS and Advanta)             | Control     |                |                                   |         | 0.51       | 0.001   |

Explanations: Hyp--> Hypothesis, Pred. Relation--> Predicted Relationship, Para. Esti--> Parameter Estimate

**Strategic Importance of the Proposed Change**

Hypotheses 13 through 16 produced mixed results. Only one (Hypothesis 14) indicated significance of any direct or moderator variables. Hypothesis 16, on the other hand, provided a significant model, but only the control variables were significant. Tables 5.21 and 5.22 report the detailed results. Only the significant values are reported; thus a blank against a variable indicates that the variable was not found to be significant.

**Table 5.21 Results of Hypothesis 14: Choice of Covert Authoritative Style in the Presence of Strategic Importance**

| Dependent Variable: Covert Authoritative Style   |                                                   |             |                |                                   |         |            |         |
|--------------------------------------------------|---------------------------------------------------|-------------|----------------|-----------------------------------|---------|------------|---------|
| Arion Case: Model R <sup>2</sup> 0.11            |                                                   |             |                | Model Significance F > 0.03       |         |            |         |
| Co-Fo Case: Model R <sup>2</sup> Not Significant |                                                   |             |                | Model Significance Not Applicable |         |            |         |
| Hyp                                              | Variable                                          | Effect      | Pred. Relation | Arion Case                        |         | Co-Fo Case |         |
|                                                  |                                                   |             |                | Para. Esti                        | p Value | Para. Esti | p Value |
| 14a                                              | Strategic Importance in the Proposed Change       | Direct      |                |                                   |         |            |         |
| 14b                                              | Strategic Importance X Strategic Posture          | Interaction |                |                                   |         |            |         |
| 14c                                              | Strategic Importance X TMT Participative Style    | Interaction |                |                                   |         |            |         |
| 14f                                              | Strategic Importance X Differentiation Strategy   | Interaction | " - "          | 0.18                              | 0.02    |            |         |
| 14g                                              | Strategic Importance X Hostile Industry Structure | Interaction | " + "          | 0.17                              | 0.02    |            |         |
| 14h                                              | Strategic Importance X High Interpersonal         | Interaction |                |                                   |         |            |         |
| 14i                                              | Strategic Importance X High Commitment Level      | Interaction |                |                                   |         |            |         |
| n/a                                              | Education (Base: Higher than bachelor)            | Control     |                |                                   |         |            |         |
| n/a                                              | Gender (Base: Male respondents)                   | Control     |                |                                   |         |            |         |
| n/a                                              | Work Experience (Base: More than 10 years)        | Control     |                |                                   |         |            |         |
| n/a                                              | Position (Base: One level away from the GM)       | Control     |                |                                   |         |            |         |
| n/a                                              | Firm (Base: Other than UPS and Advanta)           | Control     |                |                                   |         |            |         |

Explanations: Hyp--> Hypothesis, Pred. Relation--> Predicted Relationship, Para. Esti--> Parameter Estimate

**Table 5.22 Results of Hypothesis 16: Choice of Third Party Consultant Style in the Presence of Strategic Importance**

| Dependent Variable: Third Party Consultant Style |                                                   |             |                |                             |         |            |         |
|--------------------------------------------------|---------------------------------------------------|-------------|----------------|-----------------------------|---------|------------|---------|
| Arion Case: Model R <sup>2</sup> 0.13            |                                                   |             |                | Model Significance F > 0.01 |         |            |         |
| Co-Fo Case: Model R <sup>2</sup> 0.11            |                                                   |             |                | Model Significance F > 0.03 |         |            |         |
| Hyp                                              | Variable                                          | Effect      | Pred. Relation | Arion Case                  |         | Co-Fo Case |         |
|                                                  |                                                   |             |                | Para. Esti                  | p Value | Para. Esti | p Value |
| 16a                                              | Strategic Importance in Proposed Change           | Direct      |                |                             |         |            |         |
| 16b                                              | Strategic Importance X Strategic Posture          | Interaction |                |                             |         |            |         |
| 16c                                              | Strategic Importance X TMT Participative Style    | Interaction |                |                             |         |            |         |
| 16f                                              | Strategic Importance X Differentiation Strategy   | Interaction |                |                             |         |            |         |
| 16g                                              | Strategic Importance X Hostile Industry Structure | Interaction |                |                             |         |            |         |
| 16h                                              | Strategic Importance X High Interpersonal         | Interaction |                |                             |         |            |         |
| 16i                                              | Strategic Importance X High Commitment Level      | Interaction |                |                             |         |            |         |
| n/a                                              | Education (Base: Higher than bachelor)            | Control     |                |                             |         |            |         |
| n/a                                              | Gender (Base: Male respondents)                   | Control     |                | -.51                        | 0.001   |            |         |
| n/a                                              | Work Experience (Base: More than 10 years)        | Control     |                |                             |         |            |         |
| n/a                                              | Position (Base: One level away from the GM)       | Control     |                |                             |         |            |         |
| n/a                                              | Firm (Base: Other than UPS and Advanta)           | Control     |                | 0.41                        | 0.01    | 0.48       | 0.001   |

Explanations: Hyp--> Hypothesis, Pred. Relation--> Predicted Relationship, Para. Esti--> Parameter Estimate

### **Perception Variables and Influence Styles**

Hypotheses 17 through 28 were proposed as exploratory hypotheses in relation to the perception variables and their impact on the choice of influence styles. Due to the validity problems of the hard approach, Hypotheses 17, 20, 23, and 26 were dropped from the analysis. Further, the analysis with regard to influence styles was conducted only for the Co-Fo case, as no clearly identifiable factors were created for the Arion case.

The soft approach was significant in three out of four models, whereas the rational approach was significant in only one model. The detailed results are reported in Tables 5.23, 5.24, 5.25, and 5.26.

**Table 5.23 Results of Hypothesis 18: Choice of Soft Influence Style in the Presence of Proactive Changes**

| Dependent Variable: Soft Influence Style |                                                   |             |                         |                 |         |
|------------------------------------------|---------------------------------------------------|-------------|-------------------------|-----------------|---------|
| Co-Fo Case: Model R <sup>2</sup> 0.09    |                                                   |             | Model Significance 0.10 |                 |         |
| Hyp                                      | Variable                                          | Effect      | Pred. Relation          | Only Co-Fo Case |         |
|                                          |                                                   |             |                         | Para. Esti      | p Value |
| 18a                                      | Proactive Change in the Proposed Change           | Direct      | " + "                   | 0.12            | 0.10    |
| 18b                                      | Proactive Change X Strategic Posture              | Interaction |                         |                 |         |
| 18c                                      | Proactive Change X TMT Participative Style        | Interaction |                         |                 |         |
| 18f                                      | Proactive Change X Differentiation Strategy       | Interaction | " + "                   | 0.12            | 0.10    |
| 18g                                      | Proactive Change X Hostile Industry Structure     | Interaction |                         |                 |         |
| 18h                                      | Proactive Change X High Interpersonal Orientation | Interaction |                         |                 |         |
| 18i                                      | Proactive Change X High Commitment Level          | Interaction |                         |                 |         |
| n/a                                      | Education (Base: Higher than bachelor)            | Control     |                         |                 |         |
| n/a                                      | Gender (Base: Male respondents)                   | Control     |                         |                 |         |
| n/a                                      | Work Experience (Base: More than 10 years)        | Control     |                         | 0.46            | 0.02    |
| n/a                                      | Position (Base: One level away from the GM)       | Control     |                         |                 |         |
| n/a                                      | Firm (Base: Other than UPS and Advanta)           | Control     |                         |                 |         |

Explanations: Hyp--> Hypothesis, Pred. Relation--> Predicted Relationship, Para. Esti--> Parameter Estimate

**Table 5.24 Results of Hypothesis 21: Choice of Soft Influence Style in the Presence of Survival Urgency**

| <b>Dependent Variable: Soft Influence Style</b> |                                                   |               |                                |                        |                |
|-------------------------------------------------|---------------------------------------------------|---------------|--------------------------------|------------------------|----------------|
| <b>Co-Fo Case: Model R<sup>2</sup> 0.10</b>     |                                                   |               | <b>Model Significance 0.07</b> |                        |                |
| <b>Hyp</b>                                      | <b>Variable</b>                                   | <b>Effect</b> | <b>Pred. Relation</b>          | <b>Only Co-Fo Case</b> |                |
|                                                 |                                                   |               |                                | <b>Para. Esti</b>      | <b>p Value</b> |
| 21a                                             | Survival Urgency in the Proposed Change           | Direct        | "-"                            | -.14                   | 0.05           |
| 21b                                             | Survival Urgency X Strategic Posture              | Interaction   |                                |                        |                |
| 21c                                             | Survival Urgency X TMT Participative Style        | Interaction   |                                |                        |                |
| 21f                                             | Survival Urgency X Differentiation Strategy       | Interaction   |                                |                        |                |
| 21g                                             | Survival Urgency X Hostile Industry Structure     | Interaction   |                                |                        |                |
| 21h                                             | Survival Urgency X High Interpersonal Orientation | Interaction   |                                |                        |                |
| 21i                                             | Survival Urgency X High Commitment Level          | Interaction   |                                |                        |                |
| n/a                                             | Education (Base: Higher than bachelor)            | Control       |                                |                        |                |
| n/a                                             | Gender (Base: Male respondents)                   | Control       |                                |                        |                |
| n/a                                             | Work Experience (Base: More than 10 years)        | Control       |                                | 0.53                   | 0.12           |
| n/a                                             | Position (Base: One level away from the GM)       | Control       |                                |                        |                |
| n/a                                             | Firm (Base: Other than UPS and Advanta)           | Control       |                                |                        |                |

**Explanations: Hyp--> Hypothesis, Pred. Relation--> Predicted Relationship, Para. Esti--> Parameter Estimate**

**Table 5.25 Results of Hypothesis 24: Choice of Soft Influence Style in the Presence of Personal Sacrifices**

| <b>Dependent Variable: Soft Influence Style</b> |                                                     |               |                                |                        |                |  |
|-------------------------------------------------|-----------------------------------------------------|---------------|--------------------------------|------------------------|----------------|--|
| <b>Co-Fo Case: Model R<sup>2</sup> 0.11</b>     |                                                     |               | <b>Model Significance 0.03</b> |                        |                |  |
| <b>Hyp</b>                                      | <b>Variable</b>                                     | <b>Effect</b> | <b>Pred. Relation</b>          | <b>Only Co-Fo Case</b> |                |  |
|                                                 |                                                     |               |                                | <b>Para. Esti</b>      | <b>p Value</b> |  |
| 24a                                             | Personal Sacrifice in the Proposed Change           | Direct        |                                |                        |                |  |
| 24b                                             | Personal Sacrifice X Strategic Posture              | Interaction   |                                |                        |                |  |
| 24c                                             | Personal Sacrifice X TMT Participative Style        | Interaction   |                                |                        |                |  |
| 24f                                             | Personal Sacrifice X Differentiation Strategy       | Interaction   | " + "                          | -.15                   | 0.07           |  |
| 24g                                             | Personal Sacrifice X Hostile Industry Structure     | Interaction   |                                |                        |                |  |
| 24h                                             | Personal Sacrifice X High Interpersonal Orientation | Interaction   | " + "                          | -.16                   | 0.02           |  |
| 24i                                             | Personal Sacrifice X High Commitment Level          | Interaction   |                                |                        |                |  |
| n/a                                             | Education (Base: Higher than bachelor)              | Control       |                                |                        |                |  |
| n/a                                             | Gender (Base: Male respondents)                     | Control       |                                |                        |                |  |
| n/a                                             | Work Experience (Base: More than 10 years)          | Control       |                                | 0.53                   | 0.12           |  |
| n/a                                             | Position (Base: One level away from the GM)         | Control       |                                |                        |                |  |
| n/a                                             | Firm (Base: Other than UPS and Advanta)             | Control       |                                |                        |                |  |

**Explanations: Hyp--> Hypothesis, Pred. Relation--> Predicted Relationship, Para. Esti--> Parameter Estimate**



**Table 5.26 Results of Hypothesis 28: Choice of Rational Influence Style in the Presence of Strategic Importance**

| <b>Dependent Variable: Rational Influence Style</b> |                                                   |               |                                 |                        |                |
|-----------------------------------------------------|---------------------------------------------------|---------------|---------------------------------|------------------------|----------------|
| <b>Co-Fo Case: Model R<sup>2</sup> 0.14</b>         |                                                   |               | <b>Model Significance 0.003</b> |                        |                |
| <b>Hyp</b>                                          | <b>Variable</b>                                   | <b>Effect</b> | <b>Pred. Relation</b>           | <b>Only Co-Fo Case</b> |                |
|                                                     |                                                   |               |                                 | <b>Para. Esti</b>      | <b>p Value</b> |
| 28a                                                 | Strategic Importance in the Proposed Change       | Direct        | " + "                           | 0.24                   | 0.001          |
| 28b                                                 | Strategic Importance X Strategic Posture          | Interaction   | " + "                           | -.22                   | 0.01           |
| 28c                                                 | Strategic Importance X TMT Participative Style    | Interaction   |                                 |                        |                |
| 28f                                                 | Strategic Importance X Differentiation Strategy   | Interaction   |                                 |                        |                |
| 28g                                                 | Strategic Importance X Hostile Industry Structure | Interaction   |                                 |                        |                |
| 28h                                                 | Strategic Importance X High Interpersonal         | Interaction   |                                 |                        |                |
| 28i                                                 | Strategic Importance X High Commitment Level      | Interaction   |                                 |                        |                |
| n/a                                                 | Education (Base: Higher than bachelor)            | Control       |                                 |                        |                |
| n/a                                                 | Gender (Base: Male respondents)                   | Control       |                                 | 0.24                   | 0.10           |
| n/a                                                 | Work Experience (Base: More than 10 years)        | Control       |                                 |                        |                |
| n/a                                                 | Position (Base: One level away from the GM)       | Control       |                                 |                        |                |
| n/a                                                 | Firm (Base: Other than UPS and Advanta)           | Control       |                                 |                        |                |

**Explanations: Hyp--> Hypothesis, Pred. Relation--> Predicted Relationship, Para. Esti--> Parameter Estimate**

### **Overview of the Results**

Sixteen models were tested for each case (Arion and Co-Fo). Each model proposed seven hypotheses (a through i). Hypotheses with suffix a in each case represented the direct impact of the independent variable on the dependent variables. The remaining suffixes (b through i) represented interaction effects. Hypotheses with suffixes d and e (representing reward system and cost leadership strategy) were not tested owing to poor operationalization of these variables.

The overall fit of the models indicates that the effect size ranged from small to moderate. It is noteworthy that ten out of sixteen models were found to be significant in predicting the choice of an implementation style when testing for the first scenario (Arion case). On the other hand, only four out of sixteen models were found to be significant when testing the second scenario (Co-Fo case).

The exploratory dependent variable, the choice of an influence style, showed mixed results. No reliable influence styles were found in the first scenario (Arion case), while two reliable influence styles, soft and rational, were created in the second scenario (Co-Fo case). Three out of four models were found to be significant in the case of the choice of the soft influence style, whereas only one out of four models was significant in the choice of the rational influence style.

In addition, several significant results were obtained with regard to control variables, such as the organization to which the respondent belongs, respondent's gender, respondent's position in relation to the general manager, and respondent's work experience.

The following section examines the impact on the choice of implementation styles based on the four independent variables, namely, the proactive nature of the change, survival urgency, personal sacrifice, and the strategic importance of the change. The second section discusses the impact of moderator variables on the choice of implementation styles. The third section discusses the results in terms of control variables and is followed by the fourth section, a discussion of the dependent variable perspective: the choice of implementation styles. Finally, the fifth section examines the results of the exploratory variable, influence style.

#### **Direct Variables**

This section is further divided into four sub-sections. Each sub-section discusses the results from the perspective of a single direct variable.

#### **Proactive Change**

Four hypotheses were proposed with regard to the impact of proactive changes in the choice of four implementation styles: overt authoritative style, covert authoritative style, participative style, and third party consultant style. Results confirmed Hypotheses 1 and 4: proactive change had a statistically significant impact, either by itself or in the presence of some moderator variables, on the choice of the overt authoritative and third party consultant styles. The results in Co-Fo case were in accordance with Hypothesis 4, indicating that when middle managers face proactive changes they are likely to employ an outside consultant. Hypothesis 1a, however, was significant but in the opposite

direction from that anticipated, suggesting that middle managers are likely to use the authoritative style when they perceive the proposed changes to be proactive.

This counter-intuitive result is possibly due to middle managers' lack of confidence in the subordinates. The middle managers might perceive that their subordinates are likely to resist the proposed change and because the change is proactive the uncooperative subordinates will also have time to create a momentum against the change. Possibly under these circumstances, the authoritative style will be used. This explanation is supported by the work presented by Kettner, Daley, and Nicholas (1985).

A change effort is likely to engender not only resistance but conflicts as well because it often involves scarce resources, divergent interests, or unclear expectations. The change agent must therefore utilize conflict resolution skills to facilitate implementation. Several approaches are possible. One is the use of force or authority (through coercion, policy or executive order, railroading, dominance, majority rule). (p.217)

The foregoing quote may be applicable to this research only if we assume that the proposed changes generated conflict among the subordinates of the middle managers. This research, however, did not examine the conflict, and as such confirmation of the proposed argument should be considered as part of the future research agenda. Hypothesis 1g, however, was strongly supported (as proposed) when the middle managers perceived a proposed change was proactive and implementation was to be carried out in a hostile industry structure. Under these circumstances most managers were likely not to use the authoritative style. Similarly, the implementation of proactive change in the presence of high interpersonal orientation was supported in Hypothesis 4. In this case, when middle managers were found to have a high interpersonal orientation

(and hence were more people oriented), they were less likely to use the third party consultant style.

Overall, the results with regard to a proactive change and its impact on the choice of an implementation style is considered moderate, since only two of the four models were supported. In addition, not all of the relationships were found to be in the predicted direction.

### Survival Urgency

The impact of the second independent variable in this study, the perception of survival urgency, was tested in four models (Hypotheses 5 through 8). Three out of the four hypotheses were found to be statistically significant. The direct effect of survival urgency, however, was supported only in Hypothesis 5. This finding suggested that it is very likely that middle managers will choose the overt authoritative style when facing survival urgency. Hypothesis 5c revealed an interesting effect when the top management (TMT) used of the participative style. As discussed previously, Hypothesis 5a showed that survival urgency leads to the choice of the overt authoritative style. In presence of TMT participative style (hypothesis 5c), however, even though middle managers perceive the change to be of survival urgency, they are less likely to use the authoritative style. Similarly, a hostile industry structure encourages the middle managers to use a less authoritative style even though they may perceive the change to be necessary and urgent for survival. All three results were in the direction predicted by the hypotheses.

With regard to the impact of survival urgency change on the choice of the covert authoritative style (Hypothesis 6), three relationships were found to be significant. The direct effect of survival urgency (Hypothesis 6a) was not significant, but as suggested, the use of a participative style by the TMT reduces the possibility that middle managers would use the covert authoritative style. Also, as proposed, a hostile industry structure encouraged middle managers to use the covert authoritative (rather than overt authoritative) style.

One statistically significant relationship in Hypothesis 6 was found to be in the direction opposite from that predicted. This relationship examined the use of covert authoritative style in the presence of survival urgency when the middle managers perceive that the TMT is exhibiting a strategic posture (Hypothesis 6b). It was proposed that in these circumstances managers would rather use a direct method such as the overt authoritative style rather than the covert authoritative style because the former is more direct and uses fewer resources which is consistent with the principle of minimum intervention as proposed by Hrebiniak and Joyce (1984). One possible deviation from the arguments in the principle of minimum intervention is that middle managers understand the problems associated with the use of coercive force. This point is argued by Falbe and Yukl (1992), who suggest that coercive force is not effective in most cases. Thus, Hypothesis 6b indicates that middle managers may prefer covert rather than overt authoritative style.

Hypothesis 8 examined the choice of the third party consultant style in the presence of survival urgency. During the development of this hypothesis, it was proposed

that in most situations due to the perception of survival urgency, middle managers are not likely to commit extra resources. Further, it was argued that outside consultants could cost the firm more in the short-term; thus, middle managers are not likely to use the third party consultant style. Only one (out of a possible seven) relationship was significant in Hypothesis 8. It was found that when a firm is following the differentiation strategy at the SBU level and if a change is perceived to be of survival urgency (Hypothesis 8f), middle managers are not likely to hire third party consultants.

Overall, under the perception of survival urgency middle managers are likely to use the authoritative (either overt or covert) styles. The results are considered broader in this situation than the results for the proactive change variable, as three out of four models were found to be significant.

### Personal Sacrifice

The impact of personal sacrifice on the choice of implementation styles was tested in Hypotheses 9 through 12. All four statistical models involving personal sacrifice as a variable were found to be statistically significant. Hypotheses 9 and 10 were significant in the Arion case (the first scenario), Hypothesis 12 was found to be significant in the Co-Fo case (the second scenario), and Hypothesis 11 was found to be significant in both the cases.

Hypotheses 9a and 10a, which tested the direct effect of personal sacrifice in carrying out strategic change were not found to be significant with regard to use of the authoritative styles. The direct impact of personal sacrifice on the choice of the

implementation style was significant with regard to the participative and the third party consultant styles; in both cases the results were in the predicted direction.

Hypothesis 9 provided three significant relationships, all of which were in the proposed direction. The use of the overt authoritative style was likely when the TMT strategic posture (high risk taking ability) was perceived by the middle manager. On the other hand, if the SBU strategy was differentiation or if the commitment level of the manager was high, it was not likely for a middle manager to use the overt authoritative style.

Hypothesis 10 examined the impact of the personal sacrifice variable on the choice of the covert authoritative style. Only one relationship, pertaining to the TMT participative style, was significant and in the proposed direction. The negative relationship suggests that when middle managers perceive that their superiors participate in project implementation, they are likely not to use the authoritative style even when they perceive the proposed change requires personal sacrifice.

The choice of the participative style was found to be positively related to the perception that the proposed change would require personal sacrifice. This result, in Hypothesis 11a, coincides with the theoretical arguments that when middle managers perceive they are making a personal sacrifice they are likely to involve subordinates in the implementation process and thus reduce their own exposure to the consequences of nonimplementation.

There were two statistically significant relationships in Hypothesis 11. The first was the reduced use of the participative style when personal sacrifice is viewed in line



with the presence of strategic posture in the TMT. The second relationship found the increased use of the participative style when the TMT exhibits a participative style.

One unexpected result in Hypothesis 11 was the significant but negative relationship of high interpersonal orientation in the presence of personal sacrifice in determining the choice of the participative style. The plausible explanation for this would be based on the arguments that a person with a high interpersonal orientation (basically a people-oriented person) might question using participative style when facing personal sacrifice and will try to deflect the level of sacrifice by adopting some other style, such as third party consultant, in which the outcome of the implementation is not entirely the middle manager's responsibility. The same argument is applicable in Hypothesis 12 in which the results indicate that there is a positive and significant relationship between the direct effect of personal sacrifice in the choice of the third party consultant style.

Overall, in this study personal sacrifice has been the most useful explanatory variable in demonstrating the choice of an implementation style. The implications of these findings will be discussed later.

#### Strategic Importance of Proposed Change

The fourth and final independent variable is the perceived importance of the proposed change and its impact on the selection of an implementation style. One out of four hypotheses provided significant relationships (Hypothesis 14). When middle managers perceive a change to be important and also perceive that the structure of the

industry is hostile, they are likely to use the covert authoritative style. This finding was in the expected direction.

On the other hand, the presence of differentiation strategy indicated that middle managers are likely to use the covert authoritative style although the predicted relationship was inverse. It has been argued in the hypotheses section that when a firm follows a differentiation strategy it needs to be flexible, however, differentiation strategy along with the strategic importance of the change may muddle the picture. Once again, if middle managers feel insecure about the subordinate's understanding of the change then they are likely to resort to authoritative measures. This need for an understanding of change by lower level managers comes about clearly in the following quote by Fombrun (1992).

Strategic change calls for leaders, surely, but also for run-of-the-mill employees and middle managers who both support the parochial profitability objectives of shareholders and recognize the institutional mission that firms fulfill in a world growing ever more fragmented. (p.6)

The overall weak explanatory power of this independent variable might be rooted in the introduction of the questionnaire of this research. The introduction suggested that this research was examining the choices exercised by middle managers in implementing strategic changes. Thus, responses may have been biased because regardless of what middle managers felt, they might have considered it to be socially desirable to answer that the proposed change was in fact a strategic one.

To summarize, the perception of personal sacrifice in the proposed change was the strongest element in explaining the choice of an implementation style. The perceptions of survival urgency and proactive change variables were found to have a

moderate impact in determining the choice of implementation styles because not all the models were supported using these variables. The weakest predictor was the strategic importance variable, as only one model was found to be statistically significant.

### **The Role of Moderator Variables**

In this research, along with four direct variables, eight moderator variables were introduced in the hypotheses development. Preliminary statistical analysis eliminated two of the eight moderator variables, thus the testing of the hypotheses was conducted with six moderator variables. As already reported in the previous section, for almost all of the significant models at least one moderator variable was statistically significant. This section reviews of all of these moderator variables.

Both TMT participative style and hostile industry structure were each significant in four models. The significance of the TMT participative style was evident in Hypotheses 5, 6, 10, and 11. The first three hypotheses suggested that in the presence of a TMT participative style middle managers are not likely to pursue an authoritative style. In all three hypotheses this non-use of the authoritative style was supported. In Hypothesis 11 (the fourth one) it was suggested that in the presence of the TMT participative style middle managers will choose a participative style when the change is perceived to involve personal sacrifice. Once again this hypothesis was supported. These findings suggest that indirectly top managers impact the way middle managers choose their implementation styles.

In fact, the top managers also affect middle manager behavior by exhibiting strategic posture (risk taking attitude). The presence of strategic posture in the TMT leads middle managers to choose the authoritative style (Hypotheses 6 and 9) and not the participative style (Hypothesis 11). The results of strategic posture and the TMT participative style together lead to the conclusion that besides the perception of the proposed change, the top managers' behaviors have a strong impact on the choice of implementation styles exercised by middle managers.

Another moderator variable that was found to be a strong predictor of the implementation styles was the hostile industry structure. Once again, it was found to be statistically significant in four hypotheses. In Hypotheses 1 and 5 (both dealing with the overt authoritative style) the knowledge of a hostile industry environment prompted managers not to use the overt authoritative style. On the other hand, in Hypotheses 6 and 14 (both dealing with the covert authoritative style), the knowledge of a hostile industry structure suggested that middle managers are likely to use the covert authoritative style. Thus, an intimate knowledge of the industry in which the SBU is performing is also critical in improving the predictive power.

Another variable responding to the knowledge of industry was the SBU level strategy (only differentiation was accepted after an initial statistical analysis). This variable was statistically significant in three hypotheses. Two of the three hypotheses found that the presence of differentiation strategy meant not using the third party consultant style (Hypothesis 8) and the overt authoritative style (Hypothesis 9). The third significant hypothesis related to the use of the covert authoritative style when the firm

is following a differentiation strategy and the proposed change is perceived to have strategic importance. Once again, statistical significance of the hostile industry structure and the firm level strategy indicate that these variables play an important role in explaining the implementation style chosen by middle managers.

The remaining two moderator variables, interpersonal orientation and the commitment to the SBU, did not seem to be very effective in the choice process for middle managers. Interpersonal orientation was significant in Hypotheses 4 and 11 and commitment to the SBU was significant only in Hypothesis 9. One possibility for this lack of results for these two moderator variables is methodological. A middle manager may not have understood the need to answer the questions with regard to commitment and interpersonal orientation in the light of implementing strategic change. Another methodological problem, especially concerning the SBU commitment level, could be that the questions concerning this item were on page 10 (the last page) of the questionnaire, at which point fatigue might have set in among the respondents.

Overall, it is suggested that the moderator variables played a role in improving the predictions about the implementation choices made by middle managers. Because very few direct relationships between independent variables and dependent variables were statistically significant, the importance of moderator variables was increased correspondingly in this study. In addition, results based on moderator variables in this study showed that some moderator variables are critical in understanding the choice of implementation styles made by middle managers because these variables reflect the behavior of top managers and the situation in the industry in which the SBU operates.

### **Control Variables**

For this study five control variables were introduced in the statistical analysis. For ease of interpretation and statistical convenience each of them was divided into two levels. The five control variables are a) education (up to bachelors and higher than bachelors), b) gender (males and females), c) work experience (up to ten or more years), d) positional distance from the general manager (GM) (one level or more levels), and e) respondent's firm (Advanta and UPS as one group, and others).

The findings suggest that control variables are statistically significant in many hypotheses. In fact, education was the only control variable not found to be significant. The significance of these variables provides very interesting future research possibility. The most significant control variable was the respondent's firm. Managers from UPS and Advanta were consistently likely to behave differently from other group. The rationale of creating this control variable was based on the fact that both Advanta and UPS together comprised almost 50% of the sample. Also these two firms were larger than most of the other participating firms. Although other large firms participated in this research, only one small division actually responded to the questionnaire (e.g., Campbell Soup Planning Division). Finally, most other firms were manufacturing firms, whereas Advanta and UPS were service oriented.

The results indicate that UPS and Advanta managers are more likely to use overt authoritative styles (Hypotheses 1, 5, and 9). They are also more likely to use third party consultants (Hypotheses 4, 8, 12, and 16). Most interestingly, they are less likely to use the participative style when they perceive that the proposed change demands personal

sacrifice (Hypothesis 11). The results were consistent when the models were significant for both the Arion and Co-Fo cases (Hypotheses 4 and 16).

One possible explanation for these differences stems from the fact that UPS and Advanta are large firms, and as a result managers experience a great amount of organizational inertia or bureaucracy. Another possibility is that both firms are service providers and are extending themselves to keep the customer happy and the use of authority might be necessary at times to get through the bureaucracy. Their willingness to use consultants more than smaller firms probably is a reflection of their ability to garner more resources. The interesting result of less use of the participative style when the managers perceive personal sacrifice might once again be explained by the large size of these two organizations. In large firms, the consequences of failing to achieve a desired change may be greater than in small firms. Also, sometimes the managers in large firms feel that "if my job is on line I better get going." This explanation is based on the perception that smaller firms are less prone to fire their managers, which is partly due to the costs involved with the hiring process. These results provide insights into planning future research in which one can carefully select the firms based on their size and products or services offered.

Another control variable that consistently indicated group differences was gender. Female respondents tended to choose less frequently an overt authoritative style (Hypotheses 1, 5, and 9). Also, they did not engage third party consultants as much as their male counterparts (Hypotheses 4, 8, and 16). Both of these findings are consistent with research in management literature about women. This is evident from the following

passage from Northcraft and Gutek (1993) in which they report on the research of the past two decades.

A variety of research in the 1970s ... found that both men and women perceived successful managers to possess more characteristics typically associated with males than characteristics typically associated with females. These results were still holding up well into the late 1980s. Women managers are perceived as less aggressive and independent than their male counterparts, though typically possessing better interpersonal skills ... Consequently, women are seen to focus on collaboration and group goal attainment at the expense of personal achievement - an emphasis on vicarious achievement perfectly in keeping with the maternal child-rearing role... . (p.220-221)

Perhaps one cause for the difference between male and female respondents stems from the perceived role a woman manager is "expected" to perform in an organization. Similarly, the literature on women's roles within an organizations suggests that women managers are not in the major power network of the organizations and as such may not be able to muster resources as easily as their male counterparts to employ outside consultants. Once again, this control variable provides a very interesting challenge for future research in examining the gender effects of these style differences in implementation of strategic changes.

Of the remaining three control variables, two (work experience and position from the general manager(GM)) together constitute middle manager's work experience and tenure in the organization. As middle managers get further from the GM's position, they tend to make use of the overt authoritative style (Hypotheses 1, 5, and 9). Also, junior managers (further away from the GM position) are likely to use the third party consultant style in implementing a proactive change (Hypothesis 4). This indicates that either they may not be sure of what they are expected to do or they feel it is will be easier to



legitimize the need for change with the help of outside consultants. Similarly, managers with less work experience seem to be more likely to use the participative style when they perceive that the proposed change involves personal sacrifice. These findings suggest that junior managers tend to behave differently as compared to senior managers. Once again, this could be an interesting future area of research.

Overall, control variables provided interesting preliminary results and offer suggestions to shape the future. The use of control variables and their subsequent statistical significance in this research provided some cautionary lessons in advancing generalizations.

#### **Dependent Variable: Implementation Style**

From the dependent variable perspective this research examined the following relationships: a) Hypotheses 1, 5, 9, and 13 looked at the predictability of the use of the overt authoritative style, b) Hypotheses 2, 6, 10, and 14 examined the relationships in order to understand the choice of the covert authoritative style, c) Hypotheses 3, 7, 11, and 15 dealt with the choice of the participative style, and d) Hypotheses 4, 8, 12, and 16 related to the choice of the third party consultant style.

Of the four dependent variables, the choice of the third party consultant seemed to be statistically the most significant. One inference of this outcome is that middle managers are clearer about hiring or not hiring outside consultants than they are about adopting any other style to implement a strategic change. The decision not to involve third party consultants, due to restricted resources, might be easy for many small firms

(50% of the sample in this study is made up of respondents from small firms). On the other hand, according to a recent article in the Wall Street Journal, due to recent layoffs, the remaining work force in large firms is more apt to employ third party consultants not only in the decision making process but also in the implementation process (Markels, 1995). Thus, the choice of the third party consultant as an implementation style seems to be explained by the predictive variables in all instances (Hypotheses 4, 8, 12, and 16).

Pfeffer (1992) and Dunphy and Stace (1993) have strongly argued that under certain circumstances managers must use the authoritative styles (overt or covert). The findings in this research is consistent with their arguments. The present research found statistical significance in the use or non-use of the overt authoritative style (Hypotheses 1, 5, and 9). Similarly, it also found statistical significance in three Hypotheses (6, 10, and 14) in explaining the use or non-use of the covert authoritative style. These results concur with Pfeffer (1992) and Dunphy and Stace (1993). Finally, only Hypothesis 11 was significant in predicting the choice of the participative style. One possible explanation is the frequent use of the participative style and team projects in today's corporate world. It is possible that in this research when middle managers were faced with a dilemma over choice of an implementation style, they choose the participative style regardless of the specifics of the case scenario or the change situation.

Overall, these research findings indicate that middle managers choose an implementation style based on many factors. They also show that the choice of the third party consultant style is more predictable than the participative style. Finally, they also

indicate that in accordance with many researchers, the authoritative styles are necessary and are used by middle managers in various situations.

### **Dependent Variable: Influence Style**

This research used three influence styles to further investigate the question (a new perspective in the strategic management field) regarding the choice of influence styles by middle managers when they are implementing a strategic change. These styles are hard, soft, and rational influence style. The preliminary statistical analysis indicated that hypothesis testing would be possible for only the soft and the rational influence styles. Further, the hypothesis testing was restricted to only the Co-Fo case. Thus, in total eight models were tested, and four were found to be statistically significant.

Of the four models tested for the soft influence style three were found to be significant. These considered proactive change (Hypothesis 18), survival urgency (Hypothesis 21), and personal sacrifice (Hypothesis 24). Each of these indicated that middle managers do differentiate between the use of influence style and with respect to the change of parameters and the organizational and individual context. Further, it was initially hypothesized that the soft influence style and the participative implementation style would be very similar. This assumption, however, was not strongly supported. This lack of similarity is stated because only one model was significant in the participative style variable, whereas three statistical models were supported in the soft influence style variable. Even in the statistical model in which both participative style and soft influence style were significant (this pertained to the independent variable personal sacrifice), it

was found that only one moderator variable exhibited a similar relationship. These results suggest that the soft influence style is not identical to the participative style and thus warrants more research. Only one model was significant with respect to the rational influence style (Hypothesis 28) indicating the need for additional research.

Overall, this research found that four out of eight models with regard to influence styles were significant. More research is needed to connect this construct to the strategic management field.

### **Overall Summary of the Chapter**

This chapter first presented the results of the data analysis and then discussed the results. The discussion indicated that the results are encouraging, especially in the light of limited existing research on the middle managers and their role in the implementation of strategic changes. Ten out of sixteen models were supported in the Arion case, and four out of sixteen models were supported in the Co-Fo case. The overall fit of the model ranged from small to moderate effect size.

The following conclusive chapter will present the bigger picture with regard to this research. It will discuss the basic questions proposed and how they were answered by this research.

## **CHAPTER 6**

### **FINAL REMARKS**

#### **Overview**

The purpose of this study was to explicate the often ignored area of research regarding the process of implementing strategic changes in an organization and the role middle managers play in this process. Taking as an exploratory approach, this study examined factors that affect the choice of influence styles. Primarily, this study evaluated the link between middle managers' perceptions of the SBU activities and their choices of implementation and influence styles. Specifically, the study was designed to examine four issues related to the strategic change process and choice of implementation styles: a) to test the relationship between the middle manager's perception of the changes proposed by the top management team (TMT) and the style chosen to implement these changes, b) to investigate the impact of organizational factors as moderator variables in explaining the relationship between the perception of changes and the choice of implementation styles, c) to evaluate the impact of individual factors as moderator variables, and d) to evaluate the impact of middle manager perceptions on changes proposed by the TMT in the choice of influence styles. This study also examined whether the factors that affect the choice of influence style are similar to the choice of implementation style.

The remainder of the chapter is divided into four sections. The first section draws conclusions based on the results and discussion presented in Chapter 5. The conclusions are followed by the cautionary note on the limitations of the present research. Based on

the conclusions and limitations, modifications of the present research to address limitations as well as exploitation of new research ideas are discussed in the third section. Finally, the implications of the present research on academic research as well as practicing managers are presented.

### **Conclusions**

In general, the study found that the perceptions of middle managers regarding changes in the environment were by themselves weak predictors of the implementation styles they chose. The combination of the perception of the change and moderator variables (interaction effect), however, indicated somewhat modest predictive power in explaining the choices made by middle managers in implementing strategic changes.

A broad conclusion based on these findings is that when middle managers are faced with different change situations, they choose disparate styles to implement these changes in conjunction with organizational and individual contexts. These findings support the first three research questions presented in the overview section (i.e., perception of change and its impact on the choice of implementation style, effect of organizational factors on the choice of implementation styles, and effect of individual context on the choice of implementation styles). The results associated with the influence styles variable indicate that influence styles are not identical to implementation styles and that the factors determining the choice of influence styles vary from the factors that determine the choice of implementation styles.

With regard to independent variables, three conclusions can be drawn. First, the perception of personal sacrifice in the proposed change was the strongest independent variable in explaining the choice of an implementation style. Second, the perceptions of survival urgency and proactive change variables had a moderate impact in the determining the choice of implementation styles. Finally, the weakest predictor was the strategic importance variable, as only one model was found to be statistically significant.

Moderator variables played a critical role in improving the predictions about the implementation choices made by middle managers. Because very few direct relationships between independent variables and dependent variables were statistically significant, the importance of moderator variables increased correspondingly in this study. In addition, results based on moderator variables showed that some moderator variables are critical in understanding the choice of implementation styles because these variables reflect the behavior of top managers and the industry situation in which the SBU operates.

Specifically, a hostile industry structure and the TMT participative style were the most critical moderator variables. Another active moderator variable was strategic posture of the TMT. The variables strategic posture and the TMT participative style together led to results that showed not only the perception of the proposed change but also the top managers' behavior has a strong impact on choice of implementation styles.

Similarly, two other critical moderator variables were the knowledge of the hostile industry structure and the firm level strategy. The results allow the researcher to conclude that an intimate knowledge of the industry in which the SBU is performing along with the firm level strategy play an important role in explaining the implementation

style chosen by middle managers. The remaining two moderator variables, interpersonal orientation and the commitment to the SBU, did not seem to be very important in the implementation process for middle managers.

In addition, several interesting results were obtained with regard to control variables, such as the respondent's firm, gender, hierarchical position, and work experience. The significant role of control variables raises numerous interesting future research questions, which are discussed in the section Future Directions.

Of the four dependent variables, the choice of the third party consultant as an implementation style seems to be explained by the predictive variables in all instances. One conclusion of this outcome as applied to implementation style is that middle managers are clearer about hiring or not hiring outside consultants than they are about making any other style decisions. Further, the frequent choice of authoritative styles in the present research indicates that in accordance with many researchers, authoritative styles are necessary and used by middle managers in various situations.

In contrast, only one model predicted the choice of the participative style. Perhaps when middle managers are not absolutely clear about the choice of an implementation style, they choose the participative style regardless of the change situation facing them. This could be due to the general emphasis on team work and participation in present day American organizations. Thus, it could be concluded that the overuse of participative style has blurred the boundaries between when to use it and when to avoid it.



With regard to influence styles, the results showed that they are different from the implementation styles. At the same time, it is realized that detailed future research is needed to connect influence styles with the strategic management field.

To summarize, this study successfully linked the perceptions of middle managers with regard to an organization's environment and to organizational and individual context in determining the implementation style employed by middle managers. This research stream, if continued, promises to explain the "how" mechanism of strategic management. This research also shows that middle managers are critical to the implementation process in any organization, as they consider many variables in selecting their implementation styles. In addition, this research successfully demonstrated that the construct used in the organizational behavior field, influence styles, may help strategy researchers to understand minutely how a change is implemented within an organization.

### **Limitations**

As with any research there are limitations to the present study. One major issue any researcher must tackle is statistical validity. Cook and Campbell (1976) list four types of validity issues, including a) internal validity, b) statistical conclusion validity, c) construct validity, and d) external validity.

As discussed in detail in Chapter 4, statistical validity is not threatened in this research; however, to some degree statistical validity suffers owing to a potential self-reporting bias. This study only contacted middle managers; it did not contact their subordinates or superiors to confirm the self-reported behavior.

Some level of threat to internal validity is experienced in this research. This is because the survey instrument was not administered in strict adherence to the internal validity guidelines as proposed by Cook and Campbell (1976). For example, the overall weak explanatory power of the independent variable "strategic importance" might be attributed to the introduction of the questionnaire of this research. The introduction suggested that this research was examining the choices exercised by middle managers in implementing strategic changes. In turn, the responses may have been biased because regardless of what the middle managers felt about the hypothetical situations, they might have considered it to be socially desirable to answer that the proposed change was in fact a strategic one. Another issue relates to differences in the statistical significance among Arion case models (10 out of 16) and Co-Fo case models (4 out of 16). All questionnaires listed the Arion case first, with the Co-Fo case presented later. Due to the excessive length of the questionnaire, fatigue may have distorted the answers related to Co-Fo case.

Mono-method bias may pose a threat to the construct validity in the present research. The possibility of mono-method bias arises because the data were collected using only the questionnaire method. No interviews or observations were conducted to triangulate the present study. In addition, the length of the questionnaire might have had some effect on the construct validity. Because of the ambitious nature of the study, numerous variables were included in the questionnaire. To accommodate all of these variables, the researcher reduced the number of items asked per construct. This was reflected in low alpha scores (reliability scores) for many moderator variables. The

redeeming aspect, however, was that owing to low reliability two variables (reward systems and low cost leadership) with low alpha values were eliminated from the data analysis. Thus, the results only report variables with strong construct validity.

Finally, the sample of the present study comprises fourteen firms. The respondents are from throughout the United States and from various industries inclusive of both manufacturing and services. The sample is uneven in terms of number of respondents per firm, however, compared to individual case studies the sample has better generalizability. Although, the generalizability is limited because majority of the firms were located in the Philadelphia region. Further, this research used control variables to identify whether there are any systematic differences among the sub-groups of the sample. Thus, the generalizability is narrow and cautious owing to the use of partitioning of the sample.

Notwithstanding the limitations listed above, in general, the validity issues are under control in the present research (detailed arguments are presented in Chapter 4). In addition, this research has shed some light on how to overcome similar validity issues in the future. For example, one way to reduce these methodological problems would be to divide the questionnaire into two parts. Some respondents would be asked to respond only to the Co-Fo case whereas others would be asked to respond only to the Arion case. This technique would reduce both respondent fatigue and allow for a shorter and yet detailed questionnaire. To remove mono-method bias, case study of actual implementation processes should be undertaken to supplement and improve the research

quality. This additional step, of course, would require more resources and time on the part of researchers.

Another limitation concerns the scope of the present research. The performance link to the implementation style, although an interesting and valid issue, has been considered to be out of the scope of this research. The lack of performance link limits the conclusions of this research because little can be concluded with regard to the effectiveness of a particular implementation style under a given change situation.

From the perspective of strategy field development, a connection between a manager's style and performance of the firm warrants investigation. This research, however, is focused primarily on the styles used by middle managers. The focus on styles is in accordance with the arguments provided by Thompson and Strickland (1993) who suggested that implementation is a complex process and involves several aspects for successful completion. They suggest that unless all these aspects are studied in detail in conjunction with the process of strategy formulation, the link between performance and strategy implementation will be weak. Thus, it is conceded that this research is only a small piece of the overall research agenda. A substantial amount of work on the subject of implementation style (in the strategy literature, over a period of time) will warrant the evaluation of the performance link.

### **Future Directions**

Notwithstanding these limitations, the present study provides ample ammunition to extend the research stream on middle managers and their role in strategy

implementation. In the introduction to this research it was indicated that the research on the role of middle managers in the implementation process was very limited. This study will provide momentum to amplify future research in this area.

Several suggestions emerge from the conclusions and limitations. First, given the time and resources, researchers need to examine a real change process rather than create hypothetical scenarios as done in the present study. As an additional exploration, researchers may consider the case studies of a few organizations in which they can observe not only middle managers but also their superiors and subordinates. This will remove both the self-report bias and the mono-method bias acknowledged in this study.

Second, future studies may include the direct impact of the moderator variables as well as the interaction terms among many different direct variables. Due to the limited size of the effect in all of the significant models, it is felt that the present study might have under-specified the model. Recently, Mangaliso (1995) used several variables as direct variables to explain the behavior of middle managers (the same variables are treated as moderators in the present study). Thus, allowing for the direct effect of moderator variables and the inclusion of interaction terms with respect to direct variables (such as proactive and personal sacrifice) will improve the effect size. Also, as previously discussed, a few new moderator variables such as the level of conflict between the middle manager and subordinate due to proposed change should be included.

Third, inferences from the control variables used in this study suggest that future research needs to use larger sample sizes so detailed group partitioning can be done. Large sub-samples will allow for indepth comparison of groups such as the

implementation style choices of junior versus senior managers, male versus female managers, and managers of large versus small firms. These research questions will help generate a large body of literature on middle manager behavior with regard to the implementation process. This will also offer a better level of generalizability, which is not present in the extant strategic management literature.

Fourth, the scope of this research was restricted to only one of the four strategic roles, as proposed by Floyd and Wooldridge (1994), implementing deliberate strategies designed by the top managers. The remaining three are synthesizing information, championing strategic alternatives, and facilitating adaptability. Future research may include all other strategic roles and compare whether the predictability of the implementation styles remain the same or if they change. This researcher feels that under different strategic roles the predictor variables will change.

Finally, the influence style variables indicate that the strategic management literature should incorporate this concept to several more studies to understand in general how managers are instrumental in implementing a change process. This will allow for reduced dependency on secondary data in the strategy field. Also, this will encourage more interdisciplinary research in the strategy field.

The present research lays the foundation for future work in decision making processes and cognitive mapping that involve middle managers. The cognitive mapping of the top managers and how that is used for strategic decisions has generated new enthusiasm among strategy researchers. In light of the conclusions in the present study that middle managers do evaluate change situations and organizational and individual

context to choose an implementation style, cognitive mapping of middle managers may explain the choice more explicitly. The research based on middle manager cognitive mapping may be helpful in understanding the remaining three strategic roles suggested by Floyd and Wooldridge (1994).

### **Implications**

The implications of this research are twofold. The first part offers implications from an academic viewpoint. The second set of implications represents the viewpoint of a practitioner of strategic management.

In the past, strategic management literature focused primarily on understanding strategy formulation process and the process of implementation was neglected. Only recently have researchers been extolling the need for understanding the implementation process. Miles and Snow (1994) suggest that to understand the success of a firm, researchers and practitioners must realize that any one component of strategy, formulation or implementation, is not enough. A combination of all the necessary ingredients is needed for the firm to be successful.

**Competitive strategy alone does not determine a company's success. Nor does organizational structure, however innovative it may be. Managerial philosophies that emphasize empowerment may be essential but by themselves will not cause success. What every successful company does possess, however, is a mix of these ingredients - organizational characteristics that fit with one another as well as with the company's environment. It is, in fact the "box" that counts - the whole package of strategy, structure and management philosophies and processes. (p.3)**

The first implication in light of the academic research agenda is that the present research has expanded the work related to implementation processes. More importantly,

this research used constructs that were well-tested in research on the top management team (for example Nutt 1986) and successfully applied then to middle management level. Thus, this research has extended the research boundaries of the strategic management field.

The boundaries of the strategic management field were extended in another aspect, too. This research adopted the concept of influence tactics, a well-researched area in organizational behavior, and applied it successfully to the strategic change implementation process. This approach allowed the study to become interdisciplinary and in effect to assist the strategic management field in understanding the often ignored area of research that deals with the implementation process. The implication for researchers is that in future studies influence tactics might provide researchers with the ability to break down the complex implementation process into small but uniquely identifiable observations that are easy to understand and to analyze.

Finally, this research improves the existing research on implementation process because unlike most of the past research, the present research has used respondents from a large pool of organizations. Thus, it adds to the generalizability of the research in comparison to the case studies research. The better generalizability allows the present research to offer far more managerial implications than otherwise would have been possible. Since perceptions regarding change matter, it is a key factor that the top management team conveys its perceptions of the environment (and hence the need for change) to the middle managers when they propose a strategic change.



The middle manager's choice of the style to implement change may not agree the desires of the top managers. Specifically, a difference may exist in the way top managers and middle managers perceive the changes in the environment. This difference in turn may lead to confusion over the implementation process and might lead to failure in achieving the proposed strategic changes. Good communication becomes essential from the top managers to the middle managers in any strategic change process. A recent publication by the Price Waterhouse Consulting Group entitled Better Change (Price Waterhouse Change Integration Team, 1995) highlights the problems with lack of communication between top managers and middle managers when executing changes.

**Middle management.** This group is often criticized as least receptive to change, and in many client companies we have found this to be true. However, keep in mind that midlevel managers take their cues from the top. If a senior executive's communications with his or her direct reports lack consistency, honesty, sincerity, and timeliness, and if those communications are not creatively reinforced over time, the natural tendency of this group of stakeholders is to consider the message a passing fancy that everyone will recover from in time. (p.88)

In addition, the present research clearly showed that middle managers tend to emulate the top managers and hence top managers must lead by action and not by words when it comes to implementing strategic changes. Middle managers must be treated as more than just the implementors of the orders from the top. This once again is echoed by The Price Waterhouse Change Integration Team (1995):

Action is the most persuasive and visible measure of the honesty of change leaders. At one company, executive management talked enthusiastically about the innovative thinking behind its change initiative - but then communicated the opposite by appointing a change team composed of veteran employees who had nothing like earned reputations for innovative thinking. This action sent a very specific message: The

"new" organization would not look much different from the existing one.  
(p.76)

The results, of this research indicate that of all the possible factors the presence of personal sacrifice played a consistent role in a middle manager's choice of implementation style. Therefore, top managers must either reduce middle managers' anxiety regarding the proposed change or communicate clearly what it will entail in terms of personal sacrifice when the change is instituted. Otherwise, top managers may find that middle managers are likely to sabotage a well thought out change, as was demonstrated by Guth and MacMillan (1986). A similar argument once again is provided by The Price Waterhouse Change Integration Team (1995):

"What's in it for me" is unclear. People change when the case for change becomes a personal matter. Too many change programs are naively based on the premise that changes in employee behaviors will occur "for the good of the enterprise" or "for the benefit of future generations of employees." Unlikely to the vanishing point. An employee will change his or her behavior when management honestly promises to make things better and communicate persuasively that the coming change project is part of the solution for that individual. (p.20)

One implication of this research intended for top managers that did not hold up to statistical rigor was the effect of the reward system on the choice of implementation styles. It would be interesting to find out in future research using more valid instruments of the reward system whether top managers can indeed direct the behavior of middle managers when implementing strategic change.

The implications for middle managers are that if they keep using the same implementation styles or same influence approaches without regard to the change situations, eventually a gap will develop between their perceptions about the need for

change and the perceptions of the top managers. This could be the deciding factor in a firm that is laying off middle managers as a cost-cutting measure. The middle managers whose perceptions are not aligned with the top managers with regard to a need for strategic change might become the target of the cost-cutting measure. This implication indicates the importance of perspectives as discussed by Ginsberg (1988). He suggested that the importance of change is not only its type but also the perspective a manager takes.

In addition, middle managers have to realize that their role is changing and that it will continue to change in the future. This research reinforces the fact that middle managers are needed and necessary for successful implementation, and the strategy field needs to study their behavior and importance to the overall success of the organization. One of the new emerging roles for the middle manager is that of project manager in which a different set of skill level will be needed (Fortune, July, 10, 1995).

In conclusion, this research explored a very specific dimension of the complex process of implementation: the styles middle managers choose to implement strategic changes. The results are encouraging, especially in the light of the limited existing research on the middle managers and their role in the implementation process. Not all middle managers will survive the onslaught of layoffs in corporate America. The ones who do survive will see the new role for middle managers that has been evolving over years and now requires middle managers to be more than just the provider of the flow of information. The evolving role of middle managers is aptly described by Jack Welch (CEO of GE) in an interview with Tichy and Charan (1989).

... As for middle managers, they can be the stronghold of the organization. But their jobs have to be redefined. They have to see their roles as a combination of teacher, cheerleader, and liberator, not controller. (p.19)

Thus, future middle managers will have to perform multiple roles in any given situation within an organization. As they develop their role, they will have to choose different implementation styles. This research and research that follows will illustrate those choices.

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**APPENDIX A  
A SAMPLE OF THE QUESTIONNAIRE (REDUCED SIZE)**

*Page One*

**Temple University**  
conducts research on  
**Management Style  
and  
the Implementation of Strategic Change\***

**Dear Participant:**

Enclosed is a survey focusing on organizational change and how managers' styles influence those changes. Please read the two attached cases, answer the questions following each case and complete the remaining pages of the questionnaire. Your responses will be kept in the strictest confidence. Please remember there are no "RIGHT" or "WRONG" answers.

Thank you for your time and assistance.

Sincerely,

**William C. Dunkelberg**

**Dean**

**School of Business and Management**

**\*Your firm is one of several corporations participating in this survey.**



**APPENDIX A (CONTINUED)**  
**SAMPLE QUESTIONNAIRE**  
 Page Two

**Arion Tele-Systems**

Assume that YOU are the Manufacturing Manager for Arion Tele-Systems Division, that produces tele-communications equipment as part of a diversified firm. Arion has been profitable for the last three years. After a weekly staff meeting this morning Arion's Group Vice President (G-VP), corners you to discuss expanding a new project: customized production. Currently, only a small part of Arion's business comes from systems designed for the unique needs of a particular customer. This customized production is located in the Engineering Department. The G-VP states that in order to be more efficient Arion should incorporate customized production into your department. Initiating customization in your department will take about 6 to 9 months. The G-VP has learnt from experts that the market will take an important turn (toward customization) in two years, so you need to complete the change within 18 - 20 months.

**BASED ON THE ABOVE INFORMATION WE WOULD LIKE TO KNOW YOUR PERCEPTION OF ARION TELE-SYSTEMS DIVISION. Please circle the appropriate response.**

| Statement regarding the Arion Division                                 | Disagree |   |   |   |   | Agree |   |   |   |   |
|------------------------------------------------------------------------|----------|---|---|---|---|-------|---|---|---|---|
| 1. Arion has anticipated the changes in its business environment well. | 1        | 2 | 3 | 4 | 5 | 1     | 2 | 3 | 4 | 5 |
| 2. The planned change will benefit Arion in the long run.              | 1        | 2 | 3 | 4 | 5 | 1     | 2 | 3 | 4 | 5 |
| 3. Arion needs to implement the planned change immediately.            | 1        | 2 | 3 | 4 | 5 | 1     | 2 | 3 | 4 | 5 |
| 4. The change will require personal effort and sacrifice on your part. | 1        | 2 | 3 | 4 | 5 | 1     | 2 | 3 | 4 | 5 |
| 5. The proposed plan is a strategic change for Arion Tele-Systems.     | 1        | 2 | 3 | 4 | 5 | 1     | 2 | 3 | 4 | 5 |
| 6. The planned change is critical to the division's survival.          | 1        | 2 | 3 | 4 | 5 | 1     | 2 | 3 | 4 | 5 |

**WE WOULD LIKE YOU TO READ THE FOLLOWING COURSE OF ACTIONS AND INDICATE YOUR LIKELY USE OF THE ACTION BASED ON THE INFORMATION AND YOUR PERCEPTION OF ARION TELE-SYSTEMS. Please circle the appropriate response.**

**ACTION #1.** You determine that you need authority from The G-VP to change the criteria for the customization program. The criteria for customization need not be same as they are in the engineering department because you will be dealing with more customers. You seek his approval on these issues. Once the G-VP clarifies these issues, you implement the customization approach with the help of subordinates. If you form a committee, you retain tight control over its functioning.

You are UNLIKELY to use this action      1    2    3    4    5      LIKELY to use this action  
**ACTION #2.** You assume your G-VP has given you full authority and announce to every one concerned that you will be introducing the customization program. You decide to collect the necessary information yourself and instruct your subordinates to evaluate independently a variety of alternatives as per your directives, and you closely monitor their actions and results. You further instruct them that they should contact only you if they face any difficulties in following up on the customization program.

You are UNLIKELY to use this action      1    2    3    4    5      LIKELY to use this action  
**ACTION #3.** You understand your Group-VP's enthusiasm for customization, but you feel Arion lacks the expertise in customization. You discuss this with your subordinates and decide to contact outside experts. You ask your subordinates and engineering department members for their input regarding the customization program and provide this information to the outside experts. Based on the input and change requirements you have developed, the experts develop a customization program. You then ask the experts to convince you that their plan will be the best way to achieve customization.

You are UNLIKELY to use this action      1    2    3    4    5      LIKELY to use this action

**APPENDIX A (CONTINUED)**  
**SAMPLE QUESTIONNAIRE**  
 Page Three

**ACTION #4.** You determine that you need the input of others to develop a customization program. You form a committee consisting of three members of your department, two from the engineering department experienced in customization and two financial analysts. After you have briefed the committee on the constraints and opportunities faced by Arion, you grant them the autonomy to come up with a customization solution within a set time decided by you. Subject to the constraints you have stipulated, the committee will determine and set in motion a course of action.

You are UNLIKELY to use this action      1    2    3    4    5      LIKELY to use this action

**WE WOULD LIKE YOU TO RANK THE ACTIONS REFERRED TO ABOVE. PLEASE RANK THE ALTERNATIVES FROM 1 TO 4 USING 1 FOR YOUR FIRST CHOICE, 2 FOR YOUR SECOND CHOICE, ETC. No ties, please. Remember, there are no right or wrong answers.**

Action #1 rank \_\_\_\_\_ Action #2 rank \_\_\_\_\_ Action #3 rank \_\_\_\_\_ Action #4 rank \_\_\_\_\_

**BASED ON YOUR PERCEPTION OF ARION TELE-SYSTEMS DIVISION, WE WOULD LIKE TO UNDERSTAND YOUR LIKELY USE OF TACTICS TO INFLUENCE YOUR SUBORDINATES ON ACCEPTING PROPOSED CHANGES. Please circle your responses. -**

| Statement regarding the use of tactic                                                                                                  | Unlikely |   |   |   |   | Likely |  |  |  |  |
|----------------------------------------------------------------------------------------------------------------------------------------|----------|---|---|---|---|--------|--|--|--|--|
| 1. In the Arion case, I would act humble with my subordinates while making my request for the planned change.                          | 1        | 2 | 3 | 4 | 5 |        |  |  |  |  |
| 2. In the Arion case, I would offer help to my subordinates if they would act on the planned change.                                   | 1        | 2 | 3 | 4 | 5 |        |  |  |  |  |
| 3. In the Arion case, I would use logic to convince them.                                                                              | 1        | 2 | 3 | 4 | 5 |        |  |  |  |  |
| 4. In the Arion case, I would confront them face to face regarding the planned change if they resist.                                  | 1        | 2 | 3 | 4 | 5 |        |  |  |  |  |
| 5. In the Arion case, I would obtain the support of my co-workers regarding the planned changes.                                       | 1        | 2 | 3 | 4 | 5 |        |  |  |  |  |
| 6. In the Arion case, I would indicate to the subordinates that I have the support of other subordinates regarding the planned change. | 1        | 2 | 3 | 4 | 5 |        |  |  |  |  |
| 7. In the Arion case, I would formally appeal to higher authority to back up my requests regarding the planned change.                 | 1        | 2 | 3 | 4 | 5 |        |  |  |  |  |
| 8. In the Arion case, I would express my anger verbally when subordinates do not see the need for planned change.                      | 1        | 2 | 3 | 4 | 5 |        |  |  |  |  |
| 9. In the Arion case, I would present my subordinates with information in support of the planned change.                               | 1        | 2 | 3 | 4 | 5 |        |  |  |  |  |
| 10. In the Arion case, I would offer an exchange (e.g., if you cooperate with the planned changes, I'll do something for you).         | 1        | 2 | 3 | 4 | 5 |        |  |  |  |  |
| 11. In the Arion case, I would make them feel good about me before making the request regarding the planned change.                    | 1        | 2 | 3 | 4 | 5 |        |  |  |  |  |

**APPENDIX A (CONTINUED)**  
**SAMPLE QUESTIONNAIRE**  
 Page Four

**Co-Fo Footwear Division**

Assume that YOU are the Marketing Manager of Co-Fo, the footwear division of Continental Company, a diversified firm. Co-Fo manufactures and markets women's shoes. Co-Fo has been losing money for the last three years and in addition, sales have declined by 35% since 1991. According to chain store buyers, imported shoes have gained market because they had more styling, higher quality, and lower prices. After meeting top managers, the Chief Operating Officer (COO) suggests to you that Co-Fo internationalize its operations immediately by tying up with a firm in Hong Kong to import partially assembled shoes and then finish them in US. This would enable Co-Fo to prevent erosion of its US market. As marketing manager you are required to introduce these changes. You face two issues: first, you need to select a partner in Hong Kong based on its capacity, quality, style, etc. and second, you need to change the marketing based on your internationalization efforts, such as branding, distribution, etc.

**BASED ON THE ABOVE INFORMATION WE WOULD LIKE TO UNDERSTAND YOUR PERCEPTION OF CO-FO DIVISION. Please circle the appropriate response.**

| Statement regarding the Co-Fo Division                                 | Disagree |   |   |   |   | Agree |   |   |   |   |
|------------------------------------------------------------------------|----------|---|---|---|---|-------|---|---|---|---|
| 1. The proposed plan is a strategic change for Co-Fo division.         | 1        | 2 | 3 | 4 | 5 | 1     | 2 | 3 | 4 | 5 |
| 2. The planned change will benefit Co-Fo in the long run.              | 1        | 2 | 3 | 4 | 5 | 1     | 2 | 3 | 4 | 5 |
| 3. Co-Fo has anticipated the changes in its business environment well. | 1        | 2 | 3 | 4 | 5 | 1     | 2 | 3 | 4 | 5 |
| 4. The change will require personal effort and sacrifice on your part. | 1        | 2 | 3 | 4 | 5 | 1     | 2 | 3 | 4 | 5 |
| 5. The planned changes are critical to the division's survival.        | 1        | 2 | 3 | 4 | 5 | 1     | 2 | 3 | 4 | 5 |
| 6. Co-Fo needs to implement the planned change immediately.            | 1        | 2 | 3 | 4 | 5 | 1     | 2 | 3 | 4 | 5 |

**WE WOULD LIKE YOU TO READ THE FOLLOWING COURSE OF ACTIONS AND INDICATE YOUR LIKELY USE OF THE ACTION BASED ON THE INFORMATION AND YOUR PERCEPTION OF CO-FO DIVISION. Please circle the appropriate response.**

**ACTION #1.** You understand your COO's arguments for internationalization but feel Co-Fo lacks the expertise to start international operations. You discuss this with your subordinates and decide to contact outside experts on internationalization. You ask your subordinates and manufacturing department members for their input regarding internationalization and provide this information to the outside experts. Based on the input, the experts develop an internationalization program. You then ask the experts to convince you that their action plan will be the best way to achieve internationalization.

You are UNLIKELY to use this action    1    2    3    4    5    LIKELY to use this action  
**ACTION #2.** You determine that you will benefit from inputs of others in order to implement the internationalization program. You form a committee consisting of your subordinates, as well as two representatives from manufacturing. After you have briefed the committee on the constraints and opportunities faced by Co-Fo, you grant them the autonomy to develop a solution to the international operations within one month. Subject to the constraints you have stipulated, the committee will determine and set in motion a course of action.

You are UNLIKELY to use this action    1    2    3    4    5    LIKELY to use this action  
**ACTION #3.** You assume that the COO has given you full authority and announce to every one concerned that you will be introducing an internationalization program. You decide to collect the necessary information and instruct your subordinates to evaluate independently a variety of alternatives as per your directives, and you closely monitor their actions and results. You further instruct them they should contact only you if they face any difficulties in following up on the internationalization program.

You are UNLIKELY to use this action    1    2    3    4    5    LIKELY to use this action

**APPENDIX A (CONTINUED)  
SAMPLE QUESTIONNAIRE  
Page Five**

**ACTION #4.** You determine that you need authority from the COO to develop the criteria for the marketing of imported shoes. You also propose that the criteria to operate international activities need not be the same as those of the domestic footwear division because the operation needs are different. You seek approval from the COO on both issues. Once she clarifies your role and approves the new criteria, you begin the process of creating the subsidiary with the help of subordinates. If you form a committee, you retain tight control over it.

You are **UNLIKELY** to use this action      1    2    3    4    5    **LIKELY** to use this action  
**WE WOULD LIKE YOU TO RANK THE ACTIONS REFERRED TO ABOVE. PLEASE RANK THE ALTERNATIVES FROM 1 TO 4 USING 1 FOR YOUR FIRST CHOICE, 2 FOR YOUR SECOND CHOICE, ETC. No ties, please. Remember, there are no right or wrong answers.**  
 Action #1 rank \_\_\_\_\_ Action #2 rank \_\_\_\_\_ Action #3 rank \_\_\_\_\_ Action #4 rank \_\_\_\_\_

**BASED ON YOUR PERCEPTION OF CO-FO DIVISION, WE WOULD LIKE TO UNDERSTAND YOUR LIKELY USE OF TACTICS TO INFLUENCE YOUR SUBORDINATES ON ACCEPTING PROPOSED CHANGES. Please circle your responses.**

| Statement regarding the use of tactic                                                                                                  | Unlikely |   | Likely |   |   |
|----------------------------------------------------------------------------------------------------------------------------------------|----------|---|--------|---|---|
|                                                                                                                                        | 1        | 2 | 3      | 4 | 5 |
| 1. In the Co-Fo case, I would indicate to the subordinates that I have the support of other subordinates regarding the planned change. | 1        | 2 | 3      | 4 | 5 |
| 2. In the Co-Fo case, I would formally appeal to higher authority to back up my requests with regarding the planned change.            | 1        | 2 | 3      | 4 | 5 |
| 3. In the Co-Fo case, I would offer to help my subordinates if they would act on the planned change.                                   | 1        | 2 | 3      | 4 | 5 |
| 4. In the Co-Fo case, I would confront them face to face regarding the planned change if they resist.                                  | 1        | 2 | 3      | 4 | 5 |
| 5. In the Co-Fo case, I would obtain the support of my co-workers with regarding the planned change.                                   | 1        | 2 | 3      | 4 | 5 |
| 6. In the Co-Fo case, I would make them feel good about me before making the request regarding the planned change.                     | 1        | 2 | 3      | 4 | 5 |
| 7. In the Co-Fo case, I would use logic to convince them.                                                                              | 1        | 2 | 3      | 4 | 5 |
| 8. In the Co-Fo case, I would express my anger verbally when subordinates do not see the need for change.                              | 1        | 2 | 3      | 4 | 5 |
| 9. In the Co-Fo case, I would present my subordinates with information in support of the planned change.                               | 1        | 2 | 3      | 4 | 5 |
| 10. In the Co-Fo case, I would offer an exchange (e.g., if you cooperate with the planned change then I'll do something for you).      | 1        | 2 | 3      | 4 | 5 |
| 11. In the Co-Fo case, I would act humble with my subordinates while making my request for the planned change.                         | 1        | 2 | 3      | 4 | 5 |

.....  
**PART I OF THE QUESTIONNAIRE, BASED ON THE CASES, IS COMPLETE NOW. PART II IS BASED ON YOUR PERCEPTION OF YOUR DIVISION/STRATEGIC BUSINESS UNIT (SBU), WHERE YOU ARE CURRENTLY EMPLOYED.**  
 .....

**APPENDIX A (CONTINUED)**  
**SAMPLE QUESTIONNAIRE**  
 Page Six

\*\*\*\*\*  
**REMEMBER PART II IS BASED ON YOUR PERCEPTION OF YOUR DIVISION/STRATEGIC BUSINESS UNIT (SBU), WHERE YOU ARE CURRENTLY EMPLOYED.**  
 \*\*\*\*\*

Please state the **primary industry** (the business from which your division/SBU derives its largest portion of its sales) in which your division/SBU operates.

Industry \_\_\_\_\_ Primary SIC code of your division/SBU \_\_\_\_\_

Please circle the appropriate response.

1. Compared with competing firms, your **firm's** three year average financial performance is  
 lower than competitors      1   2   3   4   5   6   7      higher than competition
2. Compared to other division/SBUs in your firm, your **division/SBU's** three year average financial performance is  
 lower than other div/SBU      1   2   3   4   5   6   7      higher than other div/SBU
3. Compared to others in your division/SBU, your **personal** performance during the last three years is  
 lower than others      1   2   3   4   5   6   7      higher than others
4. Have you been a part of strategic change implementation in your division/SBU? Yes \_\_\_ No \_\_\_

If YES, answer the following questions. If NO, please answer the questions on page #8.

\*\*\*\*\*

5. If yes in #4, the factors that led to strategic change were anticipated by the management team:  
 not anticipated well      1   2   3   4   5   6   7      anticipated well
6. If yes in #4, the strategic change was implemented to benefit the firm for:  
 short term      1   2   3   4   5   6   7      long term
7. How was your **personal** performance rated in the implementation of this **strategic change** in your division/SBU?  
 lower than expected      1   2   3   4   5   6   7      higher than expected

**IN THE IMPLEMENTATION OF THE STRATEGIC CHANGE IN YOUR DIVISION/SBU DESCRIBED, HOW OFTEN YOU USED EACH OF THE FOLLOWING MANAGERIAL STYLES.**

Please circle the appropriate response.

| Statement regarding the use of a style                                                           | Seldom |   | Often |   |   |
|--------------------------------------------------------------------------------------------------|--------|---|-------|---|---|
| 1. Participative (e.g., you create autonomous committees which are authorized to make decisions) | 1      | 2 | 3     | 4 | 5 |
| 2. Outside help (e.g., you hire outside experts)                                                 | 1      | 2 | 3     | 4 | 5 |
| 3. Semi-authoritative (e.g., forming committees but retaining authority)                         | 1      | 2 | 3     | 4 | 5 |
| 4. Authoritative (e.g., using directives and commands)                                           | 1      | 2 | 3     | 4 | 5 |

**APPENDIX A (CONTINUED)  
SAMPLE QUESTIONNAIRE**

Page Seven

**IN THE IMPLEMENTATION OF THE STRATEGIC CHANGE IN YOUR DIVISION/SBU DESCRIBED, HOW OFTEN YOU USED EACH OF THE FOLLOWING TACTICS. Please circle the appropriate response.**

| Statement regarding the use of a tactic                            | Seldom |   | Often |   |   |
|--------------------------------------------------------------------|--------|---|-------|---|---|
| 1. Assertiveness (e.g., making demands, setting deadlines)         | 1      | 2 | 3     | 4 | 5 |
| 2. Friendliness (e.g., establishing rapport, being amiable)        | 1      | 2 | 3     | 4 | 5 |
| 3. Bargaining (e.g., making a trade-off, offering an exchange)     | 1      | 2 | 3     | 4 | 5 |
| 4. Reason (e.g., using logic, facts and figures)                   | 1      | 2 | 3     | 4 | 5 |
| 5. Upward appeal (e.g., using higher authority, political support) | 1      | 2 | 3     | 4 | 5 |
| 6. Coalition (e.g., getting the support of other involved parties) | 1      | 2 | 3     | 4 | 5 |

**PLEASE DESCRIBE THE STRATEGIC CHANGE WHICH TOOK PLACE IN YOUR DIVISION/SBU. ALSO PLEASE DESCRIBE YOUR ROLE IN DETAIL. USE THE FOLLOWING SPACE AS WELL AS PAGE # 11. Please do not disclose any proprietary knowledge.**

**APPENDIX A (CONTINUED)**  
**SAMPLE QUESTIONNAIRE**  
 Page Eight

\*\*\*\*\*  
 PART III: PLEASE ANSWER ALL THE REMAINING SECTIONS EVEN IF YOU MAY NOT HAVE IMPLEMENTED A STRATEGIC CHANGE IN YOUR DIVISION/SBU. REMEMBER PART III IS BASED ON YOUR PERCEPTION OF YOUR DIVISION/SBU, WHERE YOU ARE CURRENTLY EMPLOYED.  
 \*\*\*\*\*

**INDICATE WHETHER THE FOLLOWING STATEMENTS ARE APPLICABLE TO YOUR DIVISION/SBU'S TOP MANAGERS.** Please circle the appropriate response.

| Top management statements                                                                                                                         | Least <span style="margin-left: 100px;">Most</span> |   |   |   |   |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|---|---|---|---|
| 1. My division/SBU's top managers typically respond to our major competitor's actions (i.e., a reactive competitive posture).                     | 1                                                   | 2 | 3 | 4 | 5 |
| 2. My division/SBU's top managers feel that major operating and strategic decisions must be made by a single responsible individual.              | 1                                                   | 2 | 3 | 4 | 5 |
| 3. My division/SBU's reward system is based on informal standards.                                                                                | 1                                                   | 2 | 3 | 4 | 5 |
| 4. When they are uncertain, my division/SBU's top managers adopt a "wait and see" posture in order to minimize costly decisions.                  | 1                                                   | 2 | 3 | 4 | 5 |
| 5. My division/SBU's top managers initiate actions to which our major competitors then respond (i.e., a proactive competitive posture).           | 1                                                   | 2 | 3 | 4 | 5 |
| 6. My division/SBU's top managers believe that major operating and strategic decisions must result from consensus-oriented, team decision making. | 1                                                   | 2 | 3 | 4 | 5 |
| 7. My division/SBU's top managers feel that rewards must be based on the ability to maintain internal cohesion (i.e., being a good team player).  | 1                                                   | 2 | 3 | 4 | 5 |
| 8. My division/SBU's top managers prefer low risk projects with normal rates of return.                                                           | 1                                                   | 2 | 3 | 4 | 5 |
| 9. My division/SBU's top managers believe that the environment should be explored gradually via cautious, incremental behavior.                   | 1                                                   | 2 | 3 | 4 | 5 |
| 10. My division/SBU's top managers believe that major operating and strategic decisions must involve all levels of management.                    | 1                                                   | 2 | 3 | 4 | 5 |
| 11. My division/SBU's top managers direct R&D toward development of new products/services.                                                        | 1                                                   | 2 | 3 | 4 | 5 |
| 12. Entrepreneurial behavior is rewarded in my division/SBU.                                                                                      | 1                                                   | 2 | 3 | 4 | 5 |
| 13. We invest more heavily in R&D than our major competitors.                                                                                     | 1                                                   | 2 | 3 | 4 | 5 |
| 14. In my division/SBU, rewards are based on achieving relevant results while not deviating from the planned course of action.                    | 1                                                   | 2 | 3 | 4 | 5 |
| 15. Compared to our major competitors we have a high rate of new product/services introduction.                                                   | 1                                                   | 2 | 3 | 4 | 5 |

**APPENDIX A (CONTINUED)**  
**SAMPLE QUESTIONNAIRE**  
 Page Nine

INDICATE WHETHER YOU ARE IN AGREEMENT WITH THE FOLLOWING STATEMENTS ABOUT YOURSELF. Please circle the appropriate response.

| Statement                                                                                                 | Agree |   |   |   |   | Disagree |   |   |   |   |
|-----------------------------------------------------------------------------------------------------------|-------|---|---|---|---|----------|---|---|---|---|
| 1. I am interested in knowing what makes other people tick.                                               | 1     | 2 | 3 | 4 | 5 | 1        | 2 | 3 | 4 | 5 |
| 2. It is important for me to get along with my subordinates, even if it slows down the process of change. | 1     | 2 | 3 | 4 | 5 | 1        | 2 | 3 | 4 | 5 |
| 3. I would like to know what my subordinate is really like behind the professional mask.                  | 1     | 2 | 3 | 4 | 5 | 1        | 2 | 3 | 4 | 5 |
| 4. I am sensitive to criticism.                                                                           | 1     | 2 | 3 | 4 | 5 | 1        | 2 | 3 | 4 | 5 |
| 5. The more other people reveal about themselves, the more I am inclined to reveal things about myself.   | 1     | 2 | 3 | 4 | 5 | 1        | 2 | 3 | 4 | 5 |
| 6. The more time I spend with others, the more I tend to like them.                                       | 1     | 2 | 3 | 4 | 5 | 1        | 2 | 3 | 4 | 5 |
| 7. When confronted with a problem, I prefer to work it out by myself rather than discuss it with others.  | 1     | 2 | 3 | 4 | 5 | 1        | 2 | 3 | 4 | 5 |
| 8. What others think of my actions is of little consequence to me.                                        | 1     | 2 | 3 | 4 | 5 | 1        | 2 | 3 | 4 | 5 |

INDICATE HOW IMPORTANT IS THE USE OF A COMPETITIVE STRATEGY IN YOUR DIVISION/SBU. Please circle the appropriate response.

| Strategy statements                                                    | Least |   |   |   |   | Most |   |   |   |   |
|------------------------------------------------------------------------|-------|---|---|---|---|------|---|---|---|---|
| 1. My division/SBU works toward creation of brand identification.      | 1     | 2 | 3 | 4 | 5 | 1    | 2 | 3 | 4 | 5 |
| 2. My division/SBU stresses experienced and trained personnel.         | 1     | 2 | 3 | 4 | 5 | 1    | 2 | 3 | 4 | 5 |
| 3. My division/SBU seeks ability to offer specialty products/services. | 1     | 2 | 3 | 4 | 5 | 1    | 2 | 3 | 4 | 5 |
| 4. My division/SBU depends on advertising as a competitive tool.       | 1     | 2 | 3 | 4 | 5 | 1    | 2 | 3 | 4 | 5 |
| 5. My division/SBU stresses cost leadership as a competitive tool.     | 1     | 2 | 3 | 4 | 5 | 1    | 2 | 3 | 4 | 5 |
| 6. My division/SBU offers products/services in high price segments.    | 1     | 2 | 3 | 4 | 5 | 1    | 2 | 3 | 4 | 5 |

INDICATE WHETHER THE FOLLOWING STATEMENTS ARE APPLICABLE TO THE PRINCIPAL INDUSTRY OF YOUR DIVISION/SBU. Please circle the appropriate response.

| Statement                                                                                                                      | Least |   |   |   |   | Most |   |   |   |   |
|--------------------------------------------------------------------------------------------------------------------------------|-------|---|---|---|---|------|---|---|---|---|
| 1. The failure rate of firms in my division/SBU's industry is high.                                                            | 1     | 2 | 3 | 4 | 5 | 1    | 2 | 3 | 4 | 5 |
| 2. My business unit's operating environment is so risky that one bad decision could easily threaten viability of the business. | 1     | 2 | 3 | 4 | 5 | 1    | 2 | 3 | 4 | 5 |
| 3. Competitive intensity is high in my division/SBU's industry.                                                                | 1     | 2 | 3 | 4 | 5 | 1    | 2 | 3 | 4 | 5 |
| 4. Customer loyalty is low in my division/SBU's industry.                                                                      | 1     | 2 | 3 | 4 | 5 | 1    | 2 | 3 | 4 | 5 |
| 5. Attractive investment and market openings are scarce in my division/SBU's industry.                                         | 1     | 2 | 3 | 4 | 5 | 1    | 2 | 3 | 4 | 5 |
| 6. Severe price wars are characteristic of my division/SBU's industry.                                                         | 1     | 2 | 3 | 4 | 5 | 1    | 2 | 3 | 4 | 5 |
| 7. Low profit margins are characteristic of my division/SBU's industry.                                                        | 1     | 2 | 3 | 4 | 5 | 1    | 2 | 3 | 4 | 5 |



**APPENDIX A (CONTINUED)**  
**SAMPLE QUESTIONNAIRE**  
 Page Ten

INDICATE WHICH OF THESE STATEMENTS YOU FIND APPLICABLE WHEN CONSIDERING YOUR DIVISION/SBU. Please circle the appropriate response.

| Statement                                                                                                                         | Least |   |   |   |   | Most |
|-----------------------------------------------------------------------------------------------------------------------------------|-------|---|---|---|---|------|
| 1. I am willing to put in a great deal of effort beyond that normally is expected in order to help my division/SBU be successful. | 1     | 2 | 3 | 4 | 5 |      |
| 2. I talk up my division/SBU to my friends as a great place to work.                                                              | 1     | 2 | 3 | 4 | 5 |      |
| 3. I would accept almost any type of job assignment in order to keep working for this division/SBU.                               | 1     | 2 | 3 | 4 | 5 |      |
| 4. I find that my values and the division/SBU's values are very similar.                                                          | 1     | 2 | 3 | 4 | 5 |      |
| 5. This division/SBU inspires me to perform to the best of my ability on the job.                                                 | 1     | 2 | 3 | 4 | 5 |      |
| 6. I really care about the fate of this division/SBU.                                                                             | 1     | 2 | 3 | 4 | 5 |      |

**PLEASE ANSWER THE FOLLOWING QUESTIONS ABOUT YOURSELF.**

1. (Optional) Age as of your last birthday \_\_\_\_\_ Years.
2. (Optional) Gender: Female \_\_\_\_\_ Male \_\_\_\_\_
3. (Optional) Ethnic Background:  
 American Indian \_\_\_\_\_ African \_\_\_\_\_ Asian or Pacific Islander \_\_\_\_\_  
 Hispanic \_\_\_\_\_ White \_\_\_\_\_ Other \_\_\_\_\_
4. Completed education:  
 High School \_\_\_\_\_ Bachelors' \_\_\_\_\_ Some Graduate work \_\_\_\_\_ Masters' \_\_\_\_\_  
 Ph.D. \_\_\_\_\_ Other \_\_\_\_\_
5. Total Work experience: \_\_\_\_\_ Years.
6. Total work experience in the organization: \_\_\_\_\_ Years.
7. Work experience in the current position: \_\_\_\_\_ Years.
8. How many levels away are you from the position of your Chairman?  
 One \_\_\_\_\_ Two \_\_\_\_\_ Three \_\_\_\_\_ Four \_\_\_\_\_  
 Five \_\_\_\_\_ Six \_\_\_\_\_ Seven \_\_\_\_\_ Eight \_\_\_\_\_  
 More than eight (please indicate number) \_\_\_\_\_
9. How many levels away are you from the position of head of Divisional/SBU?  
 One \_\_\_\_\_ Two \_\_\_\_\_ Three \_\_\_\_\_ Four \_\_\_\_\_  
 Five \_\_\_\_\_ Six \_\_\_\_\_ Seven \_\_\_\_\_ Eight \_\_\_\_\_  
 More than eight (please indicate number) \_\_\_\_\_
10. Total number of employees in your Division/SBU: \_\_\_\_\_  
 Total number of employees in your FIRM : \_\_\_\_\_
11. Total sales volume in \$ of your Division/SBU: \_\_\_\_\_  
 Total sales volume in \$ of your FIRM : \_\_\_\_\_
12. Name of your firm: \_\_\_\_\_

**APPENDIX A (CONTINUED)**  
**SAMPLE QUESTIONNAIRE**  
Page Eleven

**THANK YOU FOR YOUR COOPERATION. THE SURVEY IS COMPLETE NOW. YOU MAY PROVIDE MORE DETAILS REGARDING THE STRATEGIC CHANGE IN YOUR DIVISION/SBU ON THIS PAGE.**

**Please write your name and address in the box if you desire a summary report of this study.**

**THANK YOU ONCE AGAIN**

**APPENDIX A (CONTINUED)**  
**SAMPLE QUESTIONNAIRE**  
Page Twelve

The survey is complete now. Please insert the questionnaire in the attached addressed and stamped envelope. Thank you for your cooperation. In case the envelope is missing, please mail to:

William C. Dunkelberg  
Dean, School of Business and Management  
Temple University  
Speakman Hall  
Philadelphia, PA 19122  
Attn: Mahesh Joshi  
Project Coordinator

**THE LIGHTER SIDE OF MANAGEMENT STYLE**

Bargaining by Calvin\*...

**A Comic strip from Calvin & Hobbes**

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**APPENDIX B**  
**A SAMPLE LETTER OF REQUEST FOR PARTICIPATION**

March 10, 1994

1 ~

Dear 2 ~ :

Currently many American corporations are undergoing strategic change. While these changes require involvement of managers at all levels of the corporation, little attention has been paid to the role played by middle managers. In fact, middle managers are the biggest targets in the present trend in layoffs. This trend raises a key issue: **What is the role middle managers need to play if the organization is to survive?**

It seems the role of middle managers is unclear. I am working with a Ph.D. student conducting a study exploring this issue in detail. We would like permission to survey the middle managers in your organization by a mail questionnaire. Our focus is middle managers involved in implementing strategic changes.

Your cooperation is critical as your firm is among a small number of U.S. firms being surveyed. Please complete and return the enclosed letter indicating approximately how many middle managers we might interview at your firm and a contact person who will get the questionnaires into the hands of the managers and ask them to participate. The questionnaire will require about 30 minutes of the respondent's time. The completed forms can be mailed directly to me at the address above.

To ensure complete confidentiality, data collected will be aggregated and used only for academic research. We will be delighted to send you a summary of our findings if you indicate that on the enclosed letter. The more we learn about ourselves, the better we can manage!

Please call us at **(215) 204-6810** if you have any questions. Thank you for your assistance with this project.

Sincerely,

William C. Dunkelberg  
Dean

**APPENDIX B (CONTINUED)**  
**A SAMPLE LETTER OF REQUEST FOR PARTICIPATION**

July 12, 1994

1 ~

Dear 2 ~ :

**Currently many American corporations are undergoing strategic change. While these changes require involvement of managers at all levels of the corporation, little attention has been paid to the role played by middle managers. In fact, middle managers are the biggest targets in the present trend in layoffs. This trend raises a key issue: What is the role middle managers need to play if the organization is to survive?**

The role of middle managers seems unclear. I am working with a Ph.D. student who is exploring this issue in detail. We would like permission to survey the middle managers in your organization by a mail questionnaire. Our focus is middle managers involved in implementing strategic changes. Your cooperation is critical as your firm is among a small number of U.S. firms being surveyed.

Please return the enclosed letter indicating how many middle managers we might interview at your firm and a contact person who will get the questionnaires into the hands of the managers and request them to participate. The questionnaire will require about 30 minutes of the respondent's time. To ensure confidentiality, data collected will be aggregated and used only for academic research.

We will be delighted to send you a summary of our findings if you indicate that on the enclosed letter. The more we learn about ourselves, the better we can manage.

Please call me at **(215) 204 6870** or Mahesh Joshi at **(215) 204 1692** if you have any questions. Thank you for your assistance with this project.

Sincerely,

Robert D. Hamilton  
Associate Professor

Encl: Sample questionnaire, Project Summary, Response form.

**APPENDIX B (CONTINUED)**  
**A SAMPLE LETTER OF REQUEST FOR PARTICIPATION**

October 17, 1994

1 ~

Dear 2 ~

Recently, Dr. Hamilton contacted you regarding a survey of middle managers and implementation of strategic change. Unfortunately we have not heard from you. I am writing this letter to you because I understand you are interested in strategic change. Many American corporations are currently undergoing strategic change. While these changes require involvement of managers at all levels of the corporation, little attention has been paid by academicians to the role played by middle managers. This raises a key issue: **What is the role middle managers need to play if the firm has planned major strategic changes?**

I am exploring this issue in detail and would like your permission to survey middle managers in your organization. My focus is on middle managers involved in implementing strategic changes. Examples of middle managers would be department heads and functional heads. The survey would take 25-30 minutes of your middle managers' time. A sample questionnaire and a project summary are attached for your reference. Also enclosed is a response form for you to fax to me indicating your interest to participate. This is our final request and we will urge you to respond either way.

The overall findings will be aggregated to ensure confidentiality and data will be used only for academic research. I will provide you with a general summary of the research and can also provide you with aggregated analysis of managers in your firm if I receives sufficiently large number of responses from your firm.

Please contact me (Tel 215 204 8029, Fax 215 204 5698) if you desire any further information with regard to this project. I thank you for your time and support.

Sincerely,

**Mahesh Joshi**  
Project Coordinator

Encl: Sample questionnaire, Project Summary, Response form.

**APPENDIX C  
LIST OF RESPONDENTS**

| Sr. No. | Firm Name (Code)             | Response Rate (%) | Contact by                  | Contact Person in the Firm |
|---------|------------------------------|-------------------|-----------------------------|----------------------------|
| 1       | Advanta Corp. (1)            | 52/92 (56%)       | Dr. Dunkelberg              | Mr. Hofmann                |
| 2       | UPS (2)                      | 55/95 (58%)       | Dr. Robak &<br>Dr. Bowditch | Mr. Erbrick                |
| 3       | Berwick Ind. (3)             | 4/7 (57%)         | Dr. Dunkelberg              | Mr. Pinti                  |
| 4       | Jones Apparel (4)            | 7/13 (54%)        | Dr. Hamilton                | Mr. Card                   |
| 5       | Quaker Chemicals (5)         | 15/25 (60%)       | Dr. Hamilton                | Ms. Williams               |
| 6       | FMS Financial Corp. (6)      | 3/5 (60%)         | Dr. Hamilton                | Mr. Smith                  |
| 7       | Campbell Soup (7)            | 6/9 (67%)         | Dr. Chandran                | Mr. Riley                  |
| 8       | Quaker State (8)             | 14/30 (47%)       | Dr. Chandran                | Mr. Blum                   |
| 9       | Prime Bank (9)               | 8/18 (44%)        | Dr. Hamilton                | Mr. Tilman                 |
| 10      | Weston Engg. (10)            | 6/14 (43%)        | Dr. Hamilton                | Mr. Marks &<br>Ms. Moore   |
| 11      | US Ind Gas (15)              | 21/40 (53%)       | Personal                    | Mr. Sinto                  |
| 12      | Penn Fishing Tackle (17)     | 6/10 (60%)        | Dr. Hamilton                | Mr. Henze                  |
| 13      | Electric Mobility Corp. (18) | 5/10<br>(50%)     | Dr. Hamilton                | Mr. Sarda                  |
| 14      | Hunt Mfg. (20 & 21)          | 13/20 (65%)       | Dr. Dunkelberg              | Mr. Carney                 |

Appendix C is continued on the next page.

**APPENDIX C (CONTINUED)  
LIST OF RESPONDENTS'**

| Sr. No. | Firm Name (Code)               | Res. Rate (%) | Contact by   | Contact Person in the Firm |
|---------|--------------------------------|---------------|--------------|----------------------------|
| 15      | Du Pont                        | 1*            | Dr. Hamilton | EMBA                       |
| 16      | US EPA                         | 1*            | Dr. Hamilton | EMBA                       |
| 17      | Bell Atlantic                  | 1*            | Dr. Hamilton | EMBA                       |
| 18      | A Large Insurance Firm         | 1*            | Dr. Hamilton | EMBA                       |
| 19      | O'Brien** Environmental Energy | 1/12 (8%)     | Dr. Hamilton | Ms. Yost                   |
| 20      | Penn** Metallurgical Inc.      | 2/10 (20%)    | Dr. Hamilton | Mr. Fynes                  |
| 21      | Pfizer**                       | 2/28 (7%)     | Dr. Davis    | Dr. Slemrod                |
| 22      | Young** & Rubicam              | 4/20 (20%)    | Personal     | Ms. Rajan                  |
| 23      | Cigna***                       | 2/43 (5%)     | Dr. Hamilton | Mr. Test                   |
| 24      | Memorex*** Telex               | 7/17 (41%)    | Dr. Hamilton | Mr. Renner                 |

**Note**

- #: There were totally 5 unusable responses, they have not been included in this listing.
- \*: These were former students in the executive MBA program. Their firm decided not to participate hence single responses. Coded as 100 for simplicity.
- \*\* : Low response rate firms. Coded as 101 through 104.
- \*\*\*: These firms responded after the cut off date of January 5th, 1995. They are not included in the total response calculation of 241 firms. Counting these firms, the total response is 250.



**APPENDIX D**  
**ACTION PLAN REPRESENTING IMPLEMENTATION STYLES**

**Arion Case**

- Action #1:** You determine that you need authority from The G-VP to change the criteria for the customization program. The criteria for customization need not be same as they are in the engineering department because you will be dealing with more customers. You seek his approval on these issues. Once the G-VP clarifies these issues, you implement the customization approach with the help of subordinates. If you form a committee, you retain tight control over its functioning (labelled as covert authoritative style).
- Action #2:** You assume your G-VP has given you full authority and announce to every one concerned that you will be introducing the customization program. You decide to collect the necessary information yourself and instruct your subordinates to evaluate independently a variety of alternatives as per your directives, and you closely monitor their actions and results. You further instruct them that they should contact only you if they face any difficulties in following up on the customization program (labelled as overt authoritative style).
- Action #3:** You understand your Group-VP's enthusiasm for customization, but you feel Arion lacks the expertise in customization. You discuss this with your subordinates and decide to contact outside experts. You ask your subordinates and engineering department members for their input regarding the customization program and provide this information to the outside experts. Based on the input and change requirements you have developed, the experts develop a customization program. You then ask the experts to convince you that their plan will be the best way to achieve customization (labelled as third party consultant style).

**APPENDIX D (CONTINUED)**  
**ACTION PLAN REPRESENTING IMPLEMENTATION STYLES**

**Action #4:** You determine that you need the input of others to develop a customization program. You form a committee consisting of three members of your department, two from the engineering department experienced in customization and two financial analysts. After you have briefed the committee on the constraints and opportunities faced by Arion, you grant them the autonomy to come up with a customization solution within a set time decided by you. Subject to the constraints you have stipulated, the committee will determine and set in motion a course of action (labelled as participative style).

**Co-Fo Case**

**Action #1:** You understand your COO's arguments for internationalization but feel Co-Fo lacks the expertise to start international operations. You discuss this with your subordinates and decide to contact outside experts on internationalization. You ask your subordinates and manufacturing department members for their input regarding internationalization and provide this information to the outside experts. Based on the input, the experts develop an internationalization program. You then ask the experts to convince you that their action plan will be the best way to achieve internationalization (same as action 3).

**Action #2:** You determine that you will benefit from inputs of others in order to implement the internationalization program. You form a committee consisting of your subordinates, as well as two representatives from manufacturing. After you have briefed the committee on the constraints and opportunities faced by Co-Fo, you grant them the autonomy to develop a solution to the international operations within one month. Subject to the constraints you have stipulated, the committee will determine and set in motion a course of action (same as action 4).

**APPENDIX D (CONTINUED)**  
**ACTION PLAN REPRESENTING IMPLEMENTATION STYLES**

- Action #3:** You assume that the COO has given you full authority and announce to every one concerned that you will be introducing an internationalization program. You decide to collect the necessary information and instruct your subordinates to evaluate independently a variety of alternatives as per your directives, and you closely monitor their actions and results. You further instruct them they should contact only you if they face any difficulties in following up on the internationalization program (same as action 2).
- Action #4:** You determine that you need authority from the COO to develop the criteria for the marketing of imported shoes. You also propose that the criteria to operate international activities need not be the same as those of the domestic footwear division because the operation needs are different. You seek approval from the COO on both issues. Once she clarifies your role and approves the new criteria, you begin the process of creating the subsidiary with the help of subordinates. If you form a committee, you retain tight control over it (same as action 1).

Based on these action plans the following dependent variables are used in the statistical analysis.

- Fullau1:** Overt authoritarian implementation style in case 1  
**Semiau1:** Covert authoritarian implementation style in case 1  
**Fullpt1:** Participative implementation style in case 1  
**Semipt1:** Third party consultant implementation style in case 1
- Fullau2:** Overt authoritarian implementation style in case 2  
**Semiau2:** Covert authoritarian implementation style in case 2  
**Fullpt2:** Participative implementation style in case 2  
**Semipt2:** Third party consultant implementation style in case 2

**APPENDIX E**  
**LIST OF INFLUENCE STRATEGIES AND INFLUENCE STYLES**

Questions and Dependent Variables

- inf101: In the Arion case, I would act humble with my subordinates while making my request for the planned change (renamed as FR11).
- inf102: In the Arion case, I would offer help to my subordinates if they would act on the planned change (renamed as EX11).
- inf103: In the Arion case, I would use logic to convince them (renamed as RT11).
- inf104: In the Arion case, I would confront them face to face regarding the planned change if they resist (renamed as AS11).
- inf105: In the Arion case, I would obtain the support of my co-workers regarding the planned changes (CO11).
- inf106: In the Arion case, I would indicate to the subordinates that I have the support of other subordinates regarding the planned change (CO12)
- inf107: In the Arion case, I would formally appeal to higher authority to back up my requests regarding the planned change (UP11).
- inf108: In the Arion case, I would express my anger verbally when subordinates do not see the need for planned change (AS12).
- inf109: In the Arion case, I would present my subordinates with information in support of the planned change (RT12).
- inf110: In the Arion case, I would offer an exchange (e.g., if you cooperate with the planned changes, I'll do something for you) (EX12).
- inf111: In the Arion case, I would make them feel good about me before making the request regarding the planned change (FR12).
- inf201: In the Co-Fo case, I would indicate to the subordinates that I have the support of other subordinates regarding the planned change (CO22).
- inf202: In the Co-Fo case, I would formally appeal to higher authority to back up my requests with regarding the planned change (UP21).
- inf203: In the Co-Fo case, I would offer to help my subordinates if they would act on the planned change (EX21).
- inf204: In the Co-Fo case, I would confront them face to face regarding the planned change if they resist (AS21).
- inf205: In the Co-Fo case, I would obtain the support of my co-workers with regarding the planned change (CO21).

**APPENDIX F (CONTINUED)**  
**LIST OF INFLUENCE STRATEGIES AND INFLUENCE STYLES**

**Influence Tactics Questions and Dependent Variables**

- inf206:** In the Co-Fo case, I would make them feel good about me before making the request regarding the planned change (FR22).
- inf207:** In the Co-Fo case, I would use logic to convince them (RT21).
- inf208:** In the Co-Fo case, I would express my anger verbally when subordinates do not see the need for change (AS22).
- inf209:** In the Co-Fo case, I would present my subordinates with information in support of the planned change (RT22).
- inf210:** In the Co-Fo case, I would offer an exchange (e.g., if you cooperate with the planned change then I'll do something for you) (EX22).
- inf211:** In the Co-Fo case, I would act humble with my subordinates while making my request for the planned change (FR21).

**APPENDIX F  
LIST OF PERCEPTIONS AND INDEPENDENT VARIABLES**

**Arion Tele-Systems**

Assume that **YOU** are the **Manufacturing Manager** for Arion Tele-Systems Division, that produces tele-communications equipment as part of a diversified firm. Arion has been profitable for the last three years. After a weekly staff meeting this morning Arion's Group Vice President (G-VP), corners you to discuss expanding a new project: customized production. Currently, only a small part of Arion's business comes from systems designed for the unique needs of a particular customer. This customized production is located in the Engineering Department. The G-VP states that in order to be more efficient Arion should incorporate customized production into your department. Initiating customization in your department will take about 6 to 9 months. The G-VP has learnt from experts that the market to take an important turn (toward customization) in two years, so you need to complete the change within 18 - 20 months.

**BASED ON THE ABOVE INFORMATION WE WOULD LIKE TO KNOW YOUR PERCEPTION OF ARION TELE-SYSTEMS DIVISION.** Please circle the appropriate response.

Statement regarding the Arion Division

1. Arion has anticipated the changes in its business environment well (coded as perc11 and later named as pro1).
2. The planned change will benefit Arion in the long run (perc12/lt1).
3. Arion needs to implement the planned change immediately (perc13/urget).
4. The change will require personal effort and sacrifice on your part (perc14/sac1).
5. The proposed plan is a strategic change for Arion Tele-Systems (perc15/stch1).
6. The planned change is critical to the division's survival (perc16/sur1).

Based on these statements and on the out come of the factor analysis the following independent variables were developed:

**PROLT1FA:** Mean of pro1 and lt1  
**SURGE1FA:** Mean of sur1 and urget  
**SAC1:** Value of perc14  
**STCH1:** Value of perc15

**APPENDIX F (CONTINUED)**  
**LIST OF PERCEPTIONS AND INDEPENDENT VARIABLES**

**Co-Fo Footwear Division**

Assume that YOU are the Marketing Manager of Co-Fo, the footwear division of Continental Company, a diversified firm. Co-Fo manufactures and markets women's shoes. Co-Fo has been losing money for the last three years and in addition, sales have declined by 35% since 1991. According to chain store buyers, imported shoes have gained market because they had more styling, higher quality, and lower prices. After meeting top managers, the Chief Operating Officer (COO) suggests to you that Co-Fo internationalize its operations immediately by tying up with a firm in Hong Kong to import partially assembled shoes and then finish them in US. This would enable Co-Fo to prevent erosion of its US market. As marketing manager you are required to introduce these changes. You face two issues: first, you need to select a partner in Hong Kong based on its capacity, quality, style, etc. and second, you need to change the marketing based on your internationalization efforts, such as branding, distribution, etc.

**BASED ON THE ABOVE INFORMATION WE WOULD LIKE TO UNDERSTAND YOUR PERCEPTION OF CO-FO DIVISION.** Please circle the appropriate response.

Statement regarding the Co-Fo Division

1. The proposed plan is a strategic change for Co-Fo division (perc21/stch2).
2. The planned change will benefit Co-Fo in the long run (perc22/lt2).
3. Co-Fo has anticipated the changes in its business environment well (perc23/pro2).
4. The change will require personal effort and sacrifice on your part (perc24/sac2).
5. The planned changes are critical to the division's survival (perc25/sur2).
6. Co-Fo needs to implement the planned change immediately (perc26/urge2).

Based on these statements and on the out come of the factor analysis the following independent variables were developed:

**PROLT2FA:** Mean of pro2 and lt2  
**SURGE2FA:** Mean of sur2 and urge2  
**SAC2:** Value of perc24  
**STCH2:** Value of perc21

## APPENDIX G STRATEGIC POSTURE OF TOP MANAGERS

Top Management Team Strategic Posture was obtained by asking the following questions. (Note that items 1, 2, 4, and 5 were reverse scored).

- stpos1: My division/SBU's top managers typically respond to our major competitor's actions (i.e., a reactive competitive posture).
- stpos2: When they are uncertain, my division/SBU's top managers adopt a "wait and see" posture in order to minimize costly decisions.
- stpos3: My division/SBU's top managers initiate actions to which our major competitors then respond (i.e., a proactive competitive posture).
- stpos4: My division/SBU's top managers prefer low risk projects with normal rates of return.
- stpos5: My division/SBU's top managers believe that the environment should be explored gradually via cautious, incremental behavior.
- stpos6: My division/SBU's top managers direct R&D toward development of new products/services.
- stpos7: We invest more heavily in R&D than our major competitors.
- stpos8: Compared to our major competitors we have a high rate of new product/services introduction.

The posture was considered high if the score was high. Based on the reliability tests the variables used in the statistical analysis used seven of the eight above listed items. stpos1 was dropped. TMTPOSAL was defined as the mean of stpos2 through stpos8.



## **APPENDIX H TOP MANAGEMENT PARTICIPATIVENESS**

The top management team participative style was initially based on the following three questions (tmtpt1 was reversed scored):

- tmtpt1: My division/SBU's top managers feel that major operating and strategic decisions must be made by a single responsible individual.
- tmtpt2: My division/SBU's top managers believe that major operating and strategic decisions must result from consensus-oriented, team decision making.
- tmtpt3: My division/SBU's top managers believe that major operating and strategic decisions must involve all levels of management.

The TMT participativeness was considered high when the score was high. Based on the reliability test the variable used in the statistical analysis tmtpt3 was dropped. TMTPTAL was defined as the mean of tmtpt1 and tmtpt2.

**APPENDIX I  
DIVISIONAL REWARD SYSTEM**

Divisional reward system used four items. Two of them were to be reverse scored (2 and 4).

- divrw1:** My division/SBU's reward system is based on informal standards.  
**divrw2:** My division/SBU's top managers feel that rewards must be based on the ability to maintain internal cohesion (i.e., being a good team player).  
**divrw3:** Entrepreneurial behavior is rewarded in my division/SBU.  
**divrw4:** In my division/SBU, rewards are based on achieving relevant results while not deviating from the planned course of action.

The reward system would be more flexible higher the score. The reliability tests revealed that none of the item were highly correlated and hence this variable was dropped from further analysis.

## **APPENDIX J**

### **SBU COMPETITIVE STRATEGIES**

The following six statements relate to the construct of divisional business strategy. Responses 1&6 are related to differentiation, 2&5 relate to low cost leadership (#5 is added by me, after pretest of the questionnaire), and items 3&6 focus on focus strategy.

- dstra1: My division/SBU works toward creation of brand identification (later named as diff1).**
- dstra2: My division/SBU stresses experienced and trained personnel (lc1).**
- dstra3: My division/SBU seeks ability to offer specialty products/services (foc1).**
- dstra4: My division/SBU depends on advertising as a competitive tool (diff2).**
- dstra5: My division/SBU stresses cost leadership as a competitive tool (lc2).**
- dstra6: My division/SBU offers products/services in high price segments (foc2).**

Observation of factor analysis indicated that only differentiation strategy held together. Thus, for further analysis was restricted to only one SBU (strategic Business Unit) level strategy. Differentiation was defined as mean of diff1 and diff2.

## **APPENDIX K HOSTILE INDUSTRY STRUCTURE**

The industry structure originally had seven items.

- dindh1:** The failure rate of firms in my division/SBU's industry is high.
- dindh2:** My business unit's operating environment is so risky that one bad decision could easily threaten viability of the business.
- dindh3:** Competitive intensity is high in my division/SBU's industry.
- dindh4:** Customer loyalty is low in my division/SBU's industry.
- dindh5:** Attractive investment and market openings are scarce in my division/SBU's industry.
- dindh6:** Severe price wars are characteristic of my division/SBU's industry.
- dindh7:** Low profit margins are characteristic of my division/SBU's industry.

The factor analysis suggested that only first two items loaded together and produced a higher reliability scale. The variables used in the remaining analysis, HOSINDFA was obtained as the mean of dindh1 and dindh2.

## **APPENDIX L INTERPERSONAL ORIENTATION**

The following 8 statements deal with inter-personal orientation of the respondents. Items inper1 through inper6 were reverse scored.

- inper1:** I am interested in knowing what makes other people tick.
- inper2:** It is important for me to get along with my subordinates, even if it slows down the process of change.
- inper3:** I would like to know what my subordinate is really like behind the professional mask.
- inper4:** I am sensitive to criticism.
- inper5:** The more other people reveal about themselves, the more I am inclined to reveal things about myself.
- inper6:** The more time I spend with others, the more I tend to like them.
- inper7:** When confronted with a problem, I prefer to work it out by myself rather than discuss it with others.
- inper8:** What others think of my actions is of little consequence to me.

Reliability test lead to eliminating last two items. Thus, the variable IOAL was defined as the mean of items inper1 through inper6. High inter personal score indicated people oriented managers and the lower score indicated task oriented manager.

**APPENDIX M  
COMMITMENT TO THE SBU**

The following six statements allow to test the construct, divisional commitment.

- dcomt1: I am willing to put in a great deal of effort beyond that normally is expected in order to help my division/SBU be successful.
- dcomt2: I talk up my division/SBU to my friends as a great place to work.
- dcomt3: I would accept almost any type of job assignment in order to keep working for this division/SBU.
- dcomt4: I find that my values and the division/SBU's values are very similar.
- dcomt5: This division/SBU inspires me to perform to the best of my ability on the job.
- dcomt6: I really care about the fate of this division/SBU.

After the factor analysis, items 1 and 6 were dropped.