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The contextual perspective of leader sensegiving:

Understanding the role of organizational leadership systems

Neyer, A-K, Moslein, K. & McKiernan, P.

ABSTRACT

Drawing on a longitudinal, multi-source exploratory study we investigate organizational leadership systems associated with sensegiving. We identified four elements of leadership systems: day-to-day interactive process, leadership metrics, leadership deployment and leadership development. Integrating these analyses across 37 multinational corporations, we show that the leadership system landscape is complex and ambiguous and, therefore, a trigger for leader sensegiving. Given the bounded rationality of individuals a complex and ambiguous leadership surrounding requires leaders to engage in sensegiving rather than in other influencing strategies.

Keywords: leadership system, sensegiving, context

A dynamic context challenges organizations to create and maintain consistent understanding that enables collective action and sustains relationships (Weick, 1993). Organizational leaders attempt to affect how others interpret such worlds. Gioia and Chittipeddi define this process as 'sensegiving', i.e. the attempt 'to influence the sensemaking and meaning construction of others towards a preferred redefinition of organizational reality' (Gioia & Chittipeddi, 1991, p. 442). Although other stakeholders engage in sensegiving, (Balogun, 2003; Westley, 1990; McNulty & Pettigrew, 1999; Maitlis, 2005), it is leader sensegiving that plays a significant role in times of both change and stability (Bartunek, Krim, Necochea, & Humphries, 1999; Corley & Gioia, 2004; Gioia & Thomas, 1996). However, research has shown that leaders do not always engage in sensegiving, even if the issues matter to them (Dutton, Ashford, Lawrence, & Miner-Rubino, 2002; Maitlis, 2005). In fact, Maitlis and Lawrence (2007) were triggered to engage in sensemaking only when they perceive an issue as uncertain and the stakeholder environment as complex. This underlines the need for a better understanding of the context in which leadership happens. But, thus far, leadership research has been interested mainly in the characteristics and behaviours of individual leaders and the transactional and transformational

aspects of their leadership (e.g. Daft 2004; Yukl, 1989; Yukl 2005). Less attention has been paid to the possible effect of contextual factors on the leadership process (e.g. Stogdill, 1974; Boal & Hooijberg 2000; Huff & Möslein 2004). Moreover, previous studies of sensegiving have focused on exploring the who and the what: who are the actors engaging in sensegiving, and what strategies are they using to do so. With a few notable exceptions (Maitlis & Lawrence, 2007), we know little about the organizational leadership systems (OLS) –the combination of different leadership practices, associated with sensegiving and if they are triggers, enablers or even barriers for leader sensegiving.

Drawing on a longitudinal, qualitative study of sensegiving across 37 multinational organizations (MNCs), we investigate the OLS associated with leader sensegiving. In particular, we ask two research questions: (*1) What are the OLS in use in MNCs? (2) How does the OLS landscape influence leader sense giving?* We feel that these questions have important pragmatic implications. First, current and future contexts are becoming increasingly tough as MNCs face the challenge of globalisation involving changes in extraneous variables e.g., hyper competition, acculturation, technological complexity and political change. Second, the pace of change and complexity of such contexts changes between and within sectors. Borrowing from contingency theorists, contexts might be described on a stable-dynamic continuum, where the variables change slowly or quickly over time, and a simple-complex continuum depending upon the nature of the interaction of the variables over time. For many divisional heads and managers in MNCs, such contextual changes are difficult to comprehend given their main focus on operational issues. Hence, a key task of many leaders is to make sense of their organisational context and communicate a sound understanding and meaning to others within the organisation. The nature of the leader landscape becomes an important 'enabling' feature by which such advice is communicated well or 'lost in translation'. If we can understand that landscape better, then leader sense giving could become more effective and so enhance strategic decisions within MNCs.

PREVIOUS RESEARCH ON LEADER SENSEGIVING

Research that has addressed sensegiving has tended to focus on two strands of literature: leader sensegiving and sensegiving by organizational stakeholders other than leaders (Maitlis & Lawrence, 2007).

Previous research on leader sensegiving can be organized along three lines of interest: the subjective, the objective and the process perspective of leader sensegiving, whereas the latter is the most studied one. From a subjective perspective, studies have demonstrated, *inter alia*, that leaders who felt personally threatened by a strategic change are actively engaged in sensegiving efforts for their stakeholder groups (Bartunek et al., 1999). Gioia and Thomas' (1996) study in the context of strategic change in academia emphasize that leader sensegiving strategies are influenced by top management team members' perceptions of identity and image, especially desired future images. From an objective perspective, Gioia and Thomas (1996) find that the sensegiving process may vary depending on the strategic or political nature of an issue. Sensegiving has been influenced by an external threat (Dunford & Jones, 2000) or a newly demanding environment (Gioia & Chittipeddi, 1991). However, Maitlis and Lawrence (2007) emphasize that if the threat occurs in an already weakly performing aspect of the organization, leaders experience difficulties in engaging in significant sensegiving.

The process perspective comprises the particular action taken towards sensegiving and the method used for sensegiving. Studying the identity change followed a corporate spin-off, Corley & Gioia, (2004) found that leader sensegiving aims to provide either new labels to characterize the company or new meaning underlying these labels. In their study of the process of organizational identity reformulation at Bang & Olufsen, Ravasi and Schultz (2006) emphasize the importance of managers' sensegiving of the new claims to the rest of the organization. Other researchers have looked at the method chosen by leaders to give sense e.g., Dunford and Jones (2000) underline the use of narratives linked to strategic change as important element of senior managers' sensegiving. Narratives also played an important role in leader sensegiving in a company's effort to become a 'learning organization' (Snell, 2002).

Although this research offers a valuable foundation for appreciating leader sensegiving, it largely ignores that leader sensegiving occurs in the context of a specific OLS. Maitlis and Lawrence

(2007) show that most of these studies are missing a clear understanding of the organizational practices associated with leader sensegiving. Whereas most of previous studies of leader sensegiving were undertaken in the context of organizational change (e.g., Dunford & Jones, 2000; Snell, 2002), Maitlis and Lawrence (2007) argue that this focussed view on change as the main condition for sensegiving is not enough to understand the context of leader sensegiving and point towards the necessity for further contextual investigation.

METHODS

As there is relatively little understanding of the OLS as contextual conditions influencing leaders sensegiving, we adopt an exploratory research approach and, because of the complexity of the phenomenon, we adopt a qualitative perspective for studying leadership (Conger, 1998). We pay close attention to the way leaders experienced their OLS and how they communicated this understanding among themselves and to others. In general, the identification of specific OLS associated with sensegiving required an analysis in which comparisons can be made between different organizational practices and among comparable companies. Hence, we chose to examine this phenomenon across 37 MNCs, ranging from 1000 to 450000 employees and from $500m to $150bn in revenues. We conducted 112 semi-structured interviews with 46 senior executives, 52 heads of units and 14 heads of corporate universities (see Table 1). We strived for multiple perspectives (Strauss & Corbin, 1994) and ensured that our responses were not from just one set of informants (Glaser & Strauss, 1967).

INSERT TABLE 1 ABOUT HERE

DATA ANALYSIS

4

Interview transcripts agreed with the respondents became the basis for an in-depth analysis. We followed established protocols in text analysis and coding (e.g., Miles & Huberman, 1994; Ryan & Bernhard, 2000; Mayring, 2002). Our interpretative approach to data analysis was supported by Atlas.ti©, a computer assisted qualitative data analysis software package (Lindsay, 2004). Using a process of analyst triangulation (Yin, 2003), we coded the data into categories corresponding to our research questions by dividing them into distinct 'thought units' (Lee, 1999) and defined these as first-order concepts. The remaining codes are then organized in categories that are conceptually similar to each other and different from other codes. These categories became second-order themes (see Figure 1).

INSERT FIGURE 1 ABOUT HERE

FINDINGS

Although scholars have long argued that a central leadership characteristic is the construction of meaning (Pfeffer, 1981; Smircich & Morgan, 1982). We find that leaders' sensegiving is influenced directly by their prevailing OLS. We identify four practices that comprise these OLS: 'day-to-day interactive process', 'leadership metrics', 'leadership deployment' and 'leadership development' and influence the act of sensegiving. Representative quotations from the data for each practice are illustrated in Table 2.

INSERT TABLE 5 ABOUT HERE

Leadership as day-to-day interactive process

The first organizational leadership practice that seemed to influence leader sensegiving is an issue's association with leading as activity. 'Leadership as a day-to-day interactive process' is a second-order theme that aggregates three first-order concepts: corporate culture, leadership capabilities & mission, balanced scorecard. Table 2 provides representative quotations from the data that illustrate each of these first-order concepts. Quotation 1.1, for example, illustrates the perception of an issue affecting leadership activities: in this interview, the CEO of one of the firms included in the sample described his perception that 'A strong and clear-cut corporate culture is a pre-requisite for leadership strength. Leadership can only build on a shared culture, as it is the culture which defines interpretation and drives execution within corporate settings'. Also, quotation 1.3, from the interview with a member of the corporate executive committee of another participating firm, illustrates how organizational culture was an issue perceived to affect leader's identification with the organization; the interviewee commented, 'A wrong culture spreads like a virus. Our culture was long characterized by distrust, corruption and fraud linked to a disastrous perception of risk – an explosive combination'. Quotation 1.5, from an interview with a senior executive conveys this leader's concern about the impact of predefined leadership capabilities on leadership, illustrating the concept of the company's 'leadership framework'. An example of the perception of the influence of a balanced scorecard (quotation 1.8.) comes from another board member, who commented that 'since five years *they* (sic!) use BSC in our company. Originally we had a quite strong employee dimension – but the people dimension is always lost first. Now, also the overall BSC focus is getting lost'.

INSERT TABLE 2 ABOUT HERE

Leadership metrics

The second organizational practice that was associated with sensegiving by leaders was 'leadership metrics'. This is a second-order theme that comprises organizational practices dealing with the measurement and evaluation of leadership. It aggregates the following three first-order concepts: leadership measurement, 360 or 180 degree feedback, and employee attitude survey. Table 3 presents

quotations from the data that illustrate each of these first-order-concepts. Quotation 2.1, for instance, illustrates the first-order concept of leadership measurement: here, a senior executive (board member) describes the challenge of leadership measurement in multinational corporation: 'We don't measure leadership. We measure results. Financial markets define the critical metrics'. Quotation 2.6 illustrates the organizational practice of the 360 or 180 degree feedback: the head of the corporate university of one of the very large firms describes the optional character of this practice: '180 degree and 360 degree feedback only exists on a voluntary basis. In addition, our leaders can choose the individuals from whom they want to receive honest feedback'. In quotation 2.8, the interviewed senior executive (board member) describes the organizational practice of employee attitude survey, emphasizing …'We evaluate employee satisfaction in our corporate units on a monthly basis. In addition we have implemented a quarterly survey. This helps to foster ongoing communication and to steer projects and it also shortens the time needed for formal feedback conversations'.

INSERT TABLE 3 ABOUT HERE

Leadership Deployment

The third condition that seemed to influence leader sensegiving was the incentive system. The second-order theme of 'leadership deployment' aggregates three first-order concepts: variable executive compensation solely based on economic performance, variable executive compensation based on goal achievement and non-monetary executive incentives. Table 4 presents quotations from the data that illustrate each of these first-order concepts. Quotation 3.2, for instance, is from an interview with the head of a business unit who commented on the complexity of the incentive system: 'Executive compensation in our firm consists of 20 units: 12 are fixed, four linked to individual performance evaluation and another four linked to overall firm performance'. Quotation 3.6 illustrates the crucial link between leadership measurement and incentives; the interviewed senior executive (board member) stated, 'On our top leaders' level 50% of the compensation are linked to the

achievement of the individually agreed upon goals'. Quotation 3.8 from an interview with a CEO states… 'The strongest incentive is nomination. We develop leaders by nomination only.' Quotation 3.11 shows a different attitude towards non-monetary executive incentives in another firm as stated by the head of its corporate university: 'In our organization the quality of leadership has no direct impact on leadership compensation. (…) However, our corporate university runs a number of seminars as 'goodies' for our leaders. They are used as some kind of incentive or reward and substitute for compensation'.

INSERT TABLE 4 ABOUT HERE

Leadership Development

The fourth organizational leadership practice that was associated with the need for leader sensegiving was 'leadership development'. This is a second-order theme that comprises organizational practices dealing with the selection of leaders and the development of leadership. It aggregates the following three first-order concepts: issues regarding staffing, issues regarding skills development, and corporate universities. Table 5 presents quotations from the data that illustrate each of these first-order-concepts. Quotation 4.1 captures the problems of the issue regarding staffing as the used methods are not always well documented and obvious. For example, quotation 4.6, is an observation made by a senior executive (board member) acknowledging that 'Leadership development has to be task and personality orientated. Usually, you can only find the one or the other'. This unbalance in skill development influenced leader sensegiving processes. Quotation 4.9 illustrates that the tasks of corporate universities are multifaceted requiring leaders to help others to interpret the different meanings and goals of this practice.

INSERT TABLE 5 ABOUT HERE

DISCUSSION

The prevailing OLS system can act as trigger for leader sensegiving through its complexity and ambiguity.

Complexity and leader sensegiving

All companies in our sample apply a variety of leadership practices to support leadership and this variety makes the OLS landscape highly complex, because there are different, sometimes contradictory, elements in each practice. Weick argues that environmental complexity creates 'occasions for sensemaking' (1995, p. 85). We find that the inherent complexity of the leadership systems' landscape is an important trigger for leader sensegiving, because leaders have to construct stories to give meaning to the unpredictability and inconsistency involved.

Ambiguity and leader sensegiving

Our findings reveal that the OLS in use are ambiguous. For illustration, various different forms of leadership metrics increased ambiguity. Martin (1992, p. 134) argues that 'ambiguity is perceived when a lack of clarity, high complexity, or a paradox makes multiple (rather than single or dichotomous) explanations possible'. In the case of an ambiguous OLS landscape, organizational members cannot rely on the guidance of clearly defined leadership systems. Our findings show that either there are too many different forms of leadership practices in use or they are vague or they are not clearly defined and so maybe contradictory. Consequently, organizational members develop multiple and sometimes conflicting interpretations of the leadership system. In line with Weick (1995), who stated that ambiguity is an occasion for sensemaking, we find that an ambiguous OLS landscapes trigges leader sensegiving.

Whereas Maitlis and Lawrence (2007) argue that different contextual factors are triggers for the motivation of leader sensegiving, our analysis shows that a complex and ambiguous leadership system landscape requires leaders to engage in sensegiving. This is in line with Corley and Gioia's (2004) finding that a complex sensemaking environment establishes a 'sensegiving imperative' for leaders (Corley & Gioia, 2004). Critical to understanding why leaders have to engage in sensegiving is that people have bounded rationality, i.e. limited information processing capabilities, memories that

obscure details, and short attention spans (Orton & Weick, 1988). In the case of a complex and ambiguous OLS landscapes, organizational members notice different parts of it, will tune out different parts at different times, and will process different parts at different speeds. As a result of the idiosyncratic worlds formed under these conditions, people will find it difficult to give meaning to the organizational reality. Consequently, leaders realize that other forms of influence, such as exchange or bargaining (Kipnis, Schmidt, & Wilkinson, 1980; Maitlis, 2004) are not appropriate as the involved individuals will lack a common understanding of organizational reality that might provide the foundation for exchange or bargaining (Maitlis & Lawrence, 2007). Even though sensegiving might be a high risk influencing tactic as it involves certain uncertainties[1] leaders have to apply it as other influencing strategies seem less likely to be successful (Maitlis & Lawrence, 2007).

This study contributes to two ongoing discussions in current management research: First, there is a claim for more context-related research (Johns, 2001). Our findings show that leadership activities are embedded in a framework of contextual predefinitions. We found that a complex and ambiguous OLS landscape as contextual setting requires leaders to engage in sensegiving rather than in other influencing strategies. Second, we stress the salient role of the objective element in the subjective, objective and process perspective of leader sensegiving literature. We ask, is it enough to understand the 'who' and the 'what' of sensegiving, without relating these to the contextual (objective) conditions? This insight extends previous research that has highlighted the objective perspective (Maitlis & Lawrence, 2007) and acts to validate those earlier results. The process of validation in the social sciences is important, especially in a publishing system where the dominant paradigm is 'novelty' or the creation of new knowledge. Such confirmation across samples and geographies helps build a body of relatively 'secure' findings. However, we conclude that we need to learn more about

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[1]   Uncertainties regarding sensegiving are among others whether the others will adopt to the offered explanation of organizational reality and if they do, what the consequences will be for their decision-making processes (Maitlis & Lawrence, 2007: 78)

both the context and about the individual as the sensegiver, to better understand the sensegiving process and to make more advanced steps in this domain.

Also, our findings extend those of previous studies on different forms of the sensemaking process. Maitlis (2005) identified four different forms of organizational sensemaking that influenced both leaders' and stakeholders' sensegiving process: guided, fragmented, restricted, and minimal organizational sensemaking. From a leader' perspective these forms were dependent on whether the sensemaking process was controlled, i.e. a high level of leader sensegiving, or not. In the case of guided sensemaking, leaders were very engaged in giving credible meanings to events while in fragmented sensemaking, individualistic accounts and inconsistent actions led to a disintegration of shared meaning (Maitlis, 2005). Our findings regarding leader sensegiving in the context of OLS add to this understanding by including an organizational perspective. Thus, although the leader sensegiving process is influenced by level of control (Maitlis, 2005), we find a key trigger is the contextual surrounding. Hence, we call for a more nuanced relationship between the OLS and leader sensegiving. Whereas previous research on sensegiving has mainly focused on organizational change issues as triggers for motivating leader sensegiving (e.g., Gioia & Chittipeddi, 1991), our findings show that more specific organizational practices, such as leadership systems, are equally important triggers.

Our study has two main limitations. One stems from the transferability of the findings to other organizational contexts. Whereas a variety of leadership practices can be found in large MNCs, this might not be the case in smaller and more locally based organizational settings such as small- and medium enterprises or non-for-profit organizations. A second issue concerns the focus of our data collection on senior executives. We believe that engaging the perspective of other organizational members would be a worthwhile analysis. Despite these limitations, we believe that our study offers important future directions for sensegiving and organizational leadership practices research.

Implications for research

Future research might address whether leader sensegiving strategies vary depending on leader's appreciation of the OLS. Maitlis and Lawrence (2007) showed that if leaders have a limited

appreciation of the threatened area they will find it difficult to engage in significant sensegiving. If leaders realize that the OLS ignores the needs of the employees, they might dehydrate their sensegiving strategy to a low level of both, analytical rigor and emotional authenticity (Gratton and Ghoshal's, 2002). In this case, leader sensegiving might be minimized and negated. Further, leaders might decouple their sensegiving process from the intended strategic goals and/or focus on an emotional sensegiving process, even if the emotional meanings are different to the indented organizational practices. These dynamics point to the importance of research studying in more detail the relation between the objective perspective and the process perspective of leader sensegiving. Further, future research might focus on the influence of contextual factors on the sensegiving process by those who are led. Such a mirror study would then open up the debate about leader and follower sensegiving and the interaction between both, in particular contextual settings.

Managerial Implications

Our research has direct practical implications. First, we find that MNCs design highly complex and ambiguous OLS without considerations of an individual's bounded rationality. As individuals are confronted with various different contrasting demands, OLS systems need a design that reduces contextual complexity and ambiguity and that can be understood easily. Second, our results show that OLS are a trigger for leader sensegiving and that leaders need to be aware of the amount and intensity of their sensegiving depending on the nature of their OLS.

CONCLUSION

The research questions for this study sought to explore the OLS of large MNCS. We found that OLS, with their inherent ambiguity, are triggers for leader sensegiving and that due to individuals' bounded rationality leaders need to truly engage in sensegiving rather than in other influencing strategies. We believe that our focus on leadership systems can serve as a foundation for future research concerning

some of the distinctive organizational practices and processes that might be triggers, enablers or barriers for leader sensegiving. Further, we hope that it will encourage research in other organizational settings in which OLS will contrast markedly with those of MNCs.

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Table 1: Sample

Overview of study sample	
Number of multi-nationals included in the study	37
Overall number of interviews conducted	112
Average interview duration	2 h
Number of people in leadership roles per firm (min - max)	100 – 57,200
Number of employees per firm (min – max)	1,016 – 484,000
Average number of employees per firm	86.000

Figure 1: Data Structure

First-order concepts   **Second-order themes**

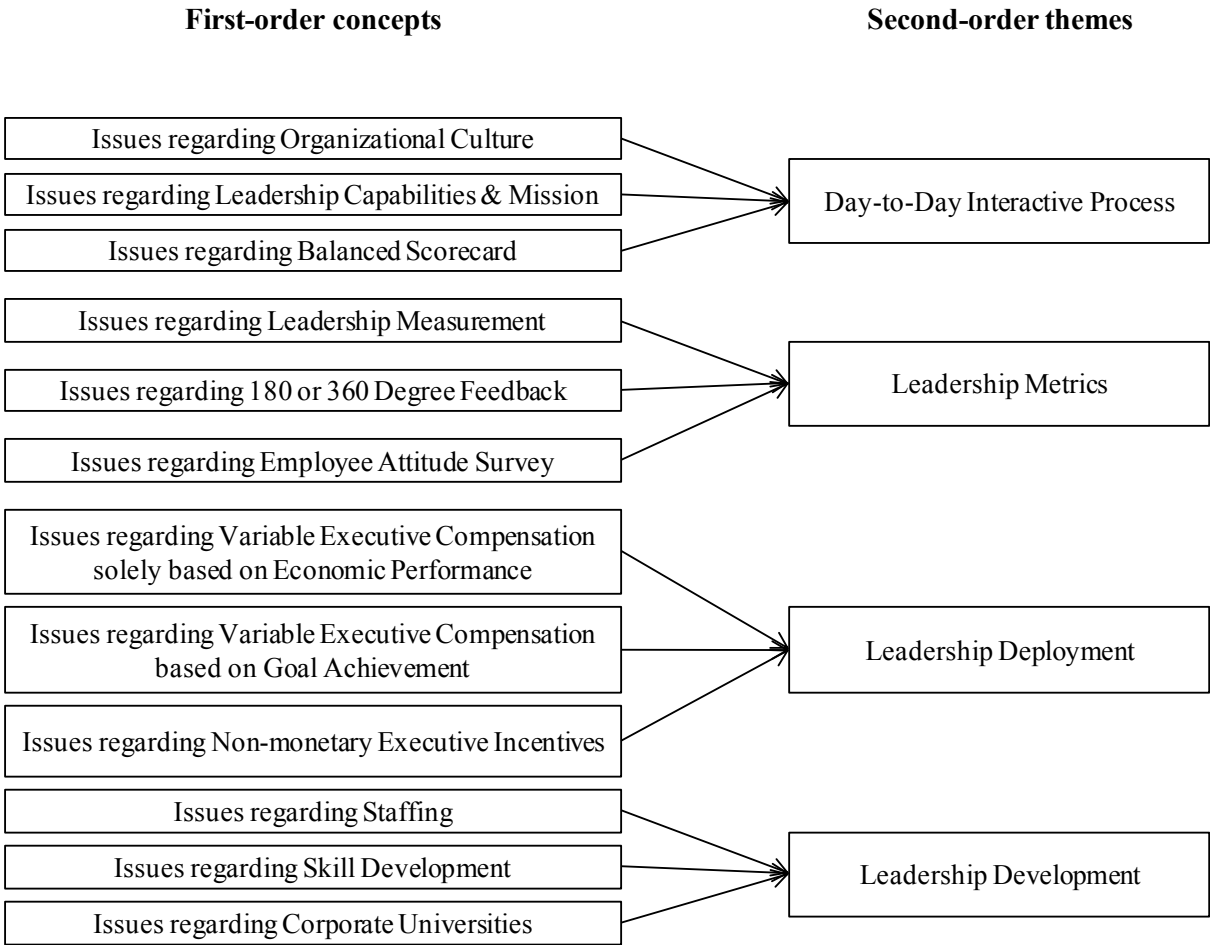| First-order concepts	Second-order themes
Issues regarding Organizational Culture	
Issues regarding Leadership Capabilities & Mission	Day-to-Day Interactive Process
Issues regarding Balanced Scorecard	
Issues regarding Leadership Measurement	
Issues regarding 180 or 360 Degree Feedback	Leadership Metrics
Issues regarding Employee Attitude Survey	
Issues regarding Variable Executive Compensation solely based on Economic Performance	
Issues regarding Variable Executive Compensation based on Goal Achievement	Leadership Deployment
Issues regarding Non-monetary Executive Incentives	
Issues regarding Staffing	
Issues regarding Skill Development	Leadership Development
Issues regarding Corporate Universities	

Table 2: Data Supporting the Theme 'Leadership as day-to-day interactive process'

Associated First-Order Concept	Representative Quotations [a]
Organizational Culture	1.1.'A strong and clear-cut corporate culture is a pre-requisite for leadership strength. Leadership can only build on a shared culture, as it is the culture which defines interpretation and drives execution within corporate settings.' (senior executive: CEO)
	1.2. „A culture is always there! The question is, whether you can use it to drive execution. This is the key leadership challenge.' (head of corporate university)
	1.3. 'A wrong culture spreads like a virus. Our culture was long characterized by distrust, corruption and fraud linked to a disastrous perception of risk – an explosive combination.' (senior executive: board member)
	1.4. 'We finally failed in mastering the leadership challenge. ‚Monarchs' and a culture of anxiety are in our industry widespread. A culture of arrogance, however, like we had to face it in our company definitely leads to ultimate failure.' (senior executive: board member)
Leadership Capabilities & Mission	1.5. 'The five leadership capabilities and the 40 leadership behaviours are based on five overall values of our company. Everyone of the leaders got a brochure about the leadership framework.' (senior executive: board member)
	1.6. 'A leadership mission statement always describes leadership values that the organization wants to foster. How do you deal, however, with

negative values that also exist in every firm – f.i. a strong bureaucracy or a permanent focus on people's own interests. You definitely need a separate concept to deal with these issues.' (senior executive: board member)

1.7. 'In my former company they tried again and again to introduce shared leadership guidelines. They were put in place, but never really shared.' (head of corporate university)

Balanced Scorecard

1.8. 'Since five years they use BSC in our company. Originally we had a quite strong employee dimension – but the people dimension is always lost first. Now, also the overall BSC focus is getting lost'. (senior executive: board member)

1.9. 'We just played around with BSC, but without serious impact.' (senior executive: board member)

1.10. 'Balanced Scorecard is somewhat like Harry Potter. Suddenly everybody talks about it and all get the impression they would talk about the same.' (head of corporate university)

1.11. 'BSC helps to prioritize goals and pre-structure activities in order to allow for better overview and transparency, but we do not push for uniformity and standardization within the hierarchy of goals across different units.' (head of business unit)

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[a] Translation of the interviews by the authors

Table 3: Data Supporting the Theme 'Leadership metrics'

Associated First-Order Concept	Representative Quotations [a]
Leadership Measurement	2.1. 'We don't measure leadership. We measure results. Financial markets define the critical metrics.' (senior executive: board member)
	2.2. 'Leadership performance? – Well, leadership is reflected within in the overall corporate performance. Performance reporting and its criteria are clearly standardized within our firm and across units. It is all based on standard software that offers a clear systematization. Individualization of goals and criteria is not intended.' (head of business unit)
	2.3. '80% of people in leadership positions are not even able to articulate clear goals. How would you evaluate goal achievement or even leadership performance under these conditions?' (senior executive: board member)
	2.4. 'Leadership results can not be evaluated. What is important are economic results.' (senior executive: CEO)
180 or 360 Degree Feedback	2.5. 'For our leaders we have introduced 360 degree feedback on a voluntary basis. Interestingly, almost all of them participate.' (head of business unit)
	2.6. '180 degree and 360 degree feedback only exists on a voluntary basis. In addition, our leaders can choose the individuals from whom they want to receive honest feedback.' (head of corporate university)

2.7. „We use employee feedback as part of top-down and peer review processes. In addition, 360 degree feedback is possible, but only on a voluntary basis. About 50% of those in leadership positions make use of this optional feedback channel.' (head of business unit)

Employee Attitude Survey

2.8. 'We evaluate employee satisfaction in our corporate units on a monthly basis. In addition we have implemented a quarterly survey. This helps to foster ongoing communication and to steer projects and it also shortens the time needed for formal feedback conversations.' (senior executive: board member)

2.9. 'Every second year we run an employee satisfaction survey. We use external consultants to run the survey and analyze the data. (…) By doing so we have identified a clear correlation among performance and satisfaction across the business units.' (senior executive: board member)

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[a] Translation of the interviews by the authors

Table 4: Data Supporting the Theme 'Leadership deployment'

Associated First-Order Concept	Representative Quotations [a]
Variable Executive Compensation solely based on economic performance	3.1. 'The top frustration for a leader is clearly, to be depriviated of the success of his/her own unit due to overarching negative performance of the firm as a whole ' (senior executive: board member)
	3.2. 'Executive compensation in our firm consists of 20 units: 12 are fixed, four linked to individual performance evaluation and another four linked to overall firm performance.' (head of business unit)
	3.3. 'Executive compensation in our company is primarily linked to overall firm performance. Only about 5% of our leaders have employee feedback included in their performance review and in their compensation plan.' (head of corporate university)
	3.4. 'Determining the ‚Economic Value Added' is complex and controverse. Therefore there are always acceptance problems when linking incentives to the EVA.' (senior executive: board member)
Variable Executive Compensation based on goal achievement	3.5. 'The dominant success criterium of a variable compensation scheme is the subjectively perceived fairness.' (senior executive: board member)
	3.6. 'On our top leaders' level 50% of the compensation are linked to the achievement of the individually agreed upon goals.' (senior executive: board member)

3.7. 'We have just changed our compensation scheme. Now, there is a variable element included in our executive compensation that accounts for 40% on the first level below the board, 30% on the second level and 25% on the third level. For all of them the variable element is based on the overall firm performance by 30%, on the performance of the respective unit by 40% and on individual performance by 30%.' (head of business unit)

Non-monetary Executive Incentives

3.8. „The strongest incentive is nomination. We develop leaders by nomination only.' (senior executive: CEO)

3.9. 'We have a database with our 10,000 high potentials, and 3,500 executives. In addition, we have our Senior Leadership Group with the 300 top leaders. About 30 to 40 people drop out and are replaced every year based on their leadership results (not based on position). (…) To stay in the group is a strong incentive'. (senior executive: board member)

3.10. 'We are treating people equally, even if they do not contribute equally.' (head of business unit)

3.11. 'In our organization the quality of leadership has no direct impact on leadership compensation. (…) However, our corporate university runs a number of seminars as 'goodies' for our leaders. They are used as some kind of incentive or reward and substitute for compensation'. (head of corporate university)

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[a] Translation of the interviews by the authors

Table 5: Data Supporting the Theme 'Leadership development'

Associated First-Order Concept	Representative Quotations [a]
Issues regarding staffing	4.1.'Evaluation criteria and formal steps of leader selection are usually not made public within the firm. The main reason for treating them as a secret is that in the end selection is always also based on emotional issues. On the other hand, leadership evaluation, its criteria and process are very objective and communicated openly'.(senior executive: board member)
	4.2. 'As a general rule of thumb you can assume that each leadership level gets fully replaced on average every 12 years.' (senior executive: CEO)
	4.3. 'We have an internal job market for leaders. This allows to keep even unsatisfied but strong characters within the firm. It is still better to have competition and cannibalization across units within the firm than across firms.' (head of business unit)
	4.4. 'We clearly recruit our leaders with an inward focus. Let's say 80% internal and about 20% external candidates.' (head of business unit)
Issues regarding skills development	4.5. 'We see our top 1000 leaders as „corporate property'. Among them are 50 A-candidates, 150 B-candidates and 800 C-candidates. The development and support strategies for this group is in the responsibility of the holding. For sure the top-top 200 are again treated separately and with special care.' (head of corporate university)

4.6. 'Leadership development has to be task and personality orientated. Usually, you can only find the one or the other. Ideally, however, would be to systematically combine both facetts. Imagine to put a leader, who up to now was only working in men-dominated area, on top of a unit with 600 women or somebody, who only experienced leadership under conditions of growth, in a situation of cost-cutting and restructuring. This kind of systematic development, however, needs careful planning in order to really show impact.' (senior executive: board member)

4.7. 'We usually negotiate individual long-term development plans with our leaders. The problem is that the organization faces constant restructuring. Therefore again and again you can forget about your plans. Therefore we now switch to individual qualification planning targeted towards abstract, not real leadership positions.' (head of business unit)

Corporate universities   4.8. „As a corporate university, we only cover an internal ‚market share' of 35 to 40%. The rest is covered by external providers.' (head of corporate university)

4.9. 'Currently we offer 37 different leadership trainings. A key challenge for us as corporate university is to standardize this vast variety.' (head of corporate university)

4.10. 'Our key task as corporate university is to foster and bundle communication'. (head of corporate university)

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^a Translation of the interviews by the authors