Explaining the interplay between vertical and shared leadership in organizational change programs

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Despite the increasing importance of shared leadership, research examining its relations with vertical leadership, a complementary source of power, has been scarce. Therefore, the aim of the study is to extend our knowledge on this little-known topic by analyzing vertical and shared leadership interactions in a change management program. A qualitative content analysis based on a large dataset of documents and semi-structured interviews was carried out, analyzing the reciprocal leadership relationships using an extended framework which includes directive, transformational, transactional and empowering behaviours. Both in radical and incremental steps, vertical as well shared leadership interacted, showing their reciprocal need to deal with change. Leadership approaches and behaviours, conceptually and empirically distinct, even if highly related, are complementary sources that shape a constant compromise, according to the contextual demands of the project, to face change.

Keywords: Vertical leadership; Shared leadership, Radical change; Strategy formation; Implementation; Empowerment; Leader-member exchange

Subject classification codes: Research paper

(Word count: 8263, without references. 9799 including references)

Vertical and shared leadership: the research background

Leadership plays a key role in today's organizations, especially during change management projects (Tushman and O'Reilly III, 1996, Yun, Faraj and Sims, 2005, Jansen, Vera and Crossan, 2009). Leadership can be defined as '*the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives*' (Yukl, 2010: p.8).

In the traditional view (Bass, 1990, 1995) leadership may be represented as the sole influence of an appointed leader, i.e. the manager who is positioned hierarchically above and external to a team, with formal authority and outcome responsibility (Perry, Pearce and Sims Jr, 1999, Ensley, Hmieleski and Pearce, 2006a, Carson, Tesluk and Marrone, 2007). Beside this vertical leader-centric approach, scholars (Gronn, 2002, Ensley et al., 2006a) conceptualize leadership also as a shared process, a '*simultaneous, ongoing, mutual influence process within a team that is characterised by 'serial emergence' of official as well as unofficial leaders*' (Pearce, 2004: p. 48).

The term 'shared leadership' has been used as a synonym for a 'bossless team' (Barry, 1991, Harris, 2008), particularly occurring when all members of a team are fully engaged in the decision-making process, by influencing and mutual guidance in a continuous shift of team position from leader to follower and vice versa, as requested by specific context contingencies (Pearce and Sims, 2002). Such peer to peer influence aims to maximise the potential of the team as a whole, when new events or decisions, which require a particular or unique expertise of team members, emerge (Friedrich, Vessey, Schuelke, Ruark and Mumford, 2009).

Although several studies have documented that the idea of shared leadership is not novel, by highlighting Follett (1924) for the first use of the concept and Gibb (1954) for the first explicit use of the term and the distinction between focused and distributed leadership, shared leadership has received greater attention in recent years (Ensley et al., 2006a, Mehra, Smith, Dixon and Robertson, 2006). An increasing number of studies have started to show the contribution of shared leadership on firms' or teams' performance (Perry et al., 1999, Waldersee and Eagleson, 2002, Carte, Chidambaram and Becker, 2006, Hoegl and Muethel, 2007) especially in competitive, complex and

knowledge-based environments, where teams, as a whole, show higher competences in the decision making process (Pearce, 2004).

In practice, however, there has been some disagreement and controversy surrounding the construct of shared leadership (Pearce, Conger and Locke, 2008), especially about its unlimited effectiveness that seems rather context-dependent as a growth stage of the organization (Ensley *et al.*, 2006a), or its culture and attitude to change (Harris, 2008).

Although the concept of shared leadership has been explored with increasing detail in the literature, little is known about the reciprocal links with vertical leadership, a still useful approach in organizations: '*…this is not to say that vertical leadership is the way of the past*' (Ensley *et al.*, 2006a: p. 218).

For example, from a contingent perspective, Dunphy and Stace (1993) have shown, through a longitudinal study on 13 service firms, that vertical leadership is the most frequent behaviour in radical organizational change. Pearce (2004) claims that vertical leaders, designing the team and managing its boundaries, could create the premise to share leadership processes effectively, empowering others to changing organizational culture towards shared leadership. As Ensley *et al.* (2006a) emphasize, vertical leadership may be especially important during the early stages of the new venture when the entrepreneur formulates an initial vision and has to influence others, including employees, to buy into and help realize a vision (Cope, Kempster and Parry, 2011). Hmieleski and Ensley (2007) have found that the vertical leader is more adaptable with heterogeneous top management teams of start-ups in a dynamic environment, where decision making processes must be quick and effective.

As suggested by the literature, the era of top-down leadership is not past its expiry date, and the issue is not whether or not there should be vertical leadership but when should shared leadership be encouraged (Pearce and Manz, 2005). Therefore, the debate should be focused on understanding the appropriate approach, especially when the environment is changing and the ideal leadership mode is likely to depend on the organization life cycle stage: '*That is, different times may require different forms of leadership*' (Pearce *et al.*, 2003: p. 297).

Previous research has established that vertical and shared approaches capture a more complete view of leadership (Ensley et al., 2006a, Harris, 2008: p. 173). However, little or no research activity has focused on the apparent challenges when attempting to use vertical and shared leadership during change management especially, to our knowledge, by using qualitative methods. The aim of this research is to increase our understanding about what leadership behaviours arise during a change management project in a real-world organization, by analysing empirically the interplay of when and why each approach is used.

Our findings, based on an in-depth study of a utility company's change programme, make two contributions to the field of shared and vertical leadership in the context of change management. One, we found that during periods of radical change organisations will favour partial shared leadership with vertical leadership tending to eclipse a shared approach. This is more so at the very early stages of the radical change period, however, as the change moves into the implementation phase, shared leadership becomes increasingly important to achieve results. Two, our findings show that where the change is incremental shared leadership is more prevalent with vertical power being moved from the hands of one person to successive levels of teams. Vertical leadership is

used but only where necessary. We theorise therefore that leaders create conditions that allow for shared and vertical leadership approaches to co-exist. The risks are that leaders' actions may be seen as insincere and contradictory: sharing leadership as sometimes while being vertical at other times. We posit that change management projects require leaders to address the paradoxes of vertical and shared leadership.

The paper is presented in five sections. What follows is an explanation of the data collection and analysis methods use in this study. We then progress to providing evidence from the data to develop the thrust of the paper. Next, we discuss the findings from the empirical study. We bring the paper to a close with our conclusions and highlight the limitations of the study.

Method

We based our analysis on a qualitative study focused both on the relationship between the official leader and the change management team (CMT), and the relationships within the CMT during a change management project of an Italian public utility company.

A large dataset of material (in excess of 200 pages) with change project reports, corporate documents, a Road Map book (an official corporate tool with the story and chronology of the project and its technical aspects), presentations and internal memos collected in the several meetings with the President and the CMT was included in the analysis. To supplement the secondary data collection, we conducted semi-structured retrospective interviews, ranging from 26:06 minutes to 1:09:14 hour (Mean = 39:39; SD = 14:22), with nine managers (82%) of the CMT, four of whom are top managers

and five are middle managers[1]. Based on the research purpose we prepared an initial set of questions to be covered with the interviewees. We began by explaining briefly the purpose of the study and then asking them questions about leadership style and the related leadership dynamics. This is exemplified by questions such as:

- Could you describe which leadership behaviours you perceived during the change process?

- Was it led from the top?

- Did your participation influence some of relevant decisions?

- Were decisions made in autonomy within the CMT?

- Did you receive the objectives from an appointed leader? If so, how?

According to the qualitative content analysis method (Altheide, 1987), we organized all data collected into distinct categories that we had deductively identified from the literature, in order to assure face validity (Weber, 1990). We derived the codebook directly from the framework pointed out by Pearce *et al.* (2003), which includes, in addition to today's dominant transactional-transformational typology, directive and empowering types of leadership (Ensley *et al.*, 2006a).

Pearce (2003), after a decade of study on leadership, has grouped both the vertical (exercised between two different hierarchical-level subjects) and shared leadership approaches (exercised within the subjects, with different or same hierarchical level) into multiple interrelated 'ideal types', namely: directive, characterized by guiding participation and seeking compliance with instructions, commands and assigned

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[1] After each quotation in the text and tables, we show a code (letter and progressive numbers) in parentheses to distinguish the interviewees: TM1, TM2 … MM1, MM2 etc., where TM1 represents Top Manager 1 and MM1 represents Middle Manager 1, and so on. The code P represents the quotation of the official leader, from whom data were collected through meeting participations, direct observation and statements from official corporate documentation.

goals; transactional, which embodies leader-member exchanges through contingent personal and material reward; transformational, which elevates the interests of employees through vision, idealism, inspirational communication, intellectual stimulation, and challenging the status quo; and empowering, which encompasses the encouragement of self-reward; teamwork; participative goal setting; independent action, opportunity thinking, self-development and self-problem-solving (Table 1).

Table 1. Illustrative categories, codes and examples (Pearce, 2003).

Moreover we categorized vertical and shared approach according both to the role of the decision maker, if appointed (vertical) or unofficial (shared), and the subject of the decision, if the official leader (vertical) or the CMT members (shared).

Then, we imported to NVivo all the transcripts and coded them for each of the eight leadership types. We used sentences, containing aspects related to vertical and shared leadership, as units of analysis, collecting the data on the basis of such portions of text.

During the coding process additional coding schemes arose (for example, we have introduced new categories: radical and incremental change, or strategic and implementative level), going through a '*reflexive movement between concept development, sampling, data collection, data coding, data analysis, and interpretation […] to be systematic and analytic, but not rigid. Although categories and 'variables' initially guide the study, others are allowed and expected to emerge throughout the study'* (Altheide, 1987: p. 68).

Reliability of the coding system was established by the first author through test-retest reliability (Weber, 1990) coding all the interviews in two steps: once at the start of data coding and a second step eight weeks later, at the end of data collection

(Papworth, Milne and Boak, 2009). Intra-rater reliability over 12 raw coding categories was found to be satisfactory (Cohen's Kappa; $K = 0.77$), with a percent agreement of 95.98%. In order to allow codes comparisons, we converted codes into percentages. Table 2 displays these summary percentages over the period analyzed.

Table 2. Percentage of selected vertical (V.) and shared (S.) leadership styles coded during the change project**.**

Once the coding process was carried out, we analyzed all the categories, in order to read the change process through the lens of vertical and shared leadership, and to reconstruct the salient events to develop a comprehensive picture of leadership dynamics.

Evidence from analysis

The leadership team faced a new set of normative rules presented by the Italian Energy Authority to electricity distribution companies, consequent to the liberalization and deregulation of electricity services, in order to compel them to improve service levels and quality.

We identified two main phases for the analyses:

(1) The radical phase lasted one year period, in which the Company first defined the overall changing plan and then implemented it through several initiatives aimed at performance breakthroughs in order to face the major discontinuity resulting from the new regulation;

(2) The incremental phase[2], lasted two years, in which the Company followed a more incremental approach to consolidate and further improve its performance, now aligned to the Italian Energy Authority requirement.

The need for change was tackled through an effort by the official leader (the Chief Operating Officer before becoming the President) to transfer to his colleagues (CMT members) a structured project management approach, later called the 'Company Road Map' (hereafter referred to as the Road Map).

Leadership process during radical change phase

The breakthrough with the past: vertical leadership and CMT as a whole

The role of the official leader in the radical step was to provide a quick and effective decision making process in response to the dynamic changing environment and the consequent sense of urgency of the new regulations (Dean and Carlisle, 1999).

The official leader implemented two actions to start the breakthrough. First, he selected the CMT by appointing a heterogeneous (in terms of educational, hierarchical and functional specialization) but representative team of the Company's core business, choosing 11 people from the top and middle management, including himself as official leader.

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[2] From data analysis, more similarities than differences arose in terms of leadership dynamics within the incremental change: they were two similar years, in terms of external (more stable environment, less urgency sense and past positive experience) and internal causes (new role of the official leader as President of the Company, new role of Steering Committee, increased CMT experience, commitment and maturity, and less quick decision making process) moreover, only organizational improvement was added in the project, therefore we decided to analyze them jointly.

'It [the project] was initially started with eleven top and middle managers, people chosen by him [official leader]; these executives reflected the core business of the Company'.TM4.

Then, he started the strategy formation by communicating to the CMT the long-term vision and general purpose of the project, aimed at improving dramatically the service levels according to the new regulation cycle, by clarifying, during the several meetings, the project management idea called the 'Road Map'[3] and the related method that would be used to face the change. It was a quite informal approach aimed to build and motivate the CMT through an emergent learning process of the 'Road Map' rules and method.

'He first explained this concept to us: our problem is to counteract the Authority's penalties and get the standards of service quality. But what he wanted to reach was a little difficult to understand, at least for the first few days, so he has always guided the project, but sharing it gradually with the CMT'. TM2.

Table 3. Evidences of vertical directive leadership in general goal-setting: representative quotations.

He also worked as a coordination mechanism by providing instructions, milestones and checks, within a new and heterogeneous CMT, supporting a unitary vision to reach the consensus in a short time period. During the meetings, besides the direction and monitoring of the CMT development and learning, the official leader also started a cultural change process. This approach was evident from the beginning, when

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[3] The Road Map used well-established project management tools, with a breakdown of the core processes of the Company into activities and tasks, using Gantt charts for reporting schedules and defining an 'owner' for each innovation action.

he manifested typical transformational traits (Bass, 1990), using for example inspirational communication, visioning and metaphoric language:

'[We are in] *an increasingly turbulent environment where it is necessary to firmly take the command bar of a powerful ship designed for river navigation, but which is challenging the open sea': the new regulation cycle of the electric market. A 'powerful ship', the company, characterized by a transformation of the tasks, in the meantime became more interdependent and complex'*. P.

His challenging behaviour was oriented to stimulate the CMT members to be innovative by seeking original approaches in their activities, making radical assumptions, reframing problems in a creative manner, and by approaching and consolidating schemes in new ways:

'How can we prevent the new rules from 'tearing down' us? What are the causes of inefficiency that are taken into account by the Authority to determine our levels of service and, therefore, to penalize or reward? Or, how can we identify the fields in which to focus action in order to mitigate such negative effects?' P.

Table 4. Evidences of vertical transformational leadership in general goal-setting: representative quotations.

Besides the general purpose and long-term vision, he asked every CMT member to contribute to the specific goal setting process, by putting out a change project related to his/her area, energizing and encouraging every one to do the best that was possible, by continuously stimulating active CMT participation to realize the first Road Map draft, with objectives for the first year and subsequent periods. He enabled CMT members to have great information exchanges, because of the complex and interdependent organizational units' tasks, working both as a leader and a peer, and contributing to make the specific goal setting process a result of the collaboration of the

CMT as a whole – a synergistic sum, where everyone with his specific or unique knowledge, expertise and skills, and substituting for the official leader (Manz and Sims Jr, 1980), was necessary to each other to realize the Road Map draft.

'So, we built [progressively] a brief description of the possible idea, defined the potential service target levels, and compared and developed our proposals in an open discussion'. P.

Some key decisions would be impossible to set out without the CMT's shared leadership, even if with the constant monitoring of the official leader. For example, an ambitious objective set by the CMT was related to the adoption of a new technology for power circuits, called 'Petersen coils', in a significant number of power substations. The decision making was coordinated by the official leader, who participated as a peer and stimulated an open discussion among the CMT members that were the real experts on the subject.

The final objective had been established on the basis of a shared decision making process, where every CMT member contributed, giving and taking on what was and what was not possible to do, regarding the relative aspects in which members had specific competences (i.e. economic, labour relations, organizational and technological aspects).

'…each of us [CMT members] with their co-workers has set up our project planning [to reach] together a first document [the first Road Map draft]'. TM4.

In general, every objective of the Road Map draft was chosen by CMT members:

'During the first year the CMT decided the strategies; the role of the official leader was to represent the draft'. TM2.

We associate this type of behaviour with a shared directive leadership type where CMT members gave and received specific objectives (Ensley *et al.*, 2006a), with

everyone placing a brick in the building process and achieving the final result as a whole. Even though the leadership was evidently shared, to cope with the newness of CMT members, all the decisions were checked by the official leader.

In table 5 we provide more detailed evidence of this leadership behaviour.

Table 5. Evidences of shared directive leadership style of the CMT in specific goal-setting: representative quotations.

The CMT worked together four months to produce in a short period the first Road Map draft. As result, at the beginning of the first year, the CMT completed the set up of the overall Road Map framework with which they would face the change.

'[in a short time] we put together the first project baseline draft, a prototype of the Road Map [to be submitted for the President's approval] and, immediately after the Christmas holidays we prepared the first official Road Map proposal with tasks, resources, responsibility assignments and a first cost/benefit analysis. This project was presented to trade unions, with senior and middle managers involved'. P.

Implementing the radical change: the CMT level

CMT members, during the implementation, had periods of contact (Raes, Heijltjes, Glunk and Roe, 2011) in regular meetings every two weeks, taking open confrontation and dialogue about the project's advancement, under the supervision of the official leader.

The high tasks' interdependence within the CMT required constant coordination of the decision making for an effective integration of human and technological resources, enabling a shared leadership. The Road Map was, in fact, created to overcome the functional specialization of the CMT business units, avoiding the silos

and trying to redesign the entire Company culture in a more process-oriented fashion, by reducing inter-functional boundaries.

'...*the whole implementation of the [first year] Road Map project was made by the CMT; the official leader often just had the role of coordinator*'. TM1.

According to the literature, incorporating a shared leadership approach for leading implementation teams is more appropriate in similar situations (Hoch and Dulebohn, 2013).

It was, in our findings, a transformational-oriented behaviour (Bass, 1990) in which the official leader and the CMT sought progressively to emphasize the use of reasoning, reframing the problems as they arose and challenging continuously the status quo.

'...*probably it was the enthusiasm within the CMT that had begun to be created, when we saw the first results of the project. Then it was a mechanism that has increased within the CMT*'. TM1.

The passion that was growing gradually in the project was described as contagious, by generating a collective feeling that radical change was necessary to deal with external changes (Jansen et al., 2009). Through lateral, reciprocal inspiration and stimulation, the official leader and the CMT have contributed to starting with the right motivation towards the change, making the CMT decision making process effective.

'…instead we really believed in it [the Road Map], we have done [this job] with passion because, I repeat, if there is not a shared process, but you do it only because you have a directive [to follow], it could be counterproductive. I believe there must be a sense of membership'. TM2.

Table 6. Evidences of shared transformational leadership of the CMT in implementing the change: representative quotations.

The official leader was both a peer in the CMT, working from inside, and a vertical leader dedicated to support the implementation through periodic checks and monitoring of the deadlines.

'*He reminded us of the deadline; even though I had never felt the pressure, the deadline had to be respected, but it was not as in the past [before the Road Map project], when the one who received the task, it seemed as if he had just to get rid of it*'. TM2.

The official leader intervened directly only in cases of conflict in planned activities that could not be resolved by the CMT members, taking the lead if an action failed to advance. The implementation of Petersen coils represents a case in which the official leader acted directly to unfreeze a conflict situation:

'*...he was not the director who only wanted to exercise power but rather he wanted to support us to solve the problems [I remember the block in the project of the Petersen coil installation], by involving all the team*'. MM4.

In table 7 we report more evidence of team leader behaviour during the change.

Table 7. Evidences of vertical-directive and transformational leadership of the official leader to support the implementation of the change: representative quotations.

The incremental change phase: the shared decisions of the President and the CMT

Following the radical phase, the project was more focused on a continuous improvement approach. The evolution of new combinations of external and internal factors led to different leadership styles compared to the radical phase. The environment, after the positive results of the first year, was perceived to be more stable and less turbulent.

'... there was a compelling pressure so there was also the possibility to delegate and also to make some mistakes, as in the Key Performance Indicator project, that has improved after a year in which it was unsuccessful'. TM4.

The activities and new initiatives were considered progressively incremental, less breakthrough and more routine-based, as he CMT had learned the Road Map method during the first year. The objectives, already established in the previous year's Road Map proposal, were subject only to a process of improvement and adaptation:

'The Road Map team had developed an innovative strategy in a short time compared to the complexity of the topics; a year later it was appropriate to revisit and improve the considerations and evaluations of the previous year, based on the experience and results achieved'. P.

The strategic vertical role of the official leader, who had in the meanwhile become the President of the Company, was less directive and transformational than in the past. He appointed, due to his new official role in the Company, a specific steering committee composed of himself and two other senior and experienced executives. These two executives were given responsibility for regular, but less frequent than in the past, control and monitoring tasks regarding the advancements of the Road Map project.

'Initially, his [official leader] presence was much more assiduous in coordination meetings and activities progress. After that, when he began to insert the steering committee between our level and the level of the President, another level of interface, because of his role as President that could influence our choices or our autonomy, I could see a conscious desire to lighten his role, even further stimulating our autonomy'. MM5.

Another middle manager said:

'The leadership of the President in this second phase was characterized by lower support and decreasing directives. The owners of the actions become themselves the leaders of the Road Map project'. MM3.

In this more routine-based context, the President used, in order to sustain CMT members' motivation, exchange behaviour, transactional type-oriented, more attuned to maintenance functions than responding to past crises.

Table 8. Evidences of transactional leadership during the incremental change phase: representative quotations.

Even with the presence of leader/CMT members' exchanges, many of the respondents admitted that transactional behaviour did not play a significant role. This may be due to the fact that, for top managers, economic reward plays a role, although it is not central to those organizational dynamics in respect of the gratification resulting from other forms of intangible rewards, such as the pride of belonging to a solid and effective organization.

'In our company top management is composed of people who are interested in, attracted to and stimulated by their work ... if there is a goal we have to reach ... I am the first to want to know if it is achievable ..., I wish to understand if there is an improvement margin and I would like to exploit it'. TM4.

Due to the previous year's President's effort in the creation and development of a CMT based both on technical and above all relational skills and intensive team-work, the CMT had moreover increased its internal consensus, cohesion (Ensley, Pearson and Pearce, 2003) and trust (Bergman, Rentsch, Small, Davenport and Bergman, 2011), becoming not only more autonomous from the control of the steering committee, but

also more skilled and experienced regarding its tasks, reciprocal role and in general, the Road Map method.

'The team in the first phase was quite weak; there was no fluid communicative exchange, only a formal one. However, there were conditions to team building: we are competent and motivated people that believed in their work. After the first year there was the team in which each one of the members felt fully involved and trusted each other (which is what is happening today)'. TM4.

This described evolution of external and internal factors led CMT members to experience an increasing level of emergent empowerment. Several situations were characterized by extended CMT autonomy and lighter steering committee control. One middle manager said:

'While in the first phase the official leader gave more top-down messages, when we had the review he said 'You make the proposals and then we decide together'. This has further opened our minds. At this time I have already seen this transformation. In the revision phase, there was this new culture'. MM4.

It was not only an informal process, it was also planned through training and coaching aimed to develop CMT members' self-leadership, personal and team skills, finally helping to lead CMT members to lead themselves (Manz and Sims Jr, 1991).

'Over the years, then this aspect of directive leader has progressed diminishing and the figure of the president has been more and more that of a coordinator who gave us the tools, it gave you the inspiration for a job that you had to carry out'. MM5.

Table 9. Evidences of vertical empowering during the incremental change phase: representative quotations.

The empowerment and self-leadership led to the consequent consolidation of the CMT shared leadership for the planning of the improvement activities of the Road Map (Bligh, Pearce and Kohles, 2006). It was a fully shared leadership where every CMT member worked by giving and sharing ideas and objectives in a peer to peer fashion – everyone for his competence area had more autonomy than in previous years. The President worked in CMT more as a primus inter pares than as an official leader, reducing his control role and his direction power, giving the CMT more autonomy. In fact, the CMT discussed together with the President what to do and how to do it for the future, focusing only on refinements to the previous year's objectives and projects, and the proposal of some 'organizational' innovations.

Table 10. Evidences of shared empowering leadership of CMT during the incremental change phase: representative quotations.

'... avoiding silencing people because they had different backgrounds was a risk that we ran and we tried to avoid, because the contribution of a person with a different expertise gives you a point of view on an issue that in some way is the spirit of the Road Map: looking at the same problem but with different eyes'. MM5.

As referred to by one manager, one part of this representative project was the 'Cascade', an official programme implemented in the first months of the incremental phase, aimed at officially communicating to all employees of the company the objectives, method and new culture of the Road Map project and consequently, to actively involve and empower employees in the innovation project by distributing the decision making power about specific tasks from the role position to the competences, where the right skills were, i.e. 'mobilizing the energy from the bottom' (internal documentation). The CMT and the President decided together, as a whole, the schedule and directives about the procedures to follow in the Cascade implementation.

'The CMT [and the President] deemed it necessary to carry out a campaign of information cascade (from the top to the bottom) expressly aimed at spreading the

knowledge of the contents of the project to all staff operating in the company

(approximately 1,300 employees), with the aim of guiding the behaviour of individuals

and promoting the widest possible participation in the achievement of the [incremental

phase] objectives'. P.

The fully shared leadership was, at an implementation level, more empowering: every CMT member worked through their participation in the achievement of the objectives by sharing ideas and skills in a peer-to-peer fashion, each in his competence area, with great autonomy and orientation to problem solving and weakening the control of the steering committee. For example, the CMT used to find solutions to problems that arose on its own, simply keeping the official leader informed at a later date.

One manager interviewed reports:

'I gave technical contributions to the improvement of a particular project (Key

Performance Indicators) of which another colleague was the official leader in order to

find an adequate solution for its effectiveness. Albeit with a longer time than in other

cases, we achieved satisfactory results in the end, solving the problem of calculating

good automatic indicators. The relevant aspect was that we shared this project as being

important; however, we cannot withdraw it, we must find ways to achieve the result'.

TM4.

Another manager said:

'There was an involvement such that I, as owner, was also working with another

owner, who wanted information about my past experience; it was a mixture of the

various project experiences among the various members, and this was nice because we

shared a lot of useful knowledge'. TM2.

Discussion

Considering vertical and shared leadership in the radical change

In the dynamic power-grid environment, the sense of urgency provided by frequent new performance-demanded regulations and new potential technologies (Dean and Carlisle, 1999), triggered the need for change. These external variables, together with a heterogeneous CMT, task complexity and interdependency, required a quick decision-making process (Hmieleski and Ensley, 2007), achievable mainly through a vertical source of leadership. According to the literature, the vertical leader, having the final say (Pearce et al., 2008), represents an effective yet still fundamental source of power in most circumstances in today's organizations.

The integrative vertical leader behaviour was sourced by formal position, between a close approach (Rosing, Frese and Bausch, 2011), directive-type, oriented to give the instructions, objectives, milestones and checks, effective to lead a heterogeneous CMT (Hmieleski and Ensley, 2007), and a more open one, transformation oriented, focused on inspiration, creativity and intrinsic motivation (Bass, 1990) (i.e. the encouragement for the CMT to generate new ideas and questioning existing ways of doing work) that aimed to challenge the status quo and establish an 'ambitious goals' sense through followers' inspiration (DeRue, Barnes and Morgeson, 2010, Cope et al., 2011). This vertical, interwoven polarity was finalized to set *strategic and general purposes* of punctuated change, represented by the introduction of the Road Map project and culture.

Besides a pronounced vertical leadership, we also found an extensive and complementary use of shared decision-making processes. This was something different from the empowerment that requires, in new teams, extended periods of training and

coaching to develop and support autonomy towards self-leading (Carmeli, Schaubroeck and Tishler, 2011, Lorinkova, Pearsall and Sims Jr, 2013).

The shared leadership was fostered by an official leader, in order to overcome his limitations about specific skills and knowledge, through a reduction of his vertical approach and enabling the CMT as a source of solutions and creativity (Pearce *et al.*, 2008) for the articulation and definition of a more specific goal-setting, with the realization of the first version of the Road Map. According to the literature, reliance on position power might undermine the shared sense of purpose, commitment, motivation and finally team consensus necessary to the success of innovation (Pearce *et al.*, 2008), especially if decisions are related to complex and interdependent tasks. In our results, it was a prevailing, if not fully, shared directive approach, where the CMT expertise, more than simply its role position (Pearce, 2004, Leithwood et al., 2007, Friedrich et al., 2009, Fitzsimons, James and Denyer, 2011), together with the official leader's coordination and participation, contributed to set, mutually, the specific objectives of the project (Manz and Sims Jr, 1991, Perry et al., 1999). They reached, as a whole, a synergistic compromise to strategy formation through a reciprocal integration of giving and taking existing knowledge and skills in an innovative ways. The role of the vertical leader in this interplay was a coordination mechanism aimed at integrating newness to the CMT voices and specific competences (Lorinkova *et al.*, 2013). Some key decisions were problematic to take without a shared process and reciprocal exchange of knowledge and objectives, and the shared leadership, sustained and encouraged continuously by the complementary role of official leader was essential to the first Road Map draft.

The shared leadership approach within the CMT was more evident the more the project went through the implementation phase. It was quite unofficial, but emerged

during the CMT episodes of contact, as several contingencies and difficulties arose around the project. Within the CMT, to enact correctly the strategic decision (Raes et al., 2011), the advancement of implementation was discussed with increasing reciprocal enthusiasm and motivation, with an approach similar to a transformational style. The CMT and official leader worked together as peers where an open climate was created by the official leader and fuelled by the CMT in the project. This enabled CMT members to exchange information, acquire knowledge, share values and develop competences that pulled together a progressive, imitative learning (Bandura, 2002).

CMT members and the official leader influenced each other to sustain the change, by supporting the main vision and the challenging of the status quo, ensuring the effectiveness and leading to reaching or rethinking all the objectives set in the strategy phase.

However, we note that in this stage there was a partial shared leadership, continuously fuelled by the vertical leader, which worked according to the specific contingencies, as a peer, giving contributions to the CMT with his knowledge and competences, as an explicit coordination mechanism, giving the rhythm and direction of change to CMT members (Ensley et al., 2003, Lorinkova et al., 2013). Moreover, he was also a facilitator, especially during conflicts, supporting CMT members by using his formal position, to overcome the project impasse giving a complete sense of the direction and integration of the decision making process for which, collectively, the team was responsible (Perry *et al.*, 1999). We found, according to the literature, that without the support of a vertical leader, to develop shared leadership is unlikely. The importance of the vertical leader lies, in fact, in not letting the team enter into chaos by trying to solve dysfunctional conflict in teams, reorganizing the process and fostering shared leadership among members (Rai and Prakash, 2012).

The interplay during the incremental change

During the stage of 'incremental change', different internal conditions (the new role of the official leader as President, the positive past results, the increased CMT experience, commitment and maturity, more defined goals and work procedures), and external dynamics (a more stable environment and a lesser sense of urgency) caused a switch of leadership behaviour both between the official leader and the CMT and within the CMT itself.

The official leader still stimulated motivation of the CMT by pursuing the changing process in a more extrinsic way, through a more defined clarification of the expectations linked to monetary rewards based on the Road Map performance system (Ensley, Pearce and Hmieleski, 2006b). This behaviour was very similar to a transactional leadership style, based on a material contingency leader-member exchange. According to the literature, under stable conditions, leaders should be effective through less redundant and superfluous impulses for further innovation (Hmieleski and Ensley, 2007, Jansen et al., 2009) avoiding the dysfunctional effects of being directive and transformational by stimulating followers to improve current ways of doing things by establishing expectations, standards, and rewards (Jansen *et al.*, 2009).

Moreover, he used a more open approach for taking advantage of the CMT maturity and heterogeneity, by continuously encouraging and supporting empowering, and the consequent development of relational and self-leadership skills (Pearce et al., 2003, Bligh et al., 2006, Srivastava, Bartol and Locke, 2006, Carmeli et al., 2011).

Recent findings highlight that empowering behaviour has shown to be effective, more than directive behaviour, because it should enable decisions to be skilfully performed, especially when a team is mature and developed (Lorinkova et al., 2013).

This integrative approach was finalized to motivate and enable CMT members to continue the innovation effort by progressively working in a more autonomous and shared fashion, making evident a switch in the leadership approach with the progressive replacement of vertical power with a consolidated CMT-shared leadership (Carson et al., 2007, Hoch, 2013).

The CMT worked as an active self-source of power, due to its 'teamness' (Carmeli *et al.*, 2011) and the increasing Road Map culture, which was oriented to work together across organizational boundaries, taking advantage of the synergy and new ideas that came from lateral interactions. It proposed and implemented actions in a more autonomous way, progressively without the direct supervision of Presidential control, even if under the formally approved but diluted control of the steering committee. This was due, particularly, to the established long-term strategy of the first version of the Road Map which gave more proximity to strategy formulation and implementation during the following years (annual planning), where all the strategic decisions were more like proposals for marginal improvements of a continuous type. We found a shared leadership empowering-type, due to a contemporary lighter role of the vertical leader, which was more empowering but less directive and transformational then in the past.

The CMT members could voice reciprocally their opinions in a more autonomous and effective manner, participating fully in the goal implementation, not only by sharing ideas and objectives in a peer-to-peer fashion, but also with great autonomy, for example, in problematic situations, where the CMT was able to find by itself the best solutions, and by keeping the official leader informed.

Conclusion and limitations

Our study makes specific contributions about the interactions between vertical and shared leadership. We found that the leadership approaches and styles analyzed (directive, transformational, transactional and empowering), whilst conceptually and empirically distinct, even if highly related, are complementary sources that shape a constant compromise, according to the contextual demands of the project when facing organizational change.

Today's successful organizations retain some hierarchical elements (Vecchio, Justin and Pearce, 2010) but at the same time, the complex and dynamic environment does not allow leaders to be skilled in all corporate issues. As such, shared leadership and its nuances can be manifest effectively in settings that are intrinsically hierarchical in nature, and the ability to switch from one approach to another, taking into account the different behaviours, can make all the difference in terms of implementing radical and incremental change.

In fact, without switching to shared leadership, as stated by several managers interviewed, it would be impossible to achieve the expected benefits, even if, at the same time, the two main switching processes during the change started from a vertical approach.

The first switch, during the radical change, was after the spreading of the general purpose and long-term vision of the project, through an integrative vertical behaviour (Rosing *et al.*, 2011) made of directive and transformational leadership styles between the official leader and the CMT. This approach enabled and was reflected within the CMT through the use of shared directive leadership for completing the strategy formation and the use of shared transformation for implementing it.

The second switch, during the incremental change, was an integrative vertical behaviour made of transactional and empowering leadership styles between the official leader and the CMT, which enabled and was broadly reflected within the CMT-shared, empowering decision making. In the latter case we found only partial correspondence between the vertical and shared leadership styles. Particularly, as described above, we justify this aspect because probably the transactional behaviour, even though useful, was not strongly felt by the CMT as they did not use it.

Our research presents several limitations. The first is connected to the method. Qualitative analyses are less generalisable for the interpretive role of researchers and limited extension of data. Our findings may also suffer from this limitation even though we tried to limit the distortions through the triangulation of the interviews with corporate official documents, presentations and reports. Second, the longitudinal qualitative analysis meant the boundaries among leadership behaviours were never completely defined, as the line of demarcation among the four styles of vertical and shared approach has never appeared to be clear-cut. However, categories and data have been sufficiently explicative for the purposes of our understanding. Finally, we have limited our analysis to official leader/CMT relationships. Particularly, we have analyzed, at a team level, only the official leader and CMT behaviours during episodes of contact. Further studies could analyse leadership interactions between the top and bottom levels of the organization.

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Table 1. Illustrative categories, codes and examples (Pearce, 2003).

Category	Codes	Example
Directive	Guiding participation Seeking compliance with instructions Command and assigned goal	*The official leader (CMT members) gives (give) me instructions about how to do tasks*
Transactional	Contingent personal reward Contingent material reward	*The official leader (CMT members) sets (set) rewards for me if I perform well*
Transformational	Vision Idealism Inspirational communication Intellectual stimulation Challenging to status quo	*The official leader (CMT members) is (are) driven by higher ideals*
Empowering	Self reward Teamwork Independent action Opportunity thinking Self development Self problem solving	*The official leader (CMT members) give (advise) me a lot of opportunities to face problems*

Table 2. Percentage of selected vertical (V.) and shared (S.) leadership styles coded during the change project

Period	Phase	V.Direct.	V. Transfor.	V. Transac.	V. Empow.	S. Direct.	S. Transfor.	S. Transac.	S. Empow.
First year	Radical strategic	61,48%	48,74%	0%	1,05%	58,46%	41,95%	0%	0%
	Radical implementation	27,78%	33,77%	0%	3,29%	18,92%	37,76%	0%	0%
Second and third year	Incremental strategic	9,81%	7,17%	34,21%	32,34%	20,96%	4,57%	0%	32,79%
	Incremental implementation	0,93%	10,33%	65,79%	63,32%	1,66%	15,72%	0%	67,21%

Table 3. Evidences of vertical directive leadership in general goal-setting: representative quotations.

'Initially the project was characterized by a strong leadership and direction in the conduct of activities by the official leader'. TM1.

'He [official leader] organized an early start for the project according to specific criteria: for example, organizing Saturday morning outdoor meetings, when he has put us in front of a problem with an external environment that we have to dominate, with a result to be achieved, and defined in general terms'. TM4.

'Initially, managers did not like having Sunday meeting convened, but they did not protest, nor did they reveal their discomfort'. MM3.

Table 4. Evidences of vertical transformational leadership in general goal-setting: representative quotations.

'He [official leader] arranged a first meeting in the red room on Saturday. He made speeches that were new to me, about teamwork and showed us movies (such as a climber who reaches a peak or the Trojan horse); he was motivating. These things gave me a feeling of being part of a big company, something that I did not have before'. MM1.

'... so he gave us food for thought and then the CMT tried to turn those stimuli into effective techniques for the Company'. MM4.

'I tried to transfer to my colleague the enthusiasm for change
i.e. a different way of working, as official leader did'. TM1.

Table 5. Evidences of shared directive leadership style of the CMT in specific goal-setting: representative quotations.

'During a meeting we presented all the actions and objectives, because every project had a manager who identified objectives and presented them to the CMT'. TM3.

'Each of us, after realizing what the general aim was, put ideas forward to produce his project, particularly using his experience. We presented the draft of the Road Map after about four months from the start of the change. The official leader made some adjustments to the draft presented [with the specific objectives that we set], because he has a more complete vision'. TM2.

'The ideas of CMT become a project, with time, cost and objectives according to the accurate methodology that the leader injects into the CMT'. MM3.

Table 6. Evidences of shared transformational leadership of the CMT in implementing the change: representative quotations.

'During the implementation step, a constructive competition began (aimed at Company change and innovation) between all members of the CMT. The best ideas for innovation and change became assets of all the CMT'. MM3.

'…[in this step] we [CMT] felt to be more sharing in developing the strategy and then in the realization of tactics to achieve the objectives'. TM3.

'[The official leader] left messages for individuals or the group, and they did switch the light on to provide the technical solutions for a given problem'. MM4.

Table 7. Evidences of vertical-directive and transformational leadership of the official leader to support the implementation of the change: representative quotations.

'I refer particularly to this [first-year implementation] stage, which was marked on the one side by strong leadership from the official leader in guiding and directing this activity'. TM1.

'In that period [first-year implementation] there was the behaviour of a particular leader who motivated, supported, promoted and constructed in order to achieve the overall aim'. TM4.

'... has always been a reference point, if someone was lost, he was always there for him/her'. MM4.

Table 8. Evidences of transactional leadership during the incremental change phase: representative quotations.

'Some of the objectives of the Road Map are entered among the objectives that are awarded annually, in my case, for the year in progress; my project is in the incentive system. This is one more stimulus, that in the past year l did not have'. MM5.

'At the end of the first year the Road Map was entered into the mechanism of annual awards for executives and somehow was associated with a theme of financial remuneration'. TM1.

'[There were] individual rewards; I speak of my own, also related to the actions of the Road Map. I had some tangible rewards from the official leader, even though I was not perceived as a main component'. MM2.

Table 9. Evidences of vertical empowering during the incremental change phase: representative quotations.

'[In this phase] the official leader has a more filtered function of periodic checks on performance; now we are more free with greater autonomy in our choices. Before we were more led by the official leader; now we have a greater sense of responsibility because our choices lead us to locate the path we are going down to submit something to the steering committee'. MM5.

'[in the incremental phase] he saw that we had really metabolized the method, but he always looked at us from the top ... he felt that the method was clear, because we managed to make the operational objective clear in the technical proposals; we were more independent, not only to know the technique, but in applying that technique if it was worthwhile'. MM4.

'I received coaching because, together with the official leader, we had identified certain managerial limits, and we determined the lines of action to improve them. His leadership action was fundamental because as a leader he said: I think we should improve these aspects. This was crucial as I have since drawn a number of benefits in both my managerial and personal life'. TM3.

Table 10. Evidences of shared empowering leadership of CMT during the incremental change phase: representative quotations.

'This was a way of working ... that we welcomed, and in fact it triggered a mechanism of mutual stimulation between us, which followed most directly operational activities and so I think there has been mutual recognition by the group'. MM2.

'The leadership of the official leader is characterized by lower support and increased delegation. In CMT there are some members who are recognized to act independently in the team through forms of mutual support, also to solve the problems as if they were official leaders'. MM3.

'...over time we created a more solid and conscious team, able to contribute to decisions by lessening those required by the official leader'. TM4.