Leadership Effectiveness and Employee Planned Behavior: Exploring the Role of Practical Wisdom Management

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ABSTRACT

Leadership is one of the most crucial factors effecting on the employee behavior in the organizations. The effectiveness of the leaders in multicultural organizations is in associated with newcomers' immigrants' behavior. How these employees adopt the leader and the new environment will influence on their performance. Therefore, the aim of this article is to provide the model for enhancing the effectiveness of the leadership on the employee planned behaviors through mediating moderating effects of the practical wisdom management. The model concludes that in international organizations leaders should be practically wise to be accepted as effective leader in the employee's perception. This acceptance will affect their attitudes, subjective norms and perceived behaviors. These suggestions will help to managers in multinational companies to lead better their immigrant forces in the multicultural situation.

Keywords: *Practical Wisdom Management, Planned Behavior, Multicultural Organizations, Leadership Effectiveness*

Introduction

To date, many studies have been done to help improve the effectiveness of a leader based on Fiedler's 'theory of contingency' on leadership effectiveness (Fiedler, 1964). The majority of these studies have been conducted with the aim of increasing the effectiveness of a leader's activities on employees' behavior and for the ultimate purpose of increasing organizational effectiveness. Some have also tried to enable organizations to exploit minimum expected behavior in the organization

in spite of different leaders and leadership styles (Bruno & Lay, 2008). Other studies, however, show that the acceptance of the leadership styles (Chhokar et al., 2013; Ruiz et al., 2013; Singh & Krishnan, 2007; Torres et al., 2015) which claim that the acceptance of a leader by the staff depends on factors beyond the style, such as the wisdom of a leader, and that any style leaders adopt should be able to enforce the desired changes through changes in employees' behavior. Therefore, the more the leader is accepted by the employees and s/he is more effective in his/her behavioral intentions and understanding employees' attitude, the effectiveness of leadership styles on the employees is ensured and, most probably, the effectiveness of the leadership increases. However, the image of a leader who employs different strategies is perceived differently in different multinational workplace cultures and is not necessarily precise, transparent, and objective, which may, in turn, result in differences in leadership influence on employees (Silverthorne, 2001; Kwantes & Boglarsky, 2007).

The important role of leaders as individuals who direct groups of people and are the source of wisdom for organizations has long been underestimated, if not completely neglected, in previous studies, which could constitute the main reason for their lack of success (Izak, 2013). An important leadership quality that employees desire is wisdom, which is characterized as, to say the least, authentic, spiritual, and transformational leadership that contributes to employees' performance and acceptance of leadership applications (Izak, 2013).

Therefore, from a general perspective, if employees regard their leader as a wise person, their performance, notwithstanding the leadership style or the community culture or personality traits, can improve because employees' perception of the leader's wisdom is a factor that can interfere with, or modify, the impact of leadership styles. In countries such as New Zealand and Australia in particular, with their multicultural diversity and the coexistence of different nationalities and cultures, employees' perception of the effectiveness of leadership, due to their diverse cultural backgrounds, can be even more important.

The proposed model, therefore, aims to, first, explain the prevalent understanding of immigrants and indigenous people of wisdom in a common framework and then examine the effect of this wisdom, along with leadership activities, on employee's planned behavior. Its results can benefit the leadership of international/multicultural organizations and reduce intercultural differences in understanding effective leadership. It can also fill a gap in the systematic knowledge of cultures among academic researchers and executives (Lakshman, 2013).

Literature review
Leadership effectiveness
Probably, all previous research on leadership has been based on the assumption that leadership efforts would be effective and the contingency theories of leadership, such as Fiedler's theory, the theories of Path-Goal, and the situational leadership, could be considered the stepping stone that, in contrast to behavioral theories, correlates the effectiveness of leadership to the leaders and situational variables. However, there is not a consensus on the variables that determine the effectiveness of a leader (Van Knippenberg & Hogg, 2003), for leadership does not consist merely in what the leaders think but in understanding that employees are an important factor in the overall effectiveness as well (Dabke, 2016). In other words, effective leadership can incite and motivate

the followers to cooperate with a leader (Chemers, 2001; Yukl, 2001). Although in recent studies, the effectiveness of charismatic and transformational leadership on employees has been proven, the problem is that these studies largely, and exclusively, focus on the behavior of leaders (Kark et al., 2003) where as many factors beyond the leaders such as organizational culture and organizational environment (Almutairi & Alenezi, 2021) have impact on leaders effectiveness in the same time with internal factors such as psychological and spiritual workplace (Riasudeen & Singh, 2021). At the same time, new research shows that factors such as international experience (Lu, 2018), different cultures (Yan & Hunt, 2005), and even leaders' self-sacrifices (Van Knippenberg & Van Knippenberg, 2005) play an important role in the effectiveness of leadership. These categories are studied as two distinct task-related and person-related approaches (Vaculik et al., 2014; Battilana et al., 2010), though the same results are not reported for immigrant and native employees, which could be attributed to their different cultures. Holten et al. (2018) found that natives and immigrants in Denmark were not different in their perception of transformational leadership and concluded that this type of leadership does not change the outflow of immigrants, unlike that of native employees, and applying a combination of global and contingency approaches to lead different workforces is more preferable.

According to recent developments in the leadership theory, effective leadership consists in managers' ability to cope with paradoxes and contradictions through performing multiple (and potentially competing) leadership roles simultaneously (Kayworth & Leidner, 2002). It also demands an ability to display a varied and complex set of behavioral repertoires in response to complex organizational circumstances (Denison et al., 1995; Hooijberg et al., 1997).

Leadership success is not guaranteed if the leader merely chooses successful tactics. As a matter of fact, the ability, and flexibility, to change tactics and reasoning based on the different requirements increases the impact of his actions. Furthermore, the perception employees have of the characteristics of a leader can have an impact on his effectiveness and may justify why different results are obtained from different studies on the effectiveness of leadership based on gender and culture (Paustian-Underdahl et al., 2014). This ability can be called leadership wisdom. Wisdom has been an outstanding quality in great leaders throughout history and followers, depending on their understanding of the wisdom of leaders, have chosen to follow such leaders and training it in management fields can be of considerable benefit (Kuepers & Pauleen, 2015).

The organizational wisdom theory
Wisdom is a rare human quality that is difficult to understand and to be operated and its complicated nature is costly and time-consuming to study (Sternberg, 2004). According to Keung (2011), it is a multifaceted concept, many of which vary according to the general orientation of researchers in different times, locations, and cultures. The concept of wisdom and the application of wisdom as the framework of practical wisdom to manage societies and multicultural organizations is not limited to a particular period or culture and have been transferred from one territory to the other and whether explicitly or implicitly depending on their conditions (Ardabili & McKenna, 2020).

Holliday and Chandler (1986), in their attempt to develop a prototype for a wise person, proposed an implicit-theoretical approach in their early study. They proposed a wisdom prototype

that reflected five important components by analyzing one factor of the following ratings: exceptional understanding, judgment and communication skills, general competencies, interpersonal skills, and social unobtrusiveness (Limas & Hansson, 2004).

According to Intezari & Pauleen (2013), a wise person has the power of imagination, decision making, and taking proper action when faced with unknown and emergent situations that require practical sensibility and a kind of improvisation. According to Sternberg's 'balance theory' (1998), a person is wise if s/he uses intelligence, creativity, and experience by considering values in a successful way in order to: a) look for and find benefit and common good, b) balance intrapersonal, interpersonal, and extra-personal (organizational/institutional) interests in the short and long term, and c) adapt, form, and select environments. A wise person has not only good and right beliefs but also uses his own understanding and insight into the practical application of those beliefs.

Some scholars emphasize the practical nature of wisdom. McKenna et al. (2009) define wisdom as a set of five principles to be used as a meta-theoretical or a priori construct. Each of these five principles is to be balanced by wise leaders and managers in their day-to-day practice simultaneously. Intezari and Pauleen (2018) believe that wisdom manifests itself in the speculations of reflection and judgment and proposes practical wisdom. Practical wisdom combines knowledge and virtue to bring employees, managers, and organizations into the right decisions (Mahdavi et al., 2020). Practical wisdom also requires "the ability to judge correctly the important but vague things of life" and is strongly dependent on morals, judgment, insight, intuitive understanding, creativity, and other superior forms of human reasoning and understanding (Rooney & McKenna, 2007).

Wink and Helson (1997), on the other hand, tried to assess wisdom through a standardized self-administered scale that combined the adjectives 'cognitive', 'reflective', and 'mature' from the Adjective Check List (ACL). They compared it with wisdom ratings based on respondents' examples of the development of their own wisdom, which they labeled "transcendent wisdom" and called this component "practical wisdom". For a high rating on transcendent wisdom, the statement needs to be abstract (transcending the personal), insightful (not obvious), and an integration of thought and affect and philosophical/spiritual depth are needed to express the key aspects of wisdom, such as a recognition of the complexity and limits of knowledge.

Most of the instruments measuring wisdom, do not consider the multicultural background of persons: Bremen Wisdom Paradigm, Grossmann's wise-reasoning approach, the Three-Dimensional Wisdom Scale, the Self-Assessed Wisdom Scale, and the Adult Self-Transcendence Inventory (Gluk, 2019). None of these tools, however, provide a common international understanding with a multicultural background of the practical wisdom of a leader or manager and each only emphasizes specific attributes that vary according to the cultural and sample population of research.

Planned behavior

In today's world of fast-paced transformation, managing decision-making has gained increasing significance but key factors such as changing programs and implementing new ones go far beyond that (Battilana et al., 2010). Implementation of such a program involves co-operation from the workforce in order to enforce new changes. The theory of planned behavior underlines the

relationship and correspondence between one's beliefs and their behavior (Ajzen, 1991) and is rooted in Nomern Anderson's Information Integration Theory (1971) and Fischbone and Ajzen's Reasoned Action Reaction Theory (1980). In the first theory, there are three stages of valuation, integration, and response. The individual evaluates the received information, integrates them, and responds to the situations in real time. Combining these steps with Reasoned Reaction Theory, in fact, forms the theory of planned behavior that consists of the three aspects of attitudes, norms, and perceived behavior control (Ajzen, 1991), and leads from intention to behavior. Theory of planned behavior is considered as a conceptual framework to explain and predict human behavior (La Barbera & Ajzen, 2021). Therefore, a leader's effectiveness in planned behavior can be demonstrated through these aspects. In spite of the importance of this theory in shaping human behavior, its application to leadership studies is less discussed. However, it can serve as a benchmark for the effectiveness of leadership. In fact, effective leadership can achieve the desired changes and goals by changing attitudes, norms, and behaviors. Influencing these aspects, however, requires a good understanding on the side of the leaders. The wisdom of leaders includes variables that can be effective in shaping employees' norms and attitudes towards their decisions.

The theory of planned behavior can also facilitate organizational changes by making use of multinational forces. A diverse workforce with a multicultural background has diverse perceptions and attitudes. Moreover, due to the increasing importance of teamwork in today's organizations, they should be able to work together towards predetermined organizational goals under a single leadership, while simultaneously contributing to organizational change and help formulate appropriate group norms (Jimmieson et al., 2008). Although numerous studies have been conducted on the effects of different leadership styles on employee attitudes (Jensen & Luthans, 2006; Choi, 2011; Jia et al., 2007), it is still largely unclear what kind of relationship there is between the wisdom of a leader and the planned behavior and which dimensions of the formation of behavioral intentions will be affected by the wisdom of leaders.

Proposed model

Based on the mentioned description, the research model is summarized as follows. In this model, leadership effectiveness has a positive and significant effect on the employees' behavioral intentions. This effectiveness can be moderated by the leader's wisdom. Identification of the most affected dimensions of employees' behavioral intentions will also be further investigated in this model. According to the reviewed related literature, practical wisdom of a leader has a positive and significant impact on the indigenous and immigrant (both novice and experienced) workforce.
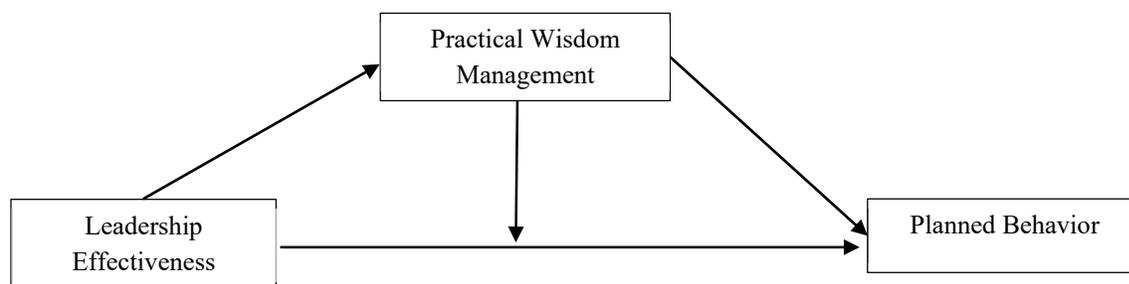
Conclusion

Numerous studies have been carried out on leadership styles and effectiveness. However, few have been done that would benefit the leaders of multinational organizations with multicultural employees, i.e. organizations with immigrant and indigenous workforce Different organizations take different leadership approaches. On the other, the workforce in some countries who include old and newly arrived immigrants and indigenous employees and the employees tend to have different perceptions regarding leadership wisdom. The main reason can be attributed to impact of national culture and the leaders' personality (Yan & Hunt, 2005; Silverthorne, 2001). Newly arrived employees also perceive leadership effectiveness differently from the local staff.

The suggested model will help to address, and to answer, some of the questions in leadership styles and effectiveness in the context of multicultural organizations. It can also reconcile the contradictory results of the previous research on leadership effectiveness and introduce a new paradigm on the requirements of effective leadership. For example, a leadership style that draw on both contemporary/modern findings as well as on the indigenous wisdom is more likely to be effective in a multicultural context.

It can further help managers enhance the effect of leadership behaviors on employees. The results of this study will be most useful for multicultural contexts, in particular in multinational companies and countries.

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Conflict of Interests

No, there are no conflicting interests.

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