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Further Specification of the Leader Political Skill – Leadership Effectiveness Relationships:  
Transformational and Transactional Leader Behavior as Mediators

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### Abstract

The present investigation was a three-source test of the intermediate linkages in the leader political skill – leader effectiveness and follower satisfaction relationships, which examined transformational and transactional (i.e., contingent reward behavior) leader behavior as mediators. Data from 408 leaders (headmasters) and 1429 followers (teachers) of state schools in the western part of Germany participated in this research. The results of mediation analyses, based on bias-corrected bootstrapping confidence intervals, provided support for the hypotheses that political skill predicts both transformational and transactional leader behavior, beyond other established predictors, and that transformational and transactional leader behavior mediate the relationships between leader political skill and leadership effectiveness. The contributions to theory and research, strengths and limitations, directions for future research, and practical implications are discussed.

Key words: Leader political skill, transformational and transactional leader behavior, leadership effectiveness, follower satisfaction

Further Specification of the Leader Political Skill – Leadership Effectiveness Relationships:

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Political perspectives on organizational behavior were introduced more than three decades ago, through independent work by Pfeffer (1981) and Mintzberg (1983). Interestingly, common to their separate approaches is the political skill construct, which they both characterized as key to influence and effectiveness. A decade and a half later, in their review of the leadership field, House and Aditya (1997) appealed for more theory and research focusing on politics, influence, and leadership. Ammeter, Douglas, Gardner, Hochwarter, and Ferris (2002) responded to this call by developing a ‘political theory of leadership,’ which drew upon and revived the original work of Pfeffer and Mintzberg, and focused on political skill as a foundational construct. Furthermore, in 2004, *The Leadership Quarterly* published a special issue on political approaches to leadership, much of which also focused on leader political skill, and the way it operates to exercise influence and achieve effectiveness.

Political skill is defined as “the ability to effectively understand others at work, and to use this understanding to influence others to act in ways that enhance one’s personal and/or organizational objectives” (Ferris, Treadway et al., 2005, p. 127), and is reflective of “a comprehensive pattern of social competencies with cognitive, affective, and behavioral manifestations” (Ferris, Treadway, Perrewé, Brouer, Douglas, & Lux, 2007, p. 291). As such, political skill has been argued to possess dispositional antecedents, but also can be shaped and developed through socialization and training (Ferris et al., 2007). Thus, whereas political skill’s dispositional variance tends to be more stable, the situational variability can be influenced via experience, practice, and training. Numerous studies have examined the validity of the political skill construct, establishing strong evidence for its criterion-related, discriminant, and convergent validities (for a recent comprehensive review, see Ferris, Treadway, Brouer, & Munyon, 2012).

To date, we see continued interest in, and research activity on, political perspectives of leadership and organizations, and some empirical work has investigated the direct effects of leader political skill on leadership effectiveness (Ahearn, Ferris, Hochwarter, Douglas, & Ammeter, 2004; Douglas & Ammeter, 2004; Moss & Barbuto, 2010; Semadar, Robins, & Ferris, 2006). However, although behavioral intermediate linkages between leader political skill and outcomes have been proposed and discussed (Ferris et al., 2012; Ferris et al., 2007), such mediating variables have not been empirically investigated to date, despite appeals to do so (i.e., Ahearn et al., 2004; Ammeter et al., 2002; Hall, Blass, Massengale, & Ferris, 2004; Treadway, Bentley, & Williams, in press; Treadway, Hochwarter, Ferris, Kacmar, Douglas, & Ammeter, 2004).

In the recent trait-behavioral conceptualization of leadership proposed by DeRue, Nahrgang, Wellman, and Humphrey (2011), leader traits and characteristics (i.e., a category that includes both dispositional traits and acquired skills and knowledge) were classified into three categories (i.e., demographics, those related to task competence, and interpersonal attributes) and leader behaviors into four categories (i.e., task-oriented, relational-oriented, change-oriented, and passive). Within this conceptualization, the authors positioned political skill as one of the interpersonal leader attributes believed to serve as a predictor of leadership effectiveness through its impact on leader behaviors, including transformational and transactional leader behavior.

Despite decades of research on transformational and transactional leadership, there is still much to learn about their antecedents (Bass & Bass, 2008). Though more recent efforts have examined the effects of stable, trait-like characteristics of both transactional and transformational leadership (e.g. Hannah, Avolio, Walumba, & Chan, 2012), much of the empirical work to date has focused on the link between personality and transformational leadership. Judge and Bono (2000) found that the factors of Extraversion and Agreeableness

were positively related to transformational leadership, and Lim and Ployhart (2004) also found Agreeableness to be positively related to transformational leadership and negatively related to Neuroticism, but found no significant relationship with Extraversion. These findings suggest the presence of stable trait influences on transformational leadership behaviors. However, the mixed results indicate the need for further research regarding what individual traits and stable characteristics predict transformational leadership.

Political skill represents such a characteristic, and leaders who possess it combine social astuteness with the capacity to adjust and adapt their behavior to different situational demands in a way that inspires trust and support, controls and influences others' responses, and appears genuine and sincere. Such leaders reflect a sense of personal security and calm self-confidence that attracts others and gives them a feeling of comfort. This self-confidence is measured and never goes too far such that it might be perceived as arrogance, but is seen as a favorable attribute.

Therefore, those high in political skill are not self-absorbed, because their focus is outward toward others (Ferris et al., 2007; Ferris et al., 2012). This permits such leaders to maintain proper perspective and balance, and also to ensure that they monitor their accountability to both themselves and to others, and they impose reasonable levels of accountability on their followers for appropriate work behavior (Smith, Plowman, Duchon, & Quinn, 2009). Such behaviors of politically skilled leaders appear to manifest themselves in two distinct categories of leader behavior: transformational (e.g., relationship building with followers) and transactional leader behavior, with specific reference to contingent reward behavior (e.g., clear goal specification and rewards contingent upon goal achievement) (Yukl, 2012).

In the original formulation of his theory, Bass (1985) argued that transformational and transactional leader behaviors were in fact distinct, but he did suggest that the same leaders

might employ both types of leader behavior in different situations and/or at different times. Subsequently, Waldman, Bass, and Yammarino (1990) hypothesized that the most effective leaders were those that used both transactional and transformational behaviors. Continuing with this conceptualization, we argue that politically skilled leaders use both transactional (i.e., contingent reward) and transformational behaviors because they simultaneously focus follower attention on the immediate tasks at hand to be accomplished to ensure regular progress toward goal attainment, but at the same time, inspire and maintain an ongoing larger vision that can embrace innovation and change at a higher level.

Although a growing body of research demonstrates that political skill is associated with leadership effectiveness, the field still lacks understanding about how political skill makes leaders more effective. Further, although it has been shown that transactional and transformational behavior can be exhibited by the same leader (Waldman et al., 1990), the field still lacks understanding about how this occurs. Our study contributes to theory and research in leadership by arguing that politically skilled leaders are effective because they can select appropriate behaviors (i.e., transactional or transformational), that address the needs of followers in the right way, at the right time. This helps to explain the relationship between political skill and leadership effectiveness, and also indicates how transactional and transformational leader behaviors can be demonstrated by the same leader.

This investigation specifically tests the hypothesized model (see Figure 1), which suggests that leader political skill – leadership effectiveness (i.e., leader effectiveness and follower satisfaction) relationships are mediated by both transformational and transactional (i.e., contingent reward behavior) leader behavior. This study also employs the theoretical notions that specify political skill, behavioral manifestations, and effectiveness outcomes (Ferris et al., 2007).

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As such, this investigation incorporates recent work on political perspectives on leadership, as well as recent works suggesting that leader behaviors mediate the relationships between leader traits and characteristics and leadership effectiveness (e.g., Ammeter et al., 2002; DeRue, et al., 2011). Additionally, this study contributes to leadership theory by identifying a stable trait (i.e., political skill) that predicts transactional and transformational leader behavior beyond previously established individual personality factor predictors.

#### Background, Theory, and Hypothesis Development

In prior theory and research on social influence and organizational politics, various types and mechanisms of research well specified, providing an indication of the 'what' of influence (for reviews, see Ferris & Hochwarter, 2011; Ferris, Hochwarter, Douglas, Blass, Kolodinsky, & Treadway, 2002; Higgins, Judge, & Ferris, 2003; Jones, 1990). However, absent in such discussions were analyses of how particular influence tactics were selected for use differentially, based upon the accurate reading and diagnosis of the situational context. Even more critical to influence success, Jones (1990) argued that we know almost nothing about the interactive style component that he suggested largely explained the success of such influence efforts (i.e., the notion that one cannot simply exhibit an influence tactic or behavior and expect it to result in influence effectiveness; it has to be executed and delivered with appropriate savvy, style, and astuteness to be effective).

In essence, Jones (1990) argued that such omissions left a large part of social influence processes and their effectiveness unexplained. Political skill has been suggested to be that missing piece in social influence theory, and the Ferris et al. (2007) theoretical perspective on social/political influence in organizations more specifically characterized how

political skill operates, and the roles it plays in interpersonal influence processes in organizations.

*Theoretical Perspective on Social/Political Influence in Organizations*

Ferris et al. (2007) proposed a theory of social/political influence in organizations which focuses on the political skill construct, how it operates, and how it influences both self and others in ways that manage shared meaning (i.e., employing the definition of influence/politics proposed by Ferris & Judge, 1991). Also, Ferris et al. argued for political skill's capacity to effectively deploy, utilize, and leverage personal and social resources in ways that exercise influence over self and others, and result in personal and organizational effectiveness.

Politically skilled individuals are socially and self-aware and reflect the capacity to form accurate perceptions of both their own and others' behaviors (social astuteness), which enhances their influence effectiveness (Ferris et al., 2012; Ferris, Treadway et al., 2005; Ferris et al., 2007). Furthermore, those high in political skill have the ability to diagnose situations in ways that permit them to select the most situationally appropriate behaviors to exhibit in order to elicit the desired responses (interpersonal influence). Such adaptability also increases their effectiveness at influencing others.

Additionally, politically skilled individuals tend to be skilled at forging friendships, building coalitions and useful alliances, and building relationships (networking ability), all of which vest such individuals with a great deal of contacts, information, and social support (e.g., Ferris et al., 2007). Finally, politically skilled individuals appear to others to be genuine and authentic, and to operate with high levels of integrity (apparent sincerity) (Ferris et al., 2012).

*Leader Political Skill and Leadership Effectiveness*

Balkundi and Kilduff (2005) recently argued that what characterizes effective leadership in organizations actually is the accurate perception and reading of social relationships. Political skill enhances individuals' abilities to accurately read and understand

employees and the social context at work, permitting such leaders to connect with followers and build relationships in unique and effective ways. Therefore, leader political skill should contribute to leadership effectiveness, which has been shown using objective measures of performance (Ahearn et al., 2004) as well as with ratings of managerial performance from performance reviews by leaders' superiors (Semadar et al., 2006).

Leadership effectiveness outcomes also can be operationalized using subordinate appraisals (Bass & Bass, 2008), which can include follower assessments of leadership effectiveness as well follower assessments of their own satisfaction (e.g., DeRue et al., 2011; Yukl, 2012). In the present investigation, followers both rated the effectiveness of their leaders, and also reported on their own satisfaction to constitute the two leadership effectiveness outcomes variables.

Politically skilled leaders possess the behavioral flexibility and social astuteness needed to respond to the unique motivations and needs of their employees. The result of this flexible and tailored approach of politically skilled leaders is positive follower attitudes, which positively impact follower ratings of both leadership effectiveness and job satisfaction, and empirical research has supported this argument. For example, Douglas and Ammeter (2004) found that leader political skill positively impacted leadership effectiveness using follower ratings of unit performance and follower ratings of leader effectiveness. Similarly, Treadway et al. (2004) found that leader political skill positively impacted follower ratings of trust in management and job satisfaction, while lowering reports of organizational cynicism. Despite this empirical support from prior research for the positive impact of leader political skill on ratings of leadership effectiveness, still missing are tests of the potential mediating factors that help explain how leader political skill operates to enhance leadership effectiveness.

*Transactional and Transformational Leader Behavior as Mediators*

Transactional and transformational leader behavior are considered to represent active leadership styles, which have been argued to require both cognitive and behavioral skills to employ effectively (Bass & Avolio, 1997). Further to this point, Avolio (2002) argued that active leadership styles require that leaders possess the ability to read and understand complex and dynamic situations in order to determine which leadership behaviors are most appropriate. This indicates that effective leadership requires a distinct set of leadership behaviors and skills, not just a certain personality type.

Unlike personality perspectives on predicting leadership, the Ferris et al. (2007) theory of social/political influence added the cognitive/behavioral/affective construct of political skill, whereby leaders are argued to be able to influence by intentionally selecting effective behaviors based on the present circumstances, available resources, and intended outcomes, and by demonstrating such behaviors in ways that bring about influence and effectiveness. For example, politically skilled leaders provide vision, inspiration, and motivation to followers, they empower followers by instilling values and sharing leadership, they build connections and effective relationships with followers, and they articulate clear goals and hold themselves and followers accountable for goal attainment by making resources, support, and other rewards contingent upon performance and goals being achieved (Ferris et al., 2007).

We argue that politically skilled leaders, because of their social astuteness, are able to accurately interpret situations and determine the appropriate behaviors. Effective leadership requires more than just the knowledge that rewarding goal achievement or appealing to a desire for inspiration is the appropriate behavior. Effective leadership also requires the ability to demonstrate and execute such behaviors skillfully, genuinely, and convincingly. Politically skilled leaders possess the interpersonal influence and apparent sincerity to do so.

The major point of our study is to investigate transactional and transformational leader behaviors as mediators between leader political skill and leadership effectiveness. As a

requirement for the hypothesized dual mediation, leader political skill must contribute directly to transactional and transformational leadership. As previously noted, although transaction and transformational leadership have been the focus of numerous empirical studies, very few have examined antecedents of these leader behaviors (Avolio & Bass, 1995; Bass & Bass, 2008; Hannah et al., 2012). Thus, an additional aim of our study is the identification of an additional personal characteristic of leaders that predicts transactional and transformational leadership behaviors beyond the personality traits (i.e., the “Big 5”) previously identified through empirical investigations (e.g., Judge & Bono, 2000).

Our research model suggests that leader political skill precedes and contributes to leader effectiveness and follower satisfaction through transactional and transformational leader behavior (i.e., in addition to the effects of leader personality). Leaders high in political skill can interpret social interactions well, and reflect the ability to adapt their behavior to fit specific situations to elicit responses necessary for goal attainment (i.e., leadership effectiveness). This combination of social astuteness and interpersonal influence suggests that politically skilled leaders will be able to understand the needs of followers, and correctly identify the types of leader behaviors (i.e., transactional or transformational) most appropriate for the situation.

*Transactional leader behavior.* Transactional leadership is conceptualized as the exchange relationship between leaders and their followers (Burns, 1978). Its factors include the laissez-faire leadership, management by exception (both passive and active), and contingent reward behavior (Bass & Bass, 2008). Although contingent reward behavior repeatedly has been associated positively with leader effectiveness, the other behavioral dimensions associated with transactional leadership frequently have failed to demonstrate a significant relationship with leader effectiveness (Lowe, Kroeck, & Sivasubramaniam, 1996). Because our primary study goal was to explain further the mediating mechanisms in the

political skill-leadership effectiveness relationship, we focused on the contingent reward (i.e., clear goal specification, accountability, and rewards contingent upon performance and goal achievement, Yukl, 2012) dimension of transactional leadership.

Waldman and colleagues (1990, p. 382) argued that some leaders “realize the importance of maintaining tangible transactions with followers as a basis of effective leadership.” Thus, to achieve their own objectives and those of the organization, leaders may choose to focus on satisfying the needs and desires of their followers through the exchange of rewards for performance (Burns, 1978). These rewards may be either psychological (e.g. positive feedback, praise, and approval) or tangible (e.g., promotion, raise, and bonus) (Bass & Bass, 2008). Leaders engaging in contingent reward behavior recognize the needs and desires of followers, and clarify for followers how their needs and desires can be met through rewards contingent upon adequate performance of the followers’ work roles (Waldman et al., 1990). Crucial in this exchange is leaders’ ability to obtain agreement with followers regarding the distribution of rewards for performance, as well as leaders’ access to the rewards for disbursement (Bass & Bass, 2008).

Politically skilled leaders have been shown to lead by example, set challenging goals, hold employees accountable, and incentivize employees to achieve those goals by linking goal attainment to reward outcomes (Ferris et al., 2007; Smith et al., 2009). These behaviors of politically skilled leaders appear to manifest themselves in contingent reward behavior. We argue that leader political skill positively predicts contingent reward behavior. Politically skilled leaders have the social astuteness that enables recognition of follower needs and desires, their interpersonal influence ability helps them to obtain agreement from followers to perform tasks in exchange for rewards, and their apparent sincerity allows leaders to interact with followers in a genuine manner that assures followers that effective performance will result in rewards. Finally, because of their networking ability, politically skilled leaders have

the ability to build and foster relationships with influential others. This provides politically skilled leaders with access, either directly or indirectly, to the resources needed to provide rewards to followers. Thus, political skill is a stable trait/characteristic that positively predicts contingent reward behavior.

Further, we argue that political skill predicts contingent reward behavior beyond the effects of leader personality traits. During the recent “renaissance” of trait-paradigm leadership research (Antonakis, Day, & Schyns, 2012), personality factors – namely the “Big Five” of extraversion, agreeableness, openness to experience, emotional stability, and conscientiousness – have received considerable attention in the prediction of leadership effectiveness (Judge, Bono, Ilies, & Gerhardt, 2002). However, Guion (1998) argued the relevance of social skills at work, and several scholars (e.g., Ferris & Judge, 1991; Ferris, Munyon, Basik, & Buckley, 2008) have argued that most jobs are embedded within a social context. Further, Hogan and Kaiser (2005) have noted that people have always existed in social groups, and leadership long has been referred to as the management of these social situations (Smith, 1935), and as a transaction between followers and leaders (Eagly & Chin, 2010).

Recent trait-based conceptualizations of leadership have argued that personality represents a more distal predictor of leadership effectiveness, and that social skills represent more proximal predictors (Zaccaro, 2007). Political skill is such a social effectiveness construct (Ferris et al., 2007), and has received support as a stronger and more proximal predictor of work outcomes (Blickle et al., 2011). Thus, we argue that political skill will predict contingent reward behavior when controlling the more distal personality variables of extraversion, openness, agreeableness, and emotional stability.

Finally, Baron and Kenny (1986, p. 1173) argued that a mediator variable “represents the generative mechanism through which the focal independent variable is able to influence the dependent variable of interest.” Leader traits, political skill included, do not automatically result in leader effectiveness. Thus, explaining the mechanism through which the focal variable of political skill impacts leader effectiveness requires the inclusion of “actual behaviors that result as a function of the leader’s traits” (DeRue et al., 2011, p. 20).

Specifically, follower ratings of leader effectiveness and job satisfaction would not be expected to increase as a direct result of leader political skill, but rather as a result of the demonstration of appropriately selected and executed behaviors. Political skill enables leaders to recognize when followers desire outcome and goal specification for task performance, and therefore manifests in the appropriate and effective execution of contingent reward behavior. Thus, contingent reward behavior, known to positively predict leader effectiveness, represents the behavioral actions that help to explain why and how politically skilled leaders effectively influence follower outcomes. Therefore, we hypothesize the following:

*Hypothesis 1a.* Leader political skill positively predicts transactional leader behavior (i.e., contingent reward behavior), beyond the prediction by the personality traits of extraversion, openness, agreeableness, and emotional stability.

*Hypothesis 1b.* The relationship between leader political skill and leader effectiveness is mediated by transactional leader behavior (i.e., contingent reward behavior).

*Hypothesis 1c.* The relationship between leader political skill and follower satisfaction is mediated by transactional leader behavior (i.e., contingent reward behavior).

*Transformational leader behavior.* Whereas transactional leadership is focused on the exchange relationship between leaders and followers, transformational leadership moves beyond these immediate self-interests (Bass, 1999). Transformational leaders engage

followers by crafting and communicating a compelling vision (inspirational motivation), seeking alternative perspectives from followers (intellectual stimulation), emphasizing the greater good of and for the group (idealized influence), and considering the individual needs of followers (individualized consideration) (Bass, 1985; Bass, 1999; DeRue et al., 2011).

Upon its initial introduction to the literature, transactional and transformational behaviors were argued to represent opposite ends of the same leadership continuum (Burns, 1978). However, subsequent leadership scholars have argued that although transactional and transformational leadership are distinct constructs, actually they are compatible, and that both could be displayed by the same leader (Bass, 1985; Waldman et al., 1990). Further, results often have found a hierarchy demonstrating that transformational leadership is more effective than contingent reward behavior (Bass & Bass, 2008), indicating that “contingent-reward behavior can be viewed as the basis of effective leadership, and charismatic leadership can be viewed as adding to that base for greater leader effectiveness” (Waldman et al., 1990, p. 384).

Over the past two decades, transformational leadership has received a considerable amount of the leadership research attention. Transformational leadership is characterized as the most active and effective form of leadership (Bass & Avolio, 1994), which appeals to followers by providing a sense of purpose and mission, improving self-awareness, and articulating vision that inspires followers toward a common goal (Lowe et al., 1996). The positive link between transformational leadership and performance has been supported consistently. As leaders increase the use of transformational leader behavior, followers increase their level of extra-role behaviors (Wang, Law, Hackett, Wang, & Chen, 2005), task performance (Kirkpatrick & Locke, 1996), and innovation (Keller, 2006). Furthermore, transformational leader behavior is positively related to ratings of leader effectiveness and work unit performance (Judge & Piccolo, 2004; Lowe et al., 1996).

Although transformational leadership behaviors frequently are conceptualized as change related, the results of the DeRue et al. (2011, p. 38) meta-analysis “clearly indicate that transformational leadership has a significant relational component to it.” This is not surprising, given the established theoretical and empirical link to the interpersonal attributes of Agreeableness and Extraversion (Judge & Bono, 2000). These findings suggest the merit of evaluating additional social and relational effectiveness constructs, such as political skill, as antecedents of transformational leader behavior. Some conceptual research has highlighted the contributions of impression management to transformational leadership (Ammeter et al., 2002), and some empirical research (Sosik, Avolio, & Jung, 2002) found that impression management contributed to charismatic leadership, which is a component of transformational leadership.

Politically skilled leaders provide vision, inspiration, and motivation to followers, they empower followers by instilling values and sharing leadership, and they build connections and effective relationships with followers (Ferris et al., 2007; Treadway et al., 2012). Such behaviors of politically skilled leaders appear to manifest themselves in the category of transformational leader behavior (i.e., vision articulation, empowerment and motivation of followers, and relationship building with followers, Yukl, 2012). We argue that political skill positively predicts transformational leadership, as combinations of its dimensions (i.e., interpersonal influence, apparent sincerity, social astuteness, and networking ability) allow leaders to behave transformationally (i.e., demonstrate charisma and individualized consideration, and intellectually stimulate and inspirationally motivate followers).

For example, intellectual stimulation requires that leaders help make their followers more creative and innovative (Bass & Bass, 2008). This necessitates that leaders persuade followers to think through situations prior to action and to think beyond the current and common conceptualizations. Intellectually stimulating leaders encourage followers to think

beyond the initial outcome, and to plan for unexpected consequences of success (Bass & Bass, 2008). This requires a leadership style that generates an environment welcoming of new ideas and different opinions. Politically skilled leaders accomplish this through a combination of apparent sincerity and interpersonal influence, convincing followers to brainstorm and generate novel solutions to problems in a manner that demonstrates that the cognitive conflict necessary to innovate genuinely is appreciated.

Further, theory dictates that transformational leaders demonstrate individualized consideration by attending to the individual differences of followers, by listening effectively, and by establishing a supportive climate (Bass & Bass, 2008). Politically skilled individuals are experts at building and maintaining close relationships (Ferris et al., 2007; Ferris et al., 2012). Politically skilled leaders are able to do so because of their social astuteness and apparent sincerity. Social astuteness allows politically skilled leaders to recognize differences in follower needs and apparent sincerity allows them to interact with followers in a manner that establishes trust and demonstrates genuine concern for followers. Thus, political skill is a stable trait/characteristic that positively predicts transformational leader behavior.

Further, we argue that political skill predicts transformational leadership beyond the effects of leader personality traits. As described in the previous section, leader personality traits – the “Big Five,” in particular (e.g., Judge et al., 2002) – have received much of the attention during the resurgence of trait approaches to leadership (Antonakis et al., 2012). Specifically, Judge and Bono (2000) found extraversion, agreeableness, and openness to experience to be positively related to transformational leadership.

However, the relevance of social skills at work have been thoroughly argued (Ferris & Judge, 1991; Ferris, Munyon, Basik, & Buckley, 2008; Guion, 1998), and the long-held notion of leadership as the management of social interactions (Smith, 1935), combined with

recent trait-based conceptualizations of leadership (Zaccaro, 2007) position personality as a more distal predictor, and social skills (e.g., political skill) as more proximal predictors of leadership. Thus, we argue that political skill will be a stronger predictor of transformational leadership behavior, even when controlling for the personality variables of extraversion, openness, agreeableness, and emotional stability.

Again, follower ratings of leader effectiveness and job satisfaction are argued to be a result of the expression of situationally appropriate behaviors. Thus, political skill is argued to affect these outcomes through its manifestation in transformational leader behavior. For example, political skill enables leaders to identify when and how to encourage followers to take on challenging assignments, to demonstrate to followers that their needs are being considered, and to align follower beliefs and behaviors with unit or organizational vision. Thus, transformational leadership, known to positively predict leadership effectiveness beyond transactional leadership, captures the behavioral actions that help to explain why and how politically skilled leaders effectively influence follower outcomes. Therefore, we hypothesize the following:

*Hypothesis 2a.* Leader political skill positively predicts transformational leader behavior, beyond the prediction by the personality traits of extraversion, openness, agreeableness, and emotional stability.

*Hypothesis 2b.* The relationship between leader political skill and leader effectiveness is mediated by transformational leader behavior, beyond the effects of transactional leader (i.e., contingent reward behavior) behavior.

*Hypothesis 2c.* The relationship between leader political skill and follower satisfaction is mediated by transformational leader behavior, beyond the effects of transactional leader (i.e., contingent reward behavior) behavior.

## Plan of the Research

In this study, we selected school headmasters and teachers from state schools in Germany to represent leaders and followers. State schools in Germany comprise about 92% of schools in Germany (Federal Office of Statistics, 2011). We decided to study leadership in schools for several reasons. This research approach has a long tradition in I/O psychology, but more importantly, recent educational reforms in school systems in Northern America and Europe (e.g., Paige, Hickok, & Neuman, 2002; StEG, 2010) have made the role of leadership in schools even more important. Specifically, in Germany, initiatives to improve school quality in the course of the Program for International Student Assessment (PISA) studies led to installing national educational monitoring systems (Helmke, 2004). This led to growing competition among schools, increased public scrutiny, and enhanced teacher accountability, which fundamentally has changed the role of teachers (Day, 2002).

Increased student misconduct and school massacres greatly have heightened the psycho-emotional strain on teachers. Not surprisingly, the rate of teachers' early retirement due to illness (e.g., chronic stress, burnout, mobbing) is high in Germany (Weber, Weltle, & Lederer, 2004), where only 6% of teachers work until the legal retirement age of 65. The rate of early invalids amongst early retirees is about 50-60% in this occupational group (Weber et al., 2004). Finally, social and demographic changes in Germany have placed added burdens on school management in terms of integration of students with non-German background and cross-cultural awareness (Dimmock & Walker, 2000).

In sum, the environment of state schools in Germany has become increasingly dynamic, challenging, and demanding. External as well as internal pressures on state schools in Germany create strong pressure to bring about change in schools. However, in Germany, headmasters in state schools cannot select teaching staff, but instead the Ministry of Education selects and hires new teachers and assigns them to schools. In addition,

headmasters in Germany also cannot dismiss low-performing teachers. So, a reasonable way for headmasters in Germany to bring about change in their schools via leadership seems to be to change the mindset and behaviors of their teachers. They believe this can be best accomplished by identifying and articulating a vision, providing intellectual stimulation and an appropriate role model, fostering acceptance of group goals, setting high performance expectations, and providing individualized support.

## Method

### *Participants and Procedure*

The study was conducted in two large federal states in the western part of Germany. In order to attain a large sample of leaders with similar educational background in the same legal, administrative, and organizational conditions, 7862 school headmasters were contacted by e-mail to participate in the study. The invitation e-mail for the headmasters included general information about the study, and a randomly generated link which served as password to the leader online questionnaire. Furthermore, headmasters were asked to nominate at least three members of their teaching staff to assess the headmaster's leadership behavior.

At the end of the leader online questionnaire, each headmaster then had the chance to provide at least three e-mail addresses of his/her subordinates who would be contacted by e-mail subsequently. The e-mail for the members of the teaching staff included general information about the study, and a personal password-coded link to the subordinate's online questionnaire. The password-coded link allowed us to map each subordinate's data onto their respective leader's data. Additionally, if headmasters felt uncomfortable with online-questionnaires for their staff, an individually agreed number of paper survey questionnaires were sent by postal mail.

Of the headmasters contacted, 992 completed the leader online questionnaire (i.e., a response rate of 12.62%), and 523 headmasters provided at least three e-mail addresses to invite members of their staff. To 111 headmasters, paper questionnaires for the teaching staff

were sent by postal mail. A total of 1422 teachers completed the subordinate online-questionnaire (45.72%), and 445 teachers returned the subordinate paper questionnaires (44.32%), yielding a total number of 1867 subordinate ratings for 519 headmasters with 1 up to 37 raters.

For 408 target leaders (i.e., headmasters), data were collected from at least two subordinate raters for each leader behavior and effectiveness variable, as well as information on control variables. We assigned ratings of leader behavior of each odd rater (i.e., rater #1,3,5, etc.) to ratings of leader effectiveness and job satisfaction of the corresponding even rater (i.e., rater #2,4,5, etc.) and vice-versa. The overall number of followers providing complete data for all variables was 1429, and we based subsequent analyses on these data. The mean number of follower raters per leader was  $n_{\text{Mean}} = 3.50$  ( $n_{\text{Median}} = 2.0$ ,  $n_{\text{Range}} 1 \leq x \leq 33$ ). On average, leaders and their followers had been working together for 6.53 years ( $SD = 6.52$  yrs.). Also, followers generally reported having exchanges with their leaders each day between Monday and Friday. The personal relations (1 = distanced, 2 = formal, 3 = neutral, 4 = friendly) between leader and followers were reported to be  $M = 3.34$  ( $SD = .71$ ).

Of the 408 headmasters, 204 were female (50%) and 204 were male. The headmasters' ages ranged between 32 and 65 years ( $M = 53.24$  years,  $SD = 7.20$  years). The headmasters reported a mean job tenure at their current school of 12.67 years ( $SD = 10.18$  years) and 28.19 years ( $SD = 8.72$  years) of experience as a teacher. On average, each headmaster was responsible for 526.51 students ( $SD = 696.91$ ).

### *Measures*

*Leader political skill.* Leader political skill was measured with the 18-item German translation (Blickle et al., 2008) of the *Political Skill Inventory (PSI)* (Ferris, Treadway et al., 2005), which was self-reported by the leaders. The *PSI* uses a 7-point Likert-type scale (1 = strongly disagree, 7 = strongly agree), and sample items include "I always seem to instinctively know the right things to say and do to influence others," and "I am particularly

good at sensing the motivations and hidden agendas of others.” The *PSI* has been used extensively in the past few years in organizational research, and consistently has demonstrated strong psychometric properties (Ferris et al., 2012). As expected, the Cronbach alpha reliability estimate was good ( $\alpha = .87$ ).

*Personality traits.* Because one of the goals of the present study was to establish political skill as a predictor of transactional and transformational leadership beyond other established predictors, leader personality represents a substantive variable. Bono and Judge (2004) found in their meta-analysis that four of the five “Big 5” personality traits (i.e., emotional stability, extraversion, openness, and agreeableness) were significantly related to transformational leadership. Thus, we included measures of these personality dimensions in our data collection and analyses.

In order to assess *Leader Emotional Stability*, we used three self-confidence (e.g., “I have little self-confidence,” reverse-scored) and six no-social anxiety (“It is hard for me to act naturally when I am with strangers,” reverse-scored) items from the *Hogan Personality Inventory (HPI)* (Hogan & Hogan, 1995). Cronbach’s alpha was  $\alpha = .71$ . In order to assess *Leader Extraversion* we used four entertaining items (e.g., “I enjoy telling jokes and stories”) from the *HPI* (Hogan & Hogan, 1995). Cronbach’s alpha was  $\alpha = .73$ . In order to assess *Leader Openness to Experience*, we used four culture (e.g., “I enjoy reading poetry”) and five ideas (e.g., “I enjoy open-ended meetings and discussions”) items. Cronbach’s alpha was  $\alpha = .64$ . In order to assess *Leader Agreeableness* we used the work values *Associates* (three items) and *Subordinates* (three items) based on the *Work Value Inventory*, (Super, 1970). Sample items are: At work, it is very important/unimportant to me “to have peers with whom it is easy to get along,” “to have good contacts with subordinates,” and “to build friendship with peers”. Cronbach’s alpha was  $\alpha = .78$ .

*Transformational leader behavior.* Transformational leader behavior was measured using the German version (Heinitz & Rowold, 2007; Krüger, Rowold, Borgmann, Staufenbiel,

& Heinitz, 2011) of the *Transformational Leadership Inventory (TLI)* by Podsakoff, MacKenzie, Moorman, and Fetter (1990), and it was assessed by the leaders' followers. The *TLI* uses 26 items to assess six subscales of the transformational leader behavior construct. Sample items are: "The person that I am evaluating ... paints an interesting picture of the future for our group, ... provides a good model to follow, ... encourages employees to be "team players," ... shows that he/she expects a lot from us, ... shows respect for my personal feelings, ... has stimulated me to think about old problems in new ways." Subordinates reported the frequency of transformational leader behavior on a five-point Likert-type scale (i.e., 1 = never, 2 = seldom, 3 = sometimes, 4 = often, and 5 = always).

Because the dimensions of transformational leader behavior tend to be highly correlated, a principal components analysis was conducted, which found that a single factor accounted for 61.5% of the variance in the dimensions. Therefore, we used a composite index of transformational leadership in this study, as has been done in previous research (e.g., Bono & Anderson, 2005; Ployhart, Lim, & Chan, 2001). In the present study, Cronbach's alpha ( $\alpha$ ) internal consistency reliability estimate of the transformational leader behavior measures was  $\alpha = .93$ .

*Transactional leader behavior (contingent reward behavior)*. Followers also assessed contingent reward leader behavior using the four items included in the *Transformational Leadership Inventory (TLI)* by Podsakoff et al. (1990). The items were: "The person that I am evaluating ...always gives me positive feedback when I perform well", "...frequently does not acknowledge my good performance" (reverse coded), "...commends me when I do a better than average job", and "... personally compliments me when I do outstanding work." Cronbach's alpha ( $\alpha$ ) reliability estimate was  $\alpha = .89$ .

*Leader effectiveness*. Leader effectiveness (LE) was assessed by followers using relevant items from the scale developed by Blickle et al. (2012). Four items from the scale focused on influence and were not used for the present study in efforts to separate further,

conceptually, the predictor variable (i.e., political skill) from this outcome variable. Thus, eight items were used, and these items were: How is this person at ... (1) leading a group at work, (2) leading a business/a school, (3) leading discussions, (4) organizing meetings, (5) supervising others, (6) persuading others, (7) bargaining, and (8) speaking on behalf of a group. The followers were asked to assess the headmasters' leadership performance using a 5-point Likert-type scale (i.e., 5 = much better than other persons in a comparable position; 4 = better than other persons in a comparable position; 3 = as good as other persons in a comparable position; 2 = worse than other persons in a comparable position; 1 = much worse than other persons in a comparable position; x = can't say).

In order to provide more data on the general validity of the 8-item scale, we independently collected an additional business sample of 476 followers reporting to 190 leaders. In this second validation sample, on average, 2.5 followers reported on their leader. To account for the different organizational context of this additional validation sample, the wording of item 2 was "leading a business" instead of "leading a school". The intraclass correlations for the 8-item scale (Shrout & Fleiss, 1979) were good ( $ICC(1) = .24$ ,  $ICC(1,k) = .44$ ; James (1982), and interrater agreement among followers was satisfactory ( $r_{WG} = .80$ ; Biemann & Heidemeier, 2010). In this second validation sample, the Cronbach alpha ( $\alpha$ ) reliability estimate of the leader effectiveness scale was  $\alpha = .87$ . Additionally, after controlling for gender and age, leader effectiveness was positively associated with the number of followers, the number of hierarchical levels below the hierarchical level of the target leader, and with the overall hierarchical position of the target leader. These findings, in an additional independent sample, support the validity of the leader effectiveness scale.

To ensure the criterion-related validity of the scale among school headmasters, we conducted a follow-up study two years after the beginning of the initial data collection. To this end, we contacted anew the headmasters and collected objective school statistics that indicate active and comprehensive school management, thus reflecting superior school

leadership. We expected headmasters who received high follower ratings on the leadership effectiveness scale to subsequently lead schools in ways that offer more extra-curricular school activities (i.e., project days, field trips), collect more donations, pursue a parents participation and information policy, and provide up-to-date school equipment.

In this follow-up validation study, 119 headmasters provided statistics regarding the two school years after the main data collection. As expected, higher leader effectiveness ratings by the followers were positively and significantly related to the overall number of project days ( $r = .16, p < .05$ ) and field trips ( $r = .16, p < .05$ ), to the overall amount of money that was donated to the school by parents and companies ( $r = .23, p < .01$ ), to the amount of additional professional training received by the teaching staff ( $r = .17, p < .05$ ), and to the overall number of extra facilities and events (e.g., computer rooms, school garden, orchestra, library, school homepage, bulletin board for parents, parent-information events) ( $r = .16, p < .05$ ).

In sum, the findings in both validation samples support the validity of the leader effectiveness scale in a school as well as in a business environment. In the present study, Cronbach's alpha ( $\alpha$ ) reliability estimate of the leader effectiveness scale was  $\alpha = .87$ .

*Follower satisfaction.* We used follower job satisfaction as an additional measure of leadership effectiveness (e.g., DeRue et al., 2011; Yukl, 2012), employing the Weymann (2001) satisfaction scale, with 13 items reflecting followers' satisfaction with various aspects of the situation at work (i.e., income, promotion, position attained, job content, work conditions, participation, organizational climate, fit of job demands and individual qualifications, the technical standard of the equipment at work, professional development, work time, and work-family balance). The Likert-type items range from 1 = very unsatisfactory to 5 = very satisfactory. Cronbach's alpha reliability for scale was  $\alpha = .84$ .

*Control Variables*

*Leader gender and age.* Recent research has demonstrated the impact of leader's gender (Taylor & Hood, 2011) and age (Zacher, Rosing, Henning, & Frese, 2011) on perceptions of leaders' social skill, leadership style, and leader effectiveness (i.e., Eagly & Johnson, 1990; Gilbert, Collins, & Brenner, 1990). Therefore, we controlled both for leaders' gender and age.

*School size.* To account for organizational size, we controlled for the number of followers. On average, each headmaster had 43 teachers/followers ( $SD = 36.53$ ) reporting to him/her. Additionally, we controlled for number of students. On average, each school had 527 students ( $SD = 696.91$ ).

*Participation rate.* Because there was variability in the participation rate per school, we controlled for this by dividing the number of raters per leader by the number of followers per leader, yielding an average participation rate of .20 ( $SD = .17$ ) per school.

*School type.* To consider the different school types included in this study, we classified the schools into three different groups based on their specific educational objectives: (1) The *primary school* group included all elementary schools ( $n = 170, 41.7\%$ ). (2) The *secondary school* group included all kinds of secondary schools (high school equivalent;  $n = 113, 27.7\%$ ). (3) The *functional school* group included schools with a special educational focus like vocational or special schools ( $n = 125, 30.6\%$ ). We effect-coded (Kerlinger & Pedhazur, 1973) the three nominal school types to include them in the multiple regression analyses (primary school  $d1 = -1, d2 = -1$ ; secondary school  $d1 = 1, d2 = 0$ ; functional school  $d1 = 0, d2 = 1$ ).

*Length of relationship and frequency of contact of teacher with headmaster.* We used follower assessed length of relationship and frequency of contact of teacher with headmaster as control variables. We included the ratings of the rater who provided the assessment of leadership behavior in our analysis. Length of relationship was measured in years. Frequency of contact was answered by followers indicating if they had contact with their headmaster:

(1) at least once a month, (2) several times a month, (3) at least once a week, (4) several times a week, (5) at least once a day, (6) or several times a day.

### *Data Analyses*

Because the leaders nominated which followers would assess them, there could be a selection bias. We tested this by examining the distribution of the leadership effectiveness and job satisfaction variables. If there was a selection bias, both distributions should be strongly skewed. However, the scores of both variables were normally distributed (leadership effectiveness, *Kolmogorov-Smirnov (KS) Z-test* = 3.100,  $p < .01$ , skewness = -.414, kurtosis = -.150; job satisfaction, *KS Z-test* = 2.640,  $p < .01$ , skewness = -.855, kurtosis = 1.706); zero values of skewness and kurtosis represent perfectly normal distributions, skewness  $> \pm 3$  and kurtosis  $> \pm 7$  are indicative of non-normal distributions; Curran, West, & Finch 1996). In sum, these findings do not support indications of selection bias.

To alleviate concerns about single-source bias in the mediators (i.e., transactional and transformational leader behavior) and the dependent variable (i.e., leader effectiveness and follower satisfaction), two rater subsets were generated by randomly dividing followers into two rater groups, based on their random position in the rater set of the respective leader. Consequently, our analyses were based on three independent data sources; namely, the headmaster sample and two rater sub-samples.

Because the followers (i.e., teachers) were nested within their respective leader (i.e., headmaster), we had a multilevel design with two levels. Therefore, we used Mplus version 7 (Muthén & Muthén, 1998-2012) for our data analyses<sup>1</sup>, and we report *CFI*, *TLI*, *RMSEA* and *SRMR*-within and -between. We used the odd/even numbered items of the observed scale variables (i.e., leader political skill, transformational leader behavior, contingent reward leader behavior, leader effectiveness, and job satisfaction, leader agreeableness, leader extraversion, leader openness to experience, and leader emotional stability) to generate two indicator scales for each latent variable. We used these indicators in our analyses, since

<sup>1</sup>We would like to thank the editor and two anonymous reviewers for suggesting the use of multilevel analyses.

research has shown that increases in the size of covariance matrices due to the increased number of variables lead to inflated goodness-of-fit statistics (Herzog, Boomsma, & Reinecke, 2007; Moshagen, 2012). Additionally, in all analyses, we restricted negative residual variances to zero as recommended by Dyer, Hanges, and Hall (2005).

To test potential effects of common method and common source variance, we conducted and compared the fit indices of two different multilevel confirmatory factor analyses (MCFA, Dyer et al., 2005). In the first MCFA, the indicators loaded on their respective factors (i.e., resulting in nine factors on the between-level and four factors on the within-level). The model fit was good ( $\chi^2/df$  ratio = 1.60,  $CFI = .992$ ,  $TLI = .987$ ,  $RMSEA = .020$ ,  $SRMR$ -within = .017,  $SRMR$ -between = .052), and each indicator loaded significantly ( $p < .001$ ) on its respective scale-factor. In the second MCFA, we tested a common source model where the indicators of every scale provided by the same person loaded on the same person-factor (i.e., resulting in three factors on the between-level and two factors on the within-level). The fit of this common source model was much lower than the fit of the first model ( $\chi^2/df$  ratio = 17.71,  $CFI = .701$ ,  $TLI = .648$ ,  $RMSEA = .108$ ,  $SRMR$ -within = .129,  $SRMR$ -between = .119). Additionally, the fit of the scale-factors-model was significantly better than the common source person-factors-model ( $\Delta\chi^2 = 2536.75$ ,  $\Delta df = 35$ ,  $p < .0001$ ). These results speak strongly for the uniqueness of the scales used in our analyses, and against the influence of common method and common source variance.

Second, we built two multilevel structural equation models (MSEM) with latent variables using a full maximum likelihood estimator (MLF) to test our hypotheses. We used the same technique to build the indicators as described above. Our analyses followed the recommendations by Preacher, Zyphur, and Zhang (2010) and Preacher, Zhang, and Zyphur (2011), since MSEM is more appropriate for testing multilevel mediations. Because leader political skill was assessed on the between-level, whereas leadership behavior and outcomes were assessed on the within-level, we tested a so called 2-1-1 design (upper-level mediation;

Preacher et al., 2010). As outlined by Preacher et al. (2010), the mediating effect is only a between indirect effect. Following Oliver et al. (2011), we focus on and report only the between-level-effects in our model. Unstandardized estimates and their standard errors are reported throughout the MSEM-analyses.

To test Hypotheses 1a – c, we used leader political skill, emotional stability, extraversion, openness, and agreeableness as predictors of contingent reward behavior, and built model paths from contingent reward to leader effectiveness and follower job satisfaction. Additionally we included a model path from leader political skill to leader effectiveness ( $c'_1$ ) as well as to follower job satisfaction ( $c'_2$ ). Our control variables (between-level: leader age & gender, school type, number of students, participation rate; within-level: length of relationship & frequency of contact of teacher with headmaster) were allowed to influence both the mediator and the two outcomes. We then computed the indirect effect from political skill via contingent reward to leader effectiveness ( $a_1b_1$ ) and follower job satisfaction ( $a_1b_2$ ).

To test Hypotheses 2a – c, we used the model described above and added transformational leadership as additional mediator. Transformational leadership was modeled to be predicted by leader personality and political skill, and as mediating the effect of leader political skill on leader effectiveness and follower job satisfaction. Again, we included paths from leader political skill to leader effectiveness and follower job satisfaction. Our control variables were the same as mentioned above. We computed the indirect effect from political skill via transformational leadership to leader effectiveness ( $a_2b_3$ ) and follower job satisfaction ( $a_2b_4$ ).

Since there is no technique to bootstrap samples for the indirect effect in MSEM (Preacher et al., 2010), we used the Monte Carlo method (Selig & Preacher, 2008) with 20000 replications to estimate the confidence intervals of all indirect effects described above. As Preacher et al. (2010) noted (p. 217, footnote 11), mediation hypotheses usually are tested one-tailed because of directional hypotheses. Therefore, we computed the 90% confidence

intervals corresponding to a one-tailed alpha-level of  $\alpha = .05$ . Where appropriate, we additionally report more precise confidence intervals for the indirect effects.

### Results

Table 1 presents the means, standard deviations, correlations, and Coefficient alpha ( $\alpha$ ) internal consistency reliability estimates of the variables.

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 Insert Table 1 about here  
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Most scales had good reliabilities ( $.71 \leq \alpha \leq .95$ ); only the openness-scale ( $\alpha = .64$ ) had a reliability below the well-accepted value of  $\alpha = .70$ . The transformational leader behavior and transactional (contingent reward) leader behavior as assessed by subordinates correlated at  $r = .68$  ( $p < .01$ ). These correlations are in line with meta-analytic findings (Judge & Piccolo, 2004).

### *Test of Hypotheses*

We tested our hypotheses with MSEM (Preacher et al., 2010, Preacher et al., 2011). In all analyses, we controlled for leaders' sex and age, the number of followers per leader, the number of students in school per leader, participation rate per leader, leadership context (i.e., school type - primary vs. secondary schools, primary vs. functional schools), frequency of contact per follower, and length of relationship per follower. The findings of the first model referring to Hypotheses 1a-1c are presented in Figure 2. The fit of this MSEM model was good ( $X^2/df$  ratio = 1.74,  $CFI = .972$ ,  $TLI = .963$ ,  $RMSEA = .023$ ,  $SRMR$ -within = .037,  $SRMR$ -between = .073).

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 Insert Figure 2 about here  
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Hypothesis 1a stated that leader political skill positively predicts transactional leader behavior (contingent reward behavior) above and beyond personality traits. As presented in Figure 2, political skill demonstrated a significant effect on contingent reward behavior (estimate = .18,  $SE = .09$ ,  $p < .05$ ), above and beyond personality traits (see Figure 2). These findings support Hypothesis 1a.

Hypothesis 1b stated that the relationship between leader political skill and leader effectiveness is mediated by transactional leader behavior (contingent reward behavior). As Figure 2 shows, contingent reward behavior exhibited a significant effect on leader effectiveness (estimate = .57,  $SE = .14$ ,  $p < .01$ ), and there was no direct effect of political skill on leader effectiveness (estimate = .09,  $SE = .06$ , *ns.*). The indirect effect of leader political skill → contingent reward behavior → leader effectiveness was significant (.10, 90% CI [.014, .191]), thus supporting Hypothesis 1b.

Hypothesis 1c predicted that the relationship between leader political skill and follower job satisfaction is mediated by transactional leader behavior (i.e., contingent reward behavior). As Figure 2 shows, contingent reward behavior demonstrated a significant effect on follower job satisfaction (estimate = .20,  $SE = .07$ ,  $p < .01$ ), and again there was no direct effect of political skill on follower job satisfaction (estimate = .00,  $SE = .03$ , *ns.*). The indirect effect of leader political skill → contingent reward behavior → follower job satisfaction was significant (.04, 90% CI [.002, .069]), supporting Hypothesis 1c.

The second MSEM model tested Hypotheses 2a-2c, and the findings of this model are presented in Figure 3. The fit of our MSEM model was good ( $\chi^2/df$  ratio = 1.85,  $CFI = .974$ ,  $TLI = .964$ ,  $RMSEA = .024$ ,  $SRMR$ -within = .040,  $SRMR$ -between = .075).

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Insert Figure 3 about here

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Hypothesis 2a stated that leader political skill positively predicts transformational behavior above and beyond personality. The results showed that leader political skill influenced transformational leader behavior (estimate = .15,  $SE = .06$ ,  $p < .01$ ) above and beyond personality traits (see Figure 3). These findings supported Hypothesis 2a.

Hypothesis 2b predicted that the relationship between leader political skill and leader effectiveness is mediated by transformational leader behavior above and beyond the effects of transactional leader (i.e., contingent reward) behavior. As depicted in Figure 3, transformational leader behavior exhibited a significant influence on leader effectiveness (estimate = 1.37,  $SE = .380$ ,  $p < .01$ ). Further, the indirect effect of leader political skill  $\rightarrow$  transformational leadership behavior  $\rightarrow$  leader effectiveness was significant (estimate = .21, 99% CI [.012, .521]), thus supporting Hypothesis 2b.

Hypothesis 2c stated that the relationship between leader political skill and follower job satisfaction is mediated by transformational leader behavior above and beyond the effects of transactional leader (contingent reward) behavior. However, transformational leader behavior showed no significant effect on follower job satisfaction (estimate = .13,  $SE = .15$ , *ns*; Figure 3), and the indirect effect of leader political skill  $\rightarrow$  transformational leadership behavior  $\rightarrow$  follower job satisfaction was not significant (estimate = .02, 90% CI [-.016, .064]). Therefore, Hypothesis 2c was not supported.

## Discussion

### *Contributions to Theory and Research*

Prior research has investigated the direct effects of leader political skill on follower attitudes and performance outcomes (e.g., Ahearn et al., 2004; Douglas & Ammeter, 2004; Treadway et al., 2004), but such work only has speculated about, and called for research on, the intermediate linkages that occur between leader political skill and such outcomes (Ferris et al., 2007; Ferris et al., 2012; Treadway et al., 2012). Employing the theoretical notions that specify political skill, behavioral manifestations, and effectiveness outcomes (Ferris et al.,

2007), the results of this study demonstrate that transformational and transactional leader behaviors serve as mediators of the leader political skill – leadership effectiveness relationship. This finding contributes to leadership theory and research in several ways.

First, this study responds to calls by organizational scientists for research adopting an integrated trait-behavior perspective on leadership that considers the mediating mechanisms through which leader traits and characteristics operate to contribute to leadership effectiveness (DeRue et al., 2011). More specifically, this study answers calls for research that shed light into the “black box” between political skill and leader effectiveness (e.g., Ahearn et al., 2004; Hall et al., 2004). Thus, by employing recent works on political perspectives on leadership (e.g., Ammeter et al., 2002), and theory on the operation of political skill in organizations (Ferris et al., 2007), the present investigation identifies specific behavioral manifestations (i.e., transactional and transformational leadership behavior) of leader political skill that mediate political skill – leadership effectiveness relationships. As a result, we have a better understanding of what it is that politically skilled leaders do to be more effective.

Furthermore, this study contributes to leadership theory by demonstrating that political skill predicts transactional and transformational leader behavior beyond previously established Big Five personality predictors (i.e., extraversion, openness, agreeableness, and emotional stability). Thus, although personality traits of leaders may indicate general tendencies toward certain behaviors, political skill provides leaders with the ability to appropriately select and execute those behaviors. This supports the perspective that proximal characteristics (e.g., political skill) are stronger predictors of leader behavior than more distal traits (e.g., personality) (Zaccaro, 2007), and suggests that leadership research should examine additional combinations of distal and proximal individual differences as predictors of leader behaviors.

Relatedly, the identification of political skill as a predictor of transactional and transformational leadership answers calls to add to expand understanding of the antecedents of these leader behaviors (Bass & Bass, 2008). Though previous focus on personality as a predictor of transactional and transformational leadership has been valuable in regards to understanding dispositional predictors of important leadership behavior, the implications are somewhat limited due to the inability to alter leader personality. Conversely, because political skill can be developed through training, socialization, and experience (Ferris et al., 2007), the implications are greater. For example, previous research has shown that transformational leadership training has an impact on performance (Dvir, Eden, Avolio, & Shamir, 2002). Combined with training to cultivate political skill, it may be possible to develop leaders who are better able to recognize which behaviors are better suited to specific situations, further increasing leader and unit performance.

One interesting and surprising result from our analyses was the lack of support for our hypothesis that transformational leadership would mediate the relationship between leader political skill and follower job satisfaction, beyond the effects of transactional leadership. Theory on transformational leadership behavior argues that leaders who engage in transformational leadership make deeper connections with their followers, and the motivational style and demonstration of consideration for followers should lead to increased follower job satisfaction. However, although we found that transactional leadership did mediate the relationship between political skill and follower satisfaction, we failed to find a significant mediated link to follower satisfaction when transformational leadership was included in the model.

We conducted post-hoc, supplemental analysis to understand better this finding. Specifically, we analyzed a model that examined whether transformational leadership mediated the relationship between political skill and the two leadership effectiveness outcomes. The results of this analysis supported the mediation hypothesis (.04, 90% CI

[.011, .075]), indicating that transformational leadership does mediate the relationship between political skill and follower satisfaction. However, the magnitude of the transformational leadership – follower satisfaction relationship (.26,  $p < .01$ ) is similar to the magnitude of the relationship between contingent reward behavior and follower satisfaction (.20,  $p < .01$ ), and transformational leadership does not predict follower satisfaction beyond the effects of transactional leadership behavior.

One possible explanation for this is the educational setting in which the research was conducted<sup>2</sup>. Specifically, headmasters in Germany have strong reward power, including the ability to assign teachers to preferred classes, to schedule classes in sequence to avoid “dead time,” to decide who may receive workload reduction, and to charge teachers with pleasant or unpleasant extra duties. Thus, support for a statistically significant relationship between contingent reward behavior (i.e., separate from transformational leadership) and follower satisfaction is not surprising. Further, given the previously noted theory on the expected effects of transformational leadership on follower satisfaction, the statistically significant relationship between the two constructs (i.e., separate from contingent reward behavior) is not surprising. However, the magnitude of these two relationships suggests that teacher satisfaction depends on much more than just leadership styles and behaviors.

For example, students and parents could be important factors. Teacher job duties dictate that they interact with students far more than they do with principals. Thus, student conduct and performance are likely to be significant – and perhaps stronger – factors in teacher job satisfaction. Further, parent involvement, be it too little (e.g., missing parent-teacher conferences) or too much (e.g., unjustified complaints or general interference) likely also plays an important role in teacher satisfaction.

Still, the results largely support the hypotheses, and suggest that political skill increases leadership effectiveness by enabling leaders to know which followers and what situations call for which specific leader behaviors. That is, such politically skilled leaders

<sup>2</sup>We would like to thank an anonymous reviewer for this suggestion.

comprehend precisely what to do in social interactions, and possess the ability to demonstrate their behavior using a style that appears genuine and sincere, thus inspiring trust and confidence from others. These aspects of political skilled leaders allow them to more freely and effectively employ both transformational and transactional leader behaviors at appropriate times in a manner that increases their leadership effectiveness.

Smith et al. (2009) reported that politically skilled managers possessed self-motivation, a sense of humility, and a likable/affable style, they led by example, developed trust from others, held themselves and their employees accountable, and they set challenging goals for their employees, and empowered direct reports. Some of these behaviors resemble some of behaviors specified in the dimensions of transformational leader behavior. Indeed, some of the sample items we noted in the section describing the measures used seem to reflect some of the behaviors demonstrated by politically skilled managers who were employing, for example, accountability, leading by example, and challenging goal setting. Thus, these results provide further validation for the quantitative and qualitative findings reported by Smith et al., and combined with the results of the present study, provide even stronger evidence that transformational and transactional types of leader behaviors do mediate the leader political skill – leadership effectiveness relationships.

#### *Strengths and Limitations of the Study*

The strengths and limitations of this study warrant some discussion. First, the study had a strong theoretical foundation, connecting theories of social/political skill and leadership effectiveness in organizations. Second, data were collected in a triadic design (i.e., one data source for the predictor variable, one data source for the mediator variable, and one data source for the effectiveness variable) from two samples. The triadic design minimizes concerns about the presence of common method bias (Podsakoff, Mackenzie, Lee, & Podsakoff, 2003). Further, the two data subsets were fairly large for a triadic research, which improves the power of statistical tests (Cohen, 1992). Additionally, using two data subsets provides a cross-validation of the findings, and thereby reduces negative effects of sampling error (Hunter & Schmidt, 2004).

Because all data were gathered from one particular type of leadership setting (i.e., leadership in schools), potential context effects are held constant. Thus, unknown variables could be controlled, and extraneous sources of influence excluded. Further, all scales used to operationalize study variables of interest had been previously validated, and demonstrated strong psychometric properties. Moreover, additional efforts were made to demonstrate the validity of the leader effectiveness scale. In addition, in order to provide a more rigorous test of the research hypotheses, we controlled for the influence of leader gender and age, school size, school type, participation rate, length of relationship, and frequency of contact, as these variables could potentially influence followers' ratings of headmasters' leader behavior as well as effectiveness.

The relatively low response rate raises concerns about our sample and findings. However, the requirement of multiple source responses created a higher hurdle for participation than does the typical single-source survey. Nevertheless, the absolute number of study participants was high. The mean sample size in studies on transformational leadership is  $N = 183.92$  sets (Judge & Piccolo, 2004). In contrast, in the present study, there were more than 400 leaders who were assessed by at least two followers.

Second, participation was voluntary, so all respondents could freely decide to be involved in the study or not. This tends to raise the validity of responses because in a forced participation study, participants tend to provide more faked responses (Moshagen, Musch, Ostapczuk, & Zhao, 2010). Because leaders nominated followers, there could have been a selection bias. However, follower assessed leader effectiveness and follower satisfaction variables were found to be normally distributed. Therefore, there were as many negative evaluations as there were positive leader evaluations, which limit concerns about the negative effects of a potential selection bias (Hogan, Barrett, & Hogan, 2007). That being said, we cannot totally exclude the possibility that bias could still occur, because subordinates might be slightly dissatisfied or indifferent regarding their responses, which could still affect the selection bias.

An additional limitation of the present research is the cross-sectional design of the study, which does not allow a clear temporal ordering of the causal variables. Additionally, as all data stem from one kind of leadership setting, the generalizability of the findings is limited. Another limitation is the cultural context of

our study. Pertinent empirical research (for a review, see Erez, 2011) has shown that Germany and the United States share a number of important cultural features in the world of work (i.e., high masculinity and low power distance), and differ somewhat on others (i.e., uncertainty avoidance and individualism). However, future research is needed to test the generalizability to other cultural contexts such as Southern Asia, Africa, the Middle East, China, and Central and South America (Erez, 2011).

#### *Directions for Future Research*

An area for future research is to develop and test other multi-mediation models, which demonstrate the multiple intermediate linkages between leader characteristics and leadership effectiveness in order to provide more complete specification of precisely how leader characteristics manifest themselves in specific leader behaviors, which then increase leadership effectiveness, as recommended by some scholars (e.g., DeRue et al., 2011; Van Iddekinge, Ferris, & Hefner, 2009; Zaccaro, 2007). For example, extending the present results, it might be interesting to propose that there remains another mediating missing piece in this chain, whereby leader political skill leads to transformational and transactional leader behaviors, which then contribute to followers developing more trust in their leaders and developing high-quality working relationships with them, which increases goal attainment and performance, which ultimately influences leader and follower effectiveness.

Furthermore, recent research on the nature of work relationships has proposed that future research articulate and test the underlying dimensions of such relationships, such as trust, respect, distance, and affect (Ferris, Liden, Munyon, Summers, Basik, & Buckley, 2009). It might be interesting to extend the present results to investigate which particular dimensions of work relationships between leaders and followers are influenced by the transformational leader behaviors that are driven by leader political skill. Because it has been argued that politically skilled leaders reflect a calm sense of self-confidence, which inspires trust and confidence, it might be proposed that trust and confidence represent the major factors contributing to high-quality work relationships between politically skilled leaders and their followers. This type of research could further validate the results reported by Treadway et al. (2004), who reported that leader political skill led to both follower perceived support from leader and trust in leader.

Another area for future research concerns the political skill construct itself. The present study focused on the overall composite political skill construct, which was appropriate given the point in the current evolution of the construct, and also because the four-factor structure has been established and confirmed in several studies, but so has the emergence of a single, higher-order factor, which legitimizes the use of the overall composite construct (Ferris et al., 2008). However, as greater theoretical precision is developed regarding the separate dimensions of political skill, scholars can begin to make predictions for the four dimensions, and their potential differential importance for variance explained in leadership effectiveness ratings. Some initial research has been done on political skill at the dimension level (e.g., Douglas & Ammeter, 2004; Ferris et al., 2008; Moss & Barbuto, 2010), but much more is needed that can profit from the development of sound theory in this area.

#### *Practical Implications*

Because political skill was found to be an important predictor of leadership effectiveness through transformational and transactional leader behaviors beyond the prediction of personality factors, there appear to be both selection and development implications of the present results. Although political skill is thought to be partly dispositional, it is believed to reflect trainable competencies (e.g., Ferris, Davidson, & Perrewé, 2005), thus providing potential management development opportunities concerning how to build and leverage networks, develop a style that is interpersonally sincere and genuine, and how to become more socially astute and employ influence effectively. Therefore, organizations could use political skill as a tool for management selection, or in training and development programs for managerial skill building efforts.

#### *Conclusion*

Good leadership is essential for organizations to be effective. This study showed that politically skilled leaders were able to realize effectiveness through both the transformational and transactional leader behaviors they demonstrated. As such, this research contributes to theory, research, and practice on leader political skill, transformational and transactional leadership, and leadership effectiveness. Hopefully, these results will create more interest in how leader traits and characteristics impact leadership effectiveness

through leader behaviors, and specifically other intermediate linkages in the leader political skill – leadership effectiveness relationships.

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Table 1

*Descriptive Statistics, Correlations, and Cronbach's Alpha Reliabilities*

Variables	M	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1 Leader Gender	1.50	0.50																		
2 Leader age	53.23	7.20	.17**																	
3 number of teachers	42.51	36.53	.27**	.21**																
4 number of students	526.51	696.91	.25**	.16**	.76**															
5 participation rate	.17	.16	-.18**	-.30**	-.53**	-.37**														
6 School type d1	-0.14	.82	.25**	.19**	.46**	.32**	-.25**													
7 school type d2	-0.18	.76	.29**	.18**	.43**	.30**	-.24**	.57**												
8 frequency of contact	4.95	1.09	-.15**	-.07**	-.38**	-.27**	.08**	-.24**	-.22**											
9 Length of relationship	78.41	78.30	.12**	.25**	.19**	.19**	-.12**	.12**	.13**	.02										
10 Leader Extraversion	2.93	0.79	.01	-.17**	-.11**	-.05*	-.01	-.13**	-.09**	.10**	-.11**	(.73)								
11 Leader Emotional Stability	4.05	0.54	-.07*	-.07**	.16**	.07**	-.14**	.16**	.04	-.06*	-.03	.27**	(.71)							
12 Leader Openness to Experience	3.51	0.57	-.18**	.03	-.06*	-.05	-.04	-.02	-.08**	.09**	-.04	.37**	.28**	(.64)						
13 Leader Agreeableness	3.75	0.55	-.19**	-.07*	-.16**	-.17**	.04	-.17**	-.19**	.16**	-.01	.17**	-.05*	.05	(.78)					
14 Leader Political Skill	5.44	0.64	-.11**	-.04	.00	.04	-.07*	.02	-.05	.07*	-.08**	.33**	.32**	.28**	.12**	(.87)				
15 Transformational Leadership Behavior	3.60	0.61	-.11**	-.11**	-.05*	-.04	-.02	-.09**	-.05*	.21**	.03	.08**	.04	.06*	.09**	.20**	(.93)			
16 Contingent Reward Behavior	3.64	0.96	-.08**	-.07*	-.05*	-.05	-.03	-.06*	-.02	.21**	-.02	.06*	.06*	.05	.07**	.15**	.68**	(.89)		
17 Leader Effectiveness	3.74	0.71	-.03	-.09**	.01	.01	-.04	-.04	-.02	.07**	.04	.12**	.08**	.04	.06**	.21**	.33**	.21**	(.87)	
18 Employee Job Satisfaction	3.88	0.58	.03	.01	.07**	.06*	-.07*	-.04	.07**	.05	.04	-.01	.01	-.02	.05*	.05*	.13**	.07**	.24**	(.84)

*Note.*  $N_L = 408$  leaders,  $N_F = 1429$  followers; Cronbach's alpha reliabilities in the diagonal in parentheses. Gender (1 = female; 2 = male); School Type d1 (primary = -1, secondary = 1, functional = 0), School Type d2 (primary = -1, secondary = 0, functional = 1), frequency of contact (at least once a month = 1, several times a month = 2, at least once a week = 3, several times a week = 4, at least once a day = 5, several times a day = 6); \* $p < .05$ ;

\*\* $p < .01$ .

Figure 1

*Multilevel Theoretical Model of Leader Political Skill, Transactional and Transformational Leader Behavior, and Leadership Effectiveness*

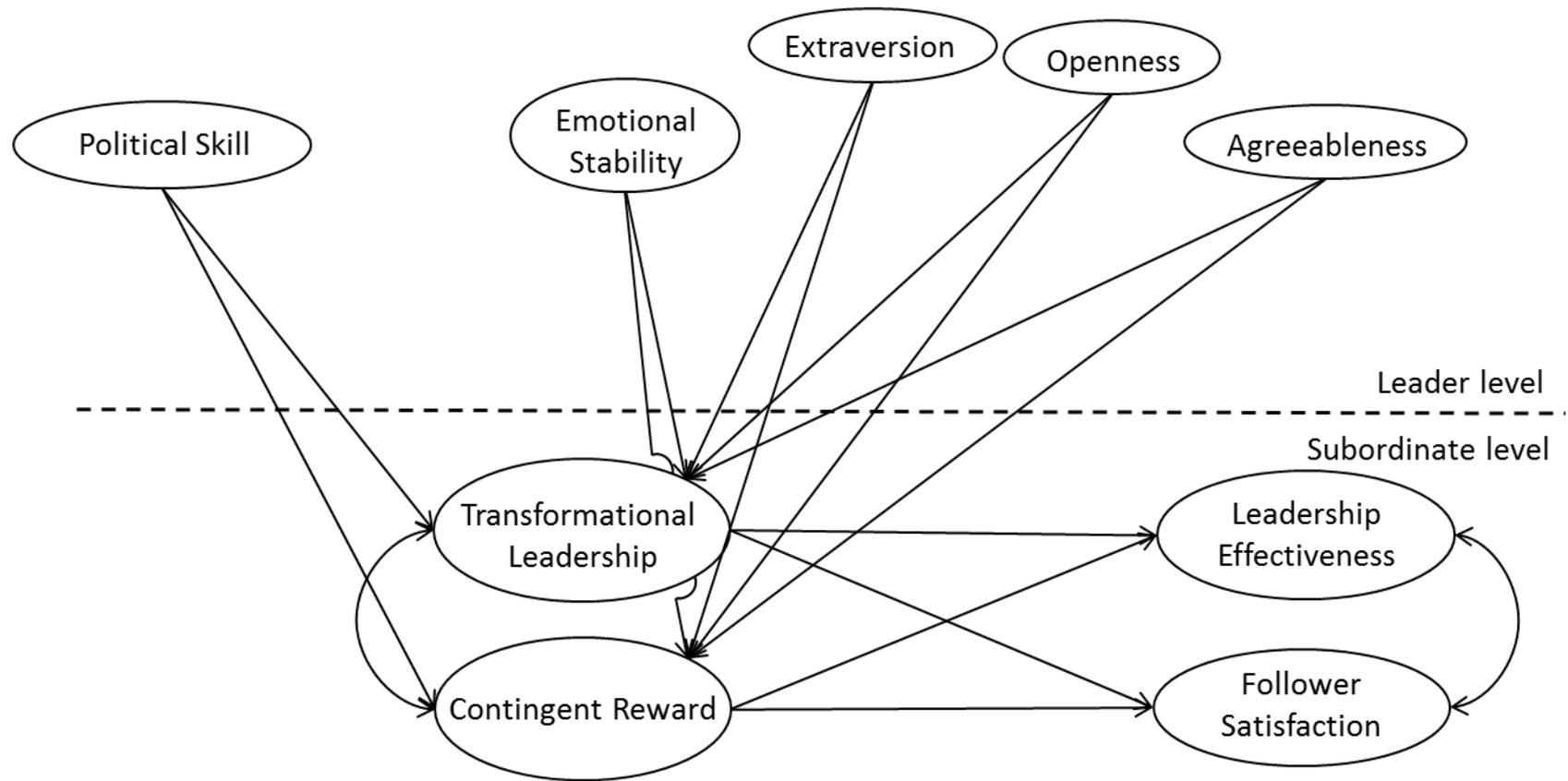
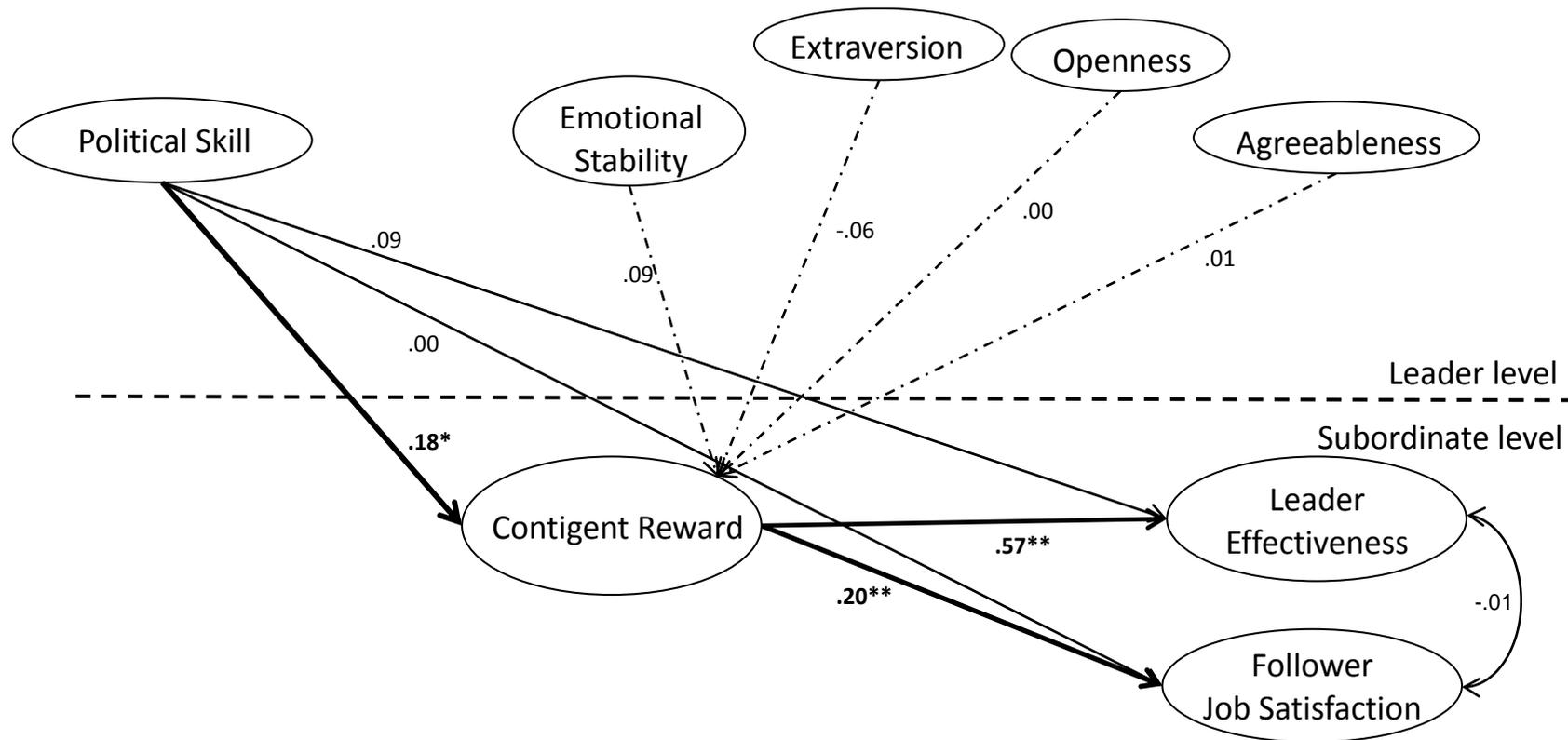


Figure 2

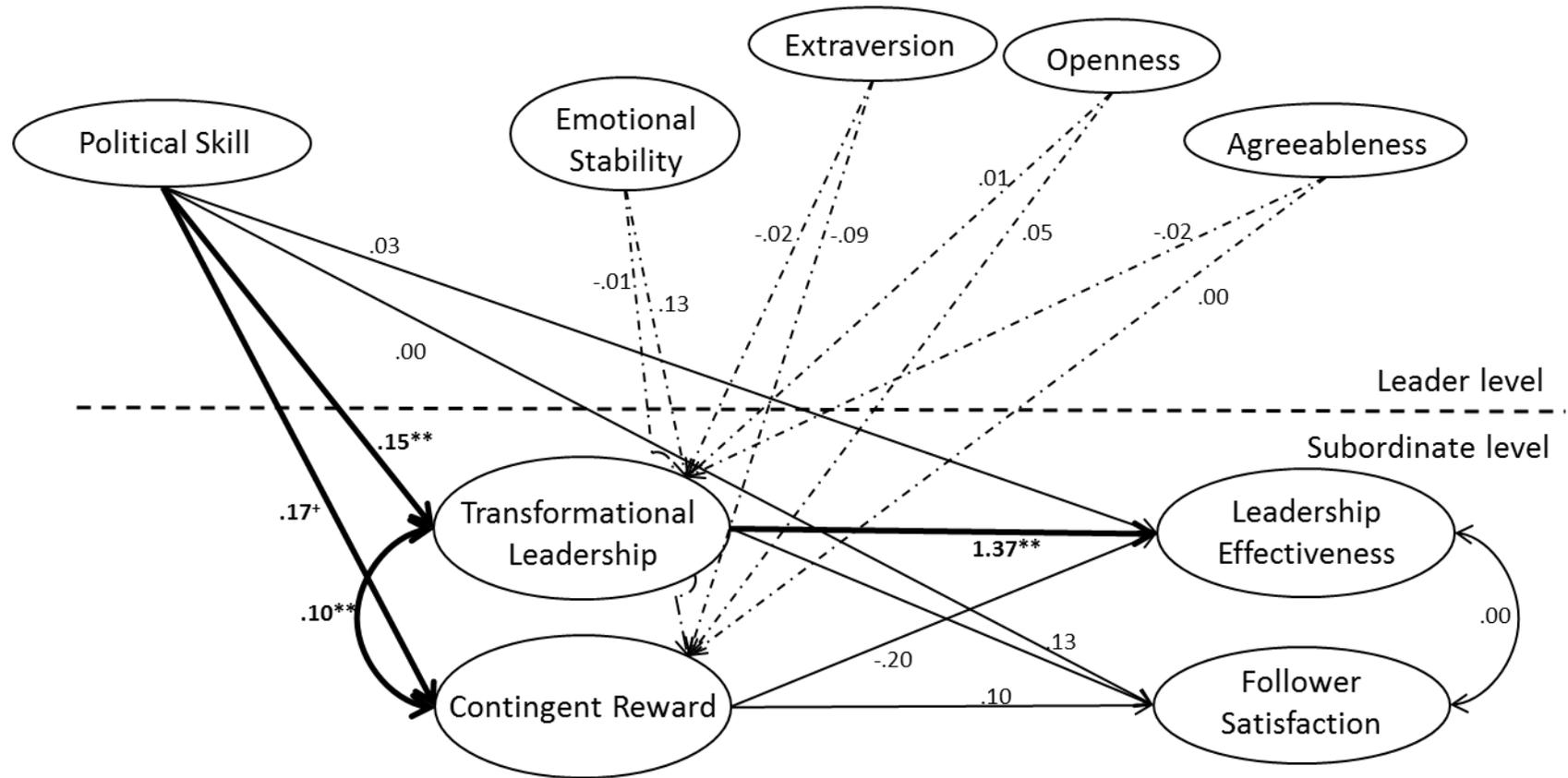
Multilevel SEM for Testing the Political Skill → Contingent Reward → Leadership Effectiveness Mediation-.01



Note.  $N_L = 408$  leaders,  $N_F = 1429$  followers; unstandardized path coefficients; control variables: leader gender, leader age, number of students per school, number of teachers per school, school type d1 (primary = -1, secondary = 1, functional = 0), school type d2 (primary = -1, secondary = 0, functional = 1), participation rate, frequency of contact of teacher with headmaster, length of relationship of teacher with headmaster; \*\* $p < .01$ .

Figure 3

Multilevel SEM for Testing the Political Skill → Transformational Leadership → Leadership Effectiveness Mediation



Note.  $N_L = 408$  leaders,  $N_F = 1429$  followers; unstandardized path coefficients; control variables see notes of Figure 2;  $^+p < .05$ (one-tailed);  $^{**}p < .01$