In agreement? Leader-team perceptual distance in organizational learning affects work performance☆

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A B S T R A C T

Leaders and their teams often differ in their perceptions of organizational issues, which have been suggested to influence both employee well-being and performance. The present study examined leader-team perceptual distance regarding organizational learning and its consequences for employee work performance. Sixty-eight leaders and their teams from the Swedish forest industry participated in the study. Polynomial regression with response surface analyses revealed that the perceptual distance between leaders and their teams regarding organizational learning was related to lowered work performance, beyond the influence of employee ratings alone. The analyses also indicated that work performance tended to decrease when the leader rated organizational learning as higher than the team. Our findings suggest that it is important for organizations to minimize the perceptual distance between the leaders and their teams and that further research on the construct of leader-team perceptual distance is warranted.

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1. Introduction

An organization's capacity to learn—to acquire, apply, and spread new insights—has been touted as a fundamental strategic capability (Santos-Vijande, López-Sánchez & Trespalacios, 2012; Škerlavaj, Štemberger, Škrinjar & Dimovski, 2007; Valencia, Valle & Jiménez, 2010). In fact, organizational learning has shown to be related to companies' important performance outcomes such as finances (Škerlavaj et al., 2007), innovation capacity (Valencia et al., 2010), and customer value (Santos-Vijande et al., 2012).

The measurement of organizational learning has often been conducted solely from one stakeholder's perspective, such as the senior management or human resources department (Ellinger, Ellinger, Yang & Howton, 2003; Yang, Watkins & Marsick, 2004). Line managers or employees' perceptions have more seldom been measured, and even fewer studies have compared different stakeholders' perceptions (Yang et al., 2004). Taking multiple perspectives on the measurement of organizational learning can be crucial, since the different stakeholders might differ in their views of organizational phenomena (Hasson, Tafvelin & von Thiele Schwarz, 2013). Research within areas such as work climate and leadership has constantly shown that organizational stakeholders often differ in their views, which has had implications for teams' work performance (Kline, 2001). For instance, work teams and their managers having differing perceptions of organizational variables, such as group communication, goal setting, and organizational support, has shown to have a negative impact on team productivity. This could imply that different perceptions of organizational learning between key stakeholders are related to poorer team outcomes. In fact, leader-team perceptual distance, i.e., agreement levels between workplace managers and their subordinates, on organizational learning has shown to be negatively related to employee health (Hasson et al., 2013). However, it is unclear whether the disagreement between leaders and work teams on organizational learning has implications for work performance. In summary, organizational learning is related to companies' performance as measured from one stakeholder's perspective. It is unclear from prior research how different stakeholders' views on organizational learning relate to performance outcomes. Thus, in order to fully understand the previously suggested relationship between organizational learning and work performance, we argue that we must take into account the agreement levels of central stakeholders' perceptions. Prior research implies that work teams and their leaders are particularly prone to forming differentiated perceptions (Bass & Yammarino, 1991; Beus, Jarrett, Bergman & Payne, 2012; Van Velsor, Taylor & Leslie, 1993) due to power differentiation, distinct work context, and different sense-making about organizational phenomena (Beus et al., 2012;

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Patterson, Warr & West, 2004). The purpose of the present study was therefore to examine the relationship between leader-team perceptual distance regarding organizational learning and employee-rated work performance.

The study adds to the current research on organizational learning and performance in three important ways; first, it takes the perspective of line managers and employees, which have seldom been the focus in prior studies on organizational learning. The performance outcomes are also measured at the team rather than the organization level, which is a novel contribution to the organizational learning literature. Second, the study examines the agreement levels between mangers and their subordinates, which is important for understanding whether the impact of organizational learning on performance outcomes is due to the mean level of organizational learning or is related to the similarity of stakeholders' understanding of the phenomena. Third, the study introduces the concept of leader-team perceptual distance and proposes the use of novel and advanced statistical methods for the measurement of organizational learning in terms of polynomial regression analysis with response surface analysis. These methods add to the current statistical approaches used in the field and might provide a more nuanced and accurate evaluation in organizational settings. These aspects have great value for organizations since this type of evaluation offers practical information to workplace leaders and teams. Thereby, the measurement of perceptual distance has high potential in achieving practical change.

2. Theoretical background and research hypotheses

2.1. Organizational learning

It has been suggested that organizational learning is a process that involves continuous changes in the cognition and behavior of managers and employees (Argote, 2011). Individual members in an organization are the mechanisms through which learning occurs, and the individual processes then become embedded in organizational functions (Argote, 2011; Nonaka & Takeuchi, 1995). Thus, organizational learning takes place via the social processes through which individuals interact, and it involves creating, retaining, and transferring knowledge (Crossan, Lane & White, 1999). Individuals collectively enhance the overall capacity of the organization to learn, and the organization must be receptive to their efforts and implement the appropriate mechanisms to enable, support, and reward the learning (Marsick & Watkins, 2003).

Several authors have suggested that learning occurs on three levels: individual, group, and organization (Crossan et al., 1999; Marsick & Watkins, 2003). The idea is that change occurs at every level of learning, including individual, group, and organization, and that these changes become new practices and routines that enable and support the ability to use learning in order to improve performance (Marsick & Watkins, 2003). Correspondingly, seven distinct but interrelated dimensions of organizational learning at the individual, team, and organization levels have been proposed (Marsick & Watkins, 2003; Yang, 2003; Yang et al., 2004). The individual level is composed of the dimensions *continuous learning* and *dialogue and inquiry*. Continuous learning represents an organization's effort to create learning opportunities for its members. Dialogue and inquiry refers to an organization's effort to create a culture of questioning, feedback, and experimentation. *Team learning* is reflected in work processes related to teams' goal setting, information sharing, and collaboration, and the organization-level learning consists of the dimensions *embedded systems*, *system connections*, *empowerment*, and *providing leadership for learning*. Embedded systems indicate the efforts to establish systems in order to capture and share learning. System connections reflect the connection between the internal and external environments. Empowerment signifies an organization's process to create and share a collective vision, and it uses feedback from its members on the gap between the current status and the new vision. Leadership deals with leaders' strategic thinking about how to use learning to create change and to move the organization in new directions. The literature suggests that the development of organizational learning requires strength in all these aspects.

2.2. The concept of perceptual distance

The literature of perceptual distance recognizes the potential differences between stakeholders' perceptions. The standing point is that individuals who work together in organizations often vary in their experience, personality, skills, and values (Harrison, Price, Gavin & Florey, 2002), and they may have different perceptions of the same phenomenon in a workplace. Distance in perceptions can occur between members of a team, but prior research has shown that teams and their leaders were particularly prone to forming differing perceptions (Bass & Yammarino, 1991; Van Velsor et al., 1993). Prior studies in the field (often labeled as perceptual congruence, perceptual fit, and perceptual similarity) have compared leaders and their teams' perceptions in areas such as communication, work performance, goal accomplishment, organizational support, and subordinates roles, and they have consistently found that leaders and their teams tend to disagree about these constructs (Engle & Lord, 1997; Hatfield & Huseman, 1982; Heald, Contractor, Koehly & Wasserman, 1998; Hsiung & Tsai, 2009; Li & Thatcher, 2015; White, Crino & Hatfield, 1985). In addition, high disagreement between leader and employees was related to teams' lower levels of work outcomes such as employee health, work performance, and work satisfaction (Fleenor, Smither, Atwater, Braddy & Sturm, 2010; Hasson et al., 2013; Ostroff, Shin & Kinicki, 2005).

Gibson, Cooper and Conger (2009) proposed a model for studying the perceptual distance between leader and their subordinates. They focused on team cognitive processes and argued that leader-team perceptual differences are detrimental to team performance because these differences hinder the team from maximizing collective cognition and reaching its full potential (Gibson et al., 2009). Differences in leader-team perceptions cause misunderstandings that distract the stakeholders and consume resources (e.g., time, energy, possibly even capital) that could otherwise be applied directly to achieving performance objectives. In addition, greater levels of perceptual distance deter the team from utilizing the required catalysts to collective cognition. Catalysts—such as feedback about performance, recognition of conflict among members, and clarification of decision-making roles—can help the group to move forward through the cognitive cycle (Gibson et al., 2009). Recent theorizing suggests that the teams progress through the phases of collective cognition by making use of catalysts to break routines and habitual patterns of information use and behavior (Gibson & Earley, 2007). Thus, it is the effect of perceptual distance on these catalytic mechanisms that is central. A leader can assist a team in making use of catalysts, but if the leader and team do not have common perceptions of relevant phenomena, they are unlikely to take advantage of them.

Gibson et al. (2009) tested the model empirically and demonstrated that greater perceptual distance between a leader and a team regarding goal accomplishment and constructive conflict was associated with decreases in team performance. Bashshur et al. (2011) studied whether perceptual distance on climate for organizational support would have an impact on team performance. They found that when leaders and team members' perceptions of organizational support were in agreement, team performance was high. When managers and team members disagreed, team negative affect increased and team performance and team positive affect decreased.

2.3. Perceptual distance regarding organizational learning

Most of the prior studies on perceptual distance and organizational learning have focused on correlations between the leaders and subordinates' ratings. Some of the studies have found high correlations between managers and subordinates' perceptions of organizational learning (Ismail, 2005; Westerberg & Hauer, 2009), while others have found that the perceptions of organizational learning to a large extent were not