

# **LEADERSHIP STYLE IN KNOWLEDGE-BASED CULTURE: THE COMPETITIVE ADVANTAGE APPROACH**

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## **Abstract**

In nowadays economy, knowledge becoming the primary bases of core competency and key to superior performance. Several reasons are advanced for the implementation of knowledge management (KM) within companies. These includes of the widespread digitalisation of business environments; the rise of time-based competition that require firms to learn as much as possible in very short periods; the globalisation of operations; and the high incidence of mergers and takeovers. Thus, for these reasons, it is crucial for a company to explore any factors that can enhance the knowledge-based organization. The proper way in managing the knowledge will lead to firm's competitive advantage achievement. In this paper, the leadership styles as important factors in enhance the practices of knowledge-based culture will be the main focused. Specifically, this paper is to address three main objectives. First objective is to discuss the important of leadership styles in association to organizational learning culture, the most excellent principal in order to manage and value knowledge. Secondly, this paper will explain the important of leadership styles in firm's competitive advantage achievement. And lastly, this paper will further discuss the important of leadership role in inter-firm settings and its relationship to competitive advantage.

**Keywords:** Leadership Style; Knowledge Culture; Knowledge Management

## 1. Introduction

In today's business environment, it is agreed that the ability of organization in learning faster than its competitors is a significant source of competitive advantage. How to learn faster depends on how knowledge is properly managed across the firm as well as the effectiveness with which knowledge is put to. The effective ways of managing the knowledge located the competitive position for the firm. Thus, this has tended knowledge as a resource that forms the foundation of the firm's capability, which favor as the most likely sources of sustainability competitive advantage (Civi, 2000; Fahy & Smithee, 1999; Lopez, Montes Peon, & Vazquez Ordas, 2004; Marr, Schiuma, & Neely, 2004). The important of capability as firm's resource is remarked in resource-based view literatures (Barney, 1991; Day & Wensley, 1988; Fahy & Smithee, 1999; Wernerfelt, 1984). Capabilities are complex bundles of skills and accumulated knowledge, exercised through organizational processes that enable firms to coordinate activities and make use of their assets (Day, 1994). Knowledge-based is critical as it is the foundation for strategy formulation and strategic decision-making. For knowledge to successfully distribute, use, manage and value, becoming an organizational learning is the most excellent principle for firms (Saint-Onge, 1998; Ribbens, 1997). Only organizational learning firm will continuously encourage: (1) knowledge generation through internal and external sources; (2) knowledge distribution through which knowledge is spread among all the organizations' member; (3) knowledge interpretation that allows for given the meaning and shared of understanding including coordinating decision taking and; (4) knowledge memory that regards the knowledge to be stored including by means of rules, procedures and systems for further or future use (Lopez et al., 2004; Slater & Narver, 1995). All of these activities reflected the stages of organizational learning processes that lead to the achievement of organization best performance. As organizational learning able to continuously develop and manage the knowledge for company best performance and competitive advantage achievement, thus, determination of factors that able to enhance the organizational learning culture is vital. Due to this, the role of leadership styles that is argued as important determination factors of knowledge-based climate (Lakshman, 2007; Peng-Hsiang & Hsin, 2007; Slater & Narver, 1995) will be explained. Specifically, this paper is to address three main objectives. First objective is to discuss the important of leadership styles in association to organizational learning culture, the most excellent principal in order to manage and value knowledge. Secondly, this paper will explain the important of leadership styles in firm's competitive advantage achievement. And lastly, this paper will further discuss the important of leadership role in inter-firm settings in relation to competitive advantage.

## **2. Leadership and Organizational Learning**

Leadership is defined in several ways by past researchers. For example, Schermerhor (2002) defined leadership as a recurring pattern of behaviours exhibited by a leader (in Ribiere & Sitar, 2003). If leaders want people to accomplish a task, they clearly have to tell them on what their job consists of and what is expected of them. This reflected the behaviour pattern of an individual who attempts to influence others (Northhouse, 1997); O'Connor (1997) defined leadership as the ability to present a vision so that others want to achieve it. It require skill in building relationship with other people and organizing resources effectively (in Peng-Hsiang & Hsin, 2007); leadership is the process through which leaders influence the attitudes, behaviours, and values of others [Vecchio, 1995, in (Hagen & Morsheda, 1998)]; and, leadership is defined as the ability to influence a group toward the achievement of goals (Appelbaum et al., 2004). Indeed, as the world market and workplace are widely diverse, it is the leader's job in building the subordinates with ability and high motivation, able to give direction, ensure commitment to the team's common task, effectively work with the people both inside and outside of the firm and able to express a vision clearly and effectively. Most importantly is the ability of leader to communicate and built the community of organization when crossing boundaries among customers, the departments and sectors within firm, other firms, and the communities at large (Peng-Hsiang & Hsin, 2007). All of these facts presented that leadership is demanded for information and skill. As knowledge is a function of information, skill, and culture (Rampersad, 2004), how well knowledge is managed by a leader is critically important in order to successful play his roles. The important of knowledge management for the leaders recognized the leadership as important organizational learning climate that able to enhance knowledge-based culture in achieving superior firm's performance. Therefore, the role of leadership is important factors in enhance the organizational learning culture (Lakshman, 2007; Slater & Narver, 1995).

Organizational learning is defined in varieties of ways: Simon (1969) defined organizational learning as the growing insights and successful restructurings of organizational problems by individuals reflected in the structural elements and outcomes of the organizational itself (in Fiol & Lyles, 1985); Organizational learning means the process of improving actions through better knowledge and understanding (Fiol & Lyles, 1985); de Geus (1988) defined organizational learning as the process whereby management teams change their shared mental models of their company, their markets and their competitor (in Sinkula, Baker, & Noordewier, 1997); Sinkula and Baker (1994) characterized the organizational learning as the process through which individual knowledge is transferred to the organization so that it can be used by individuals other than the progenitor (in Sinkula et al., 1997); Based on Garvin (1993), organizational learning occurs with an organization skilled at creating, acquiring, and transferring knowledge, and at modifying its behaviour to reflect new knowledge and insights (in Farrell, 2000). These definitions strongly explained that organizational learning is characterized by the process of gaining knowledge for continuously improving the development

of organization, with firm's best performance achievement. For examples, effectively satisfied firm's customer latent needs through new product and services offering; excellent new product success, superior customer retention, higher customer-defined quality, superior growth and profitability (Ribbens, 1997; Slater & Narver, 1995). All of these contributions will involve the whole of organization by concerning on knowledge-based strategy with good leadership styles.

Furthermore, in nowadays economy which is moving to knowledge-based era, the role of leadership become more critical as knowledge becomes a key corporate resource. This has made the necessity to manage it become crucial. Due to knowledge management is a key function for a leader to be successful in playing his roles, this is where leadership styles is considered as important determinant for knowledge-based culture. This concentration is explained in Lakshman's (2007) study. From the in-depth interviews of 37 CEOs, his study found that leaders are aware the role of information and knowledge sharing. They also designed the knowledge network in maximize organizational effectiveness. This explained that with leadership the knowledge will continuously managed and thus, will further enhance the organizational learning culture. Indeed, Lakshman (2007) also stressed that such knowledge management activities implemented by leaders could positively impact organizational performance. Depends on effective styles of leadership, a leader is able to improve the firm's efficiency and effectiveness. As showed in Farrell (2000), his study found that there is a high positive correlation between transformational leadership style and organizational learning variables, which refers to formal learning processes; knowledge dissemination; worker training; information gathering; information preserving; and general organization learning mechanisms. However, in (Amitay, Popper, & Lipshitz, 2005), there is a negative correlation found between transactional leadership style and organizational learning variables. Other study also demonstrated that transformational leadership style affected the level of learning orientation. However, other styles of leadership that is transactional and laissez-faire leadership did not have statistical effect on the level of learning orientation. This explained the important role of transformational leadership in encouraging people to learn, reach their full potential, and break through learning boundaries. In fact, as further argued in Amitay et al. (2005), some attempts have been made by past researchers in explaining the relationship between leadership and organizational learning, but most of it is on the conceptual level, for example in Senge (1990b); Schein (1993); Davenport and Prusak (1998); Edmondson (1999); Lipshitz et al (2002).

Although the association of leadership and organizational learning still scarcely been studied, but the finding in some research as earlier explained showed significant relationship between them (Amitay et al., 2005). In fact, from leadership viewpoints it would essential to manage information and knowledge firm wide basis and in a continuous basis for it to be of benefit to the firm. And, when the leaders are able to establish the effective style of leadership, which improve firm efficiency and effectiveness this leadership styles becomes a firm's valuable resources as it ability to bring firm's competitive advantage (Barney, 1991; Dev & Schultz, 2005; Fahy & Smithee,

1999). Overall, as leadership styles are important determinant in facilitates the organizational learning culture, more research is still needed in further explained the important role of leadership on knowledge-based firm. Furthermore, this critical role of leadership is seems to be evidence in achieving the firm's sustainable competitive advantage that able to lead to superior performance or firm's competitive advantage. As competitive advantage is critical success factor for the firm, the following section will explain the role of leadership styles in firm's competitive advantage achievement.

### **3. Leadership Style and Competitive Advantage**

The concentrated on the ways or styles in which a leader can effectively bring about subordinate compliance and collaboration is contributed much in leadership research. For many years, the power-influence approach, for example directive and transactional leadership is the main concerned in explaining the leadership style (Frazier & Summers, 1986; Johnson, Sakano, Cote, & Onzo, 1993; Schriesheim & Schriesheim, 1980; Schul & Little Jr, 1985). It cannot be denied that in comparison to laissez-faire, the leadership that based on power approach is more effective in getting the process going. Laissez-faire, a non-transactional behaviour factor, is essentially the avoidance or absence of leadership, and the most ineffective styles of leadership (Ardichvili, 2001; Farrell, 2000; Northhouse, 1997). The power approach of leadership style did presented a good exercising of leadership (Johnson et al., 1993; Rajiv Mehta, Dubinsky, & Anderson, 2003; Schul & Little Jr, 1985). However, by placing this approach without taking into consideration other non-coercive leadership, researchers basically limited their investigation in this area. Thus, in further enhance the non-coercive in this area, most of the research now focused more on facilitative leadership such as transformational, supportive and participative leadership, which prior focused on behaviour and motivation elements (Ardichvili, 2001; Rajiv Mehta, Larsen, & Rosenbloom, 1996; Slater & Narver, 1995).

Basically, both of power and facilitative leadership styles are able to influence subordinates. For examples, Burn (1978) who was the first scholar to differentiate both of the transactional and transformational leadership styles argue that transactional leaders are the leaders who attempt to satisfy the current needs of their subordinates by focusing on exchanges. In contrast, transformational leaders are the leaders who try raised the needs of subordinates and promote dramatic changes of individuals (in Hult, Ferrell, & Schul, 1998). Transactional leaders concentrate on how to marginally improve and maintain the quantity and quality of performance by emphasis on incentives or reward in influencing the level and direction of subordinate effort. However, transformational leaders attempts to increase subordinates' awareness of the value of their jobs and their important to the firm. And, as compare to transactional leadership, this will activate subordinates' higher order needs and encourage their substitution of firms needs for their personal needs. Consequently, this will lead to a more committed, motivated and satisfied subordinate (Russ, McNeilly, & Comer, 1996).

According to Bass (1985), transformational leadership theory that manifested as attitudes, belief and behaviour is able to explain the way leaders gain extra-ordinary commitment by giving more attention to followers' rather than leaders' needs (in Russ et al., 1996). In Bass's (1985) Model of Transformational and Transactional Leadership, he described that leadership is a single continuum from transformational to laissez-fair leadership. This means that the transactional leadership, transformational leadership and non-leadership factor that refers to laissez-faire is a single continuum rather than mutually independent continua (in Northhouse, 1997). These three leadership styles that diverges each other incorporated seven different factors as following, which are central for leader effectiveness: (1) Transformational leadership factors: charisma or idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration; (2) Transactional leadership factors: contingent reward and management-by-exception, and; (3) Laissez-faire: non-transactional behaviour (Northhouse, 1997, p. 134-139). When a leader managed to implement the proper leadership styles, indirectly they are able to inspiring others to work hard to accomplish important tasks. It builds the commitment and enthusiasm needed for workforces to apply their talents to help accomplish firm's plans (Ribiere & Sitar, 2003). When these skills enable firm to implement strategies that improve its efficiency and effectiveness, this could qualify them as sources of competitive advantage that are value and inimitability (Barney, 1991). The ability of firm's sources of advantage in achieving the firm's positional advantages will able to precede the firm's competitive advantage (Day & Wensley, 1988).

The important role of leadership styles in achieving the firm's positional advantage has been explained by many of past researchers. For example in Russ et al. (1996) demonstrated the ability of two leadership style that refers to transformational, and transactional leadership styles of sales managers in bringing the satisfaction, loyalty and less role stress of their sales reps. In Hult et al. (1998), their findings founds significant relationship between leadership styles and purchasing process outcomes. Specifically, their results explained that as the buying center leadership increasingly exemplifies transformational and/or transactional leadership styles, the purchasing cycle time is decrease. This demonstrated leadership style as the important factor in achieving firm's sustainability competitive advantage that able to lead to firm competitive advantage accomplishment. In fact, Hult et al. (1998) also found positive relationship for both transformational and/or transactional leadership styles with customer orientation that concern on buyer's satisfaction and commitment. This presented that as leadership styles represent the structures and processes that facilitate the achievement of the desired behaviours, this reflect leadership styles as superior skills that tend to generate superior customer value which lead to improvements in effectiveness or efficiency of the firms (Day & Wensley, 1988; Slater & Narver, 1995). Indeed, although both of these leadership styles are important, however, Hult et al. (1998) in their study also showed that certain of transformational leadership behavior (intellectual stimulation, attributed charisma, and inspirational leadership) appear to be more important than transactional leadership behaviors, especially in achieving a high degree of user satisfaction in the process.

Ardichvili (2001) in his result also explained that in comparison to both transactional and laissez-faire styles, the transformational leadership style is the best positive predictor of satisfaction for both groups of managers and entrepreneurs. The transactional leadership style that focused on contingent reward is found positively link to satisfaction for entrepreneurs group. However, there is no significant relationship for managers group. In contrast, there is negative relationship between laissez-faire leadership style and satisfaction for the groups.

In fact, Narver and Slater (1995) argued that facilitative leader, for examples a transformational leader is needed when the environment is complex. The facilitative leaders basically is the leader who communicate effectively, share information, and generally keep the workforce up to date with important information. These leaders encourage inquisitiveness, motivate to learn and break through learning boundaries and establish a motivating vision for the organization. This has made the facilitative leaders is seen to stimulate interest among colleagues. In addition, they also motivated subordinates to view their work from new perspectives; generate awareness of the mission or vision of the team and organization; and develop themselves to look beyond their own interest for benefits of the firm (Farrell, 2000). This has reflected the facilitative leaders not even create the environment in which individuals are able to learn for themselves and share their learning experience within the organization (Farrell, 2000), but also it ability to create the organization culture within the important role of knowledge that tend to encourage the generative learning. Rather than adaptive learning, generative learning is the learning orientation that are most likely to lead to competitive advantage and further enhance the organizational learning culture (Baker & Sinkula, 1999; Slater & Narver, 1995).

Adaptive or single-loop learning is defined “as improvements within current paradigms”. Adaptive learning mainly used knowledge that is already well established in the firm and it basically sufficient to motivate tactical adjustments to operations, production, and planning. Thus, adaptive learning is only accomplished within-paradigm improvement i.e. continuous improvement. In contrast, generative or double-loop learning is defined as “the development and use of new organizational paradigms”. Generative learning initiate the firm to generate new learning by not only using knowledge established in the firm, but also drawing from the surrounding environment to solve new problems and exploit new opportunities. Generative learning is prerequisite to more fundamental strategic shifts, which enable firms to not only accomplish within-paradigm improvements but also paradigm shifts i.e. breakthrough innovation (Baker & Sinkula, 1999; Osterberg, 2004). This has make generative learning is pivotal because it reflect the firm’s capacity to change from unlearning obsolete perspectives, systems, and procedures and proactively replacing them with approaches that are capable of creating or maintaining competitive advantage (Baker & Sinkula, 1999).

For this reason, this has recognized that the strength of facilitative leader is not only being effective communicators within the firm, but also outside of the firm including resellers. As generative learning is concerned to achieve firm’s competitive advantage and further enhance the organizational

learning culture, the effective styles of leadership such as facilitative leadership becomes crucial. The effective styles of leadership constantly articulated and reinforced the firm's vision by help those who engage in their firm to face assumptions and understand patterns and relationships among people, firms, and events (Saint-Onge, 1998; Slater & Narver, 1995). Indeed, it also able to encourage "knowledge-questioning values", which motivate the firm's partner such as resellers to constantly question the firm norms that guide their market information process activities and firm actions. This will further enhance the generative learning. Thus, even the relationship between leaders and their subordinates are important, however, their relationship between outsiders such as their reseller will increase the information and knowledge sharing. Furthermore, as knowledge about customer is vital for improvements in effectiveness and efficiency of the firms, the important of marketing channel or reseller in providing whatever information about the customer cannot be denied. This explained the important of generative learning in initiate the new learning by not only using knowledge established in the firm, but also drawing from the surrounding environment. For examples, the customer information from marketing channel in order to solve new problems and exploit new opportunities. As value to customer is an essential element of firm's competitive advantage, thus, the important of customer knowledge cannot be denied due to it ability for firm's improvement and breakthrough innovation (Baker & Sinkula, 1999; Barney, 1991; Dev & Schultz, 2005; Fahy & Smithee, 1999; Saint-Onge, 1998; Slater & Narver, 1995).

This recognized why generative learning is the learning orientation that are most likely to lead to competitive advantage and further enhance the organizational learning culture. Meanwhile, as long as firm dealing with knowledge environment including with it outsiders this has make the effective style of leadership is of great important for the behaviour change that lead to superior outcomes achievement. When the leaders are able to establish the effective style of leadership, which lead to the firm's positional advantage and superior performance achievement this leadership styles becomes a firm's valuable resources as it ability to bring firm's competitive advantage. Thus, as marketing channel is important sources that able to further enhance the knowledge-based culture, thus for this important reason, the next section will solely explained the channel leadership styles in relation to the competitive advantage.

#### **4. The Interim Setting: Channel Leadership Style**

Specifically, in marketing perspective, channel leadership can be defined as the activities undertaken by the marketing channel leader to influence the marketing policies and strategies of channel partners to control various aspects of marketing channel operations (Rajiv Mehta et al., 2003; Rajiv Mehta et al., 1996). Marketing channel that is also called a trade channel or distribution channel is defined as exchange relationships that create customer value in the acquisition, consumption, and disposition of products and services (Pelton, Strutton, & Lumpkin, 2002) p. 6. This definition

basically reflects the important role of marketing channel in performing the importance function on behalf of the firm including market information gathering, stimulate purchasing, place of orders, and storage and movement of physical products (Kotler, 2003). It is the fact that firm usually not directly engage with customer without the appearance of intermediaries. Firms typically produce in a large quantity of a limited variety of products, whereas customers usually desire only a limited quantity of a wide variety of products. Thus, only distributors will smoothly the flow of products as needed by customer and the best way for firm to reach the customer (Kotler, Swee, Siew, & Chin, 1996; Saint-Onge, 1998). Thus, for Kotler et al. (1996), marketing channel is defined as, “sets of interdependent organizations involved in the process of making a product or service available for use or consumption” (p.656).

As marketing channel representing firms’ task in fulfilling customer added value, this demonstrated the role of marketing channel is vital. Customer added value is basically the customer’s aspirations that form the basis for shaping solution, which then transferred to firm for the purpose of firm’s competitive achievement. As customer added value will be transferred to firm’s competitive advantage, this makes the marketing channel is one of the key elements in the value chain. Moreover, as compared to other elements of the value chain, for example, the design phase; the product development phase; and the manufacturing phase, the marketing channel or distribution and marketing phase in these days marketplace becomes crucial as the quality of the relationship with customer determines to a large extent the value perceived by the customer (Saint-Onge, 1998). This explained of why the firm must develop appropriate marketing activities and strategies to their marketing channel members and to influence the marketing policies and strategies of channel partners to control various aspects of marketing channel operations that generate benefits for both parties.

When the interaction process in which connections is developed between retailer (or reseller) and firm, this is what it termed as, “channel relationship”. As channel relationship is vital in knowledge sharing, the effective of channel leadership styles is the main consideration. In channel leadership context, leadership style concerns how a channel leader secures the compliance as well as collaboration of channel member for rewards or punishment as channel member has greater access to economic, social, and psychology resources (Mehta et al., 1996). More importantly, to enhance the learning organizational culture the role of channel leadership is critical in order to further enhance the process of generative learning. As organizational learning involved with market information processing (MIP) activities that comprising of information acquisition, dissemination, shared interpretation and memory for further used or action-based (Baker & Sinkula, 1999; Slater & Narver, 1995) it obviously showed the important role of marketing channel as they able to enhance the successful of MIP activities (Baker & Sinkula, 1999). Due to customer-based information is critical for firm to further sustain its competitive advantage, thus, the important of MIP activities cannot be denied. As marketing channel is the main resource that firm relied on in getting the customer information and knowledge, therefore, the exercising of proper

leadership styles to secure the cooperation of channel members is vital (Baker & Sinkula, 1999; Rajiv Mehta et al., 1996; Slater & Narver, 1995).

From the past studies, for example in Russ et al. (1996); Hult et al. (1998); Ardichvili (2001) and; Farrell (2000), it does reflect that the facilitative leadership hold great promise in relation to firm's performance achievement. In fact, the transformational model of leadership did sustained considerable attention by researchers in organizational behaviour and sales management. Even though it showed the usefulness of the facilitative leadership, but its application to the inter-firm channels research is still rare (Mehta et al., 1996). This means that, the non-coercive element that applicable to marketing channels setting still lacking in research attention. Indeed, for many years researchers in marketing channels were primarily emphasized on the power-influence approach (Frazier & Summers, 1986; Johnson et al., 1993; Price, 1993; Schriesheim & Schriesheim, 1980; Schul & Little Jr, 1985). Thus, as a means of exercising leadership, more conceptual and empirical development that based on non-coercive element is necessary in order to provide an adequate understanding toward the role of leadership style, specifically in inter-firm channel setting (Rajiv. Mehta, Larsen, Rosenbloom, Mazur, & Polsa, 2001).

Synonymous with transformational approach that focused on what motivates people to accomplish designated goals, the establishment of path-goal theory that derived from expectancy theory indicated that participative, supportive, directive, and achievement oriented leadership styles are those leadership styles that tend to generate different kind of impact on subordinates' motivation (Northhouse, 1997). Specifically, the path goal theory is emphasized on subordinates' motivational needs. It proposed to explain how leaders can help subordinates along the path (the task) to their goals (the results) by choosing particular behaviours or styles that are best matched to subordinates' needs and to the situation in which subordinates are working. With appropriate selected of leadership styles, the leaders able to increase subordinates' expectations for success and satisfaction. Even though the path-goal theory is concerned on subordinates that composed of intra-firm members, however, based on Barnett and Arnold (1989) it can be applied to marketing channel leadership that reflected the inter-firm setting (in Mehta et al., 1996). According to Mehta et al. (1996), the leadership styles that refers to participative, supportive, and directive are three types of leadership styles that are most applicable to marketing channel setting. In contrast to the explanation of Northhouse (1997), for them, the achievement-oriented leadership is not relevant to the channel leadership context. This is due to the orientation is belief to encourage the price discrimination that may lead to lessen competition. As regard to the Robinson-Patman Act of 1936, this unhealthy competition is legally prohibited.

Since channel members can significantly influence a firm's success or failure in the long run, this has lead the firm to concerned about the level of performance of the institutions that comprise their marketing channels. Indeed, the level of performance achieve by channel members is pivotal if a firm is to achieve differential advantage. And, as suggested by the path-goal theory the leaders can influence the level of group members' performances by employing

appropriate leadership styles (Day & Wensley, 1988; Rajiv Mehta et al., 1996). The useful of path-goal theory have been conceptually and empirically explained by some of channel researchers, which demonstrated the channels phenomena including their performance such as channel member satisfaction, channel efficiency and effectiveness, manifest conflict, co-operation, role clarity, role conflict, and role ambiguity (Mehta et al., 1996). Even though these findings have explained the leadership styles in the context of marketing channel, however, it still limited and the understanding of channel leadership styles is remained inadequate. Furthermore, there's still need more study to be conducted in various areas to further enhance the understanding of channel leadership styles, mainly that refers to participative, supportive, and directive leadership (Mehta et al., 1996).

Specifically, participative leadership is referred to a leader who is invited subordinates to share in the decision-making. This involved of obtaining the subordinates ideas and opinions, and integrates their suggestions into the decisions concerning how the group or organization will proceed. While, supportive leadership is referred to a leader who being friendly and approachable as a leader and includes attending to the well-being and human needs of subordinates. It involved of a leader who is treated subordinates equally, made work pleasant for subordinates, and give them respect for their status. As contrast to both of these leadership styles, the directive leadership is referred to a leader who is gave subordinates instructions about their task, including what is expected of them, how it is to be done, and the time line for when it should be completed. This types of leadership styles have clear set of performance standard and makes the rules and regulations clear to subordinates (Northhouse, 1997, p.90-91). In the study by Mehta et al (1996), they explained that the role of channel leadership styles is important determinants of channel cooperation. Their findings showed that there is a positive relationship between participative, supportive, and directive leadership style with channel cooperation. When channel cooperation is established, their study further explained that there is significant relationship contributed by channel cooperation with channel performance such as sales per employee, annual sales, ROA, and profitability. This clearly showed on how leadership styles will able to influence the firm's positional advantages such like cooperation, which lead to firm's competitive advantage achievement.

The role of channel leadership styles is also explained in Schul, Pride, & Little (1983). Their findings demonstrated that the higher the leadership styles that focus on participative, supportive, and directive leadership exhibited by the channel leader, the lower the intra-channel dysfunctional conflict. Failing in handling this dysfunctional conflict will able to impede the channel's performance and destroy the channel as a competitive entity for the firm. In the international context, Mehta et al., (2001) in their findings demonstrated the mix results regarding the role of channel leadership styles. By concentrated on three countries that refers to US, Finland and Poland, their study comparatively examined leadership styles, cooperation, and channel member performance. Even though their research contributed the mix result toward the role of channel leadership styles, however, their study did bring the

additional understanding about the important role of leadership in foreign country. Especially in demonstrated the important function regarding the degree of marketing channel development.

## **5. Conclusion**

In nowadays economy, where firms are facing with dynamic and turbulent markets it is impossible to deny the important of knowledge as a firm's capability asset that able to achieve competitive advantage. This has lead to the important role of firm to become learning organization. It is agreed in today's business environment that the ability of organization in learning faster than its competitors is a significant sources of competitive advantage. But, how to learn faster is relied on how the knowledge is properly developed and managed. For this objective to be achieved leadership style as discussed above reflected as important factor that able to develop and properly manage the knowledge for the firm's success. Leadership style is pivotal as it always been the principal approach to convince and motivate employees. The effective leadership style will encourage values (i.e. hard work, innovation, positive thinking, optimistic attitude, and risk taking) inspire and empower employees to constantly learn, use and leverage shared knowledge for problem solving, and share knowledge with other. With these knowledge sharing, mutual assistance and cooperation, this is where the firms will be able to maintain and enhance their competitive advantage.

In fact, in the context of marketing where customer is the main considerations, this reflected the important of market information process activities not only to facilitate the organizational learning, but also to achieve firm's superior customer value. As superior customer value is firm's competitive advantage, focusing on customer-based information is necessary for firms in order to improve their efficiency and effectiveness. By continuously improving market information processing activities at a faster rate than competitors do, this is a significant sources of firm's competitive advantage. And, one of the major "informers" for this important customer-based information can be provided by firm's marketing channel. For the successful of knowledge sharing activities, the role of channel leadership styles becomes essential. The research progress executed for example by Mehta, Schul and their friends has open-up the important role of leadership toward marketing channel not only as the main consideration in initiated the generative or double-loops learning, but also the achievement of firm's great performance, for example in terms of customer satisfaction, profitability and sales. Thus, for this important contribution, their effort shouldn't be stop at here. More research attention in various contexts needs to be explored in order to enhance the understanding of both roles of leadership and marketing channel especially in the non-coercive areas.

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