

1 Introduction

For a company today, a convincing firm strategy as such is not a sufficient precondition for success. Turning strategy into reality is itself increasingly considered to be a source of competitive advantage (Barney, 2001; Govindarajan, 1988; Priem, 2001; Tsai & Ghoshal, 1998). Successfully driving the strategy realization process is particularly challenging for multibusiness firms as their growth and profitability potential lies not only vertically within one business unit but in collaboration and coordination activities across businesses as well (Goold, Campbell, & Alexander, 1994). It is increasingly recognized today that realizing cross-business value creation is the rationale for the existence of a diversified firm (Goold & Campbell, 1998a, 2000). A multibusiness firm which is not capable of realizing value creation across its businesses will face increasing pressure from financial investors to abandon one of its businesses (Müller-Stewens & Knoll, 2005a).

Despite the pursuit of cross-business value creation as the underpinning logic of multibusiness firms, relatively little is known on how cross-business synergy potentials are de facto realized (Martin & Eisenhardt, 2001, 2003). The strategy, the diversification degree and the organizational structure as such cannot fully explain performance differences among multibusiness firms. What seems to be clear, though, is that the realization of intended cross-business growth and profitability potential is not a trivial matter. Particularly in today's economy, where corporate advantage is rooted increasingly in the human, social and intellectual capital of a firm (e.g. Dess et al., 2003), cross-business collaboration becomes a central vehicle for multibusiness firms to assemble, deploy and leverage these types of capital for creating growth opportunities and competitive advantage.

However, competition, rather than collaboration, will occur when there is a lack of aligned strategic orientation, shared values and a climate of trust (Burgelman & Doz, 2001; Ghoshal & Bartlett, 1996; Tsai, 2002). Particular leadership capabilities are necessary throughout the entire organization to enhance trust and collaboration between the units and to balance the different and mostly conflicting interests. One of those capabilities, entrepreneurship, is also required to effectively realize growth potentials (Burgelman et al., 2001; Goold et al., 1998a; Goold, Campbell, & Alexander, 1998b). Finding managers who embody all of these capabilities will be difficult. As these capabilities are firm-specific in nature, they need to be developed within the specific organizational context (Burgelman et al., 2001; Müller-Stewens & Knoll, 2005b). By setting adequate organizational and procedural arrangements, the role of corporate management is seen as being indirect in nature, enabling the respective collaboration

culture and leadership capabilities throughout the organization (Bowman & Helfat, 2001; Goold et al., 1998a; Müller-Stewens et al., 2005b). Thus, leadership development is regarded as a central means for a corporate management to enable the relevant collaborative culture and leadership capabilities for a corporate strategy to be successfully realized. This is reflected in a continuous flow of high level investments in the leadership development of large firms across all industries the world over (PriceWaterhouseCoopers, 2006). However, as the return on these investments remains puzzling, the lack of sound evidence suggests that not all of these efforts indeed result in improvement in leadership. Thus, there seems to be a need to explore leadership development approaches that are aligned with their particular strategic context.

This dissertation proposes to address this issue by exploring the role of leadership development practices for turning strategy into practice in the particular context of multibusiness firms. In order to realize intended cross-business growth and efficiency synergies, valuable collaboration activities across the firm's businesses are seen to be critical (Goold et al., 1998a; Müller-Stewens & Knoll, 2006). Interestingly, these cross-business collaboration activities originate in the businesses rather than in the corporate center of a multibusiness firm (Martin & Eisenhardt, 2003). Further, entrepreneurial leadership and the related social capital seem to be involved when it comes to valuable cross-business collaboration (Martin et al., 2003). Thus, in contrast to traditional human-capital-oriented approaches to leadership development, we will address particularly the contribution to social capital. Previous human resources management literature was mainly concerned with explaining the effect of leadership development regarding a single intervention (Kepes & Delery, 2007; Mabey, 2002). However, from a strategic perspective the interrelation and alignment of different leadership development practices is seen to be critical in creating sustained competitive advantage (Allen & Wright, 2007; Boxall, Purcell, & Wright, 2007; Kepes et al., 2007; Purcell & Kinnie, 2007). To overcome this shortcoming of traditional human resources management literature we will adopt a strategic human resources management perspective in this dissertation.

To introduce the dissertation's purpose, this chapter is structured as follows. First, we describe the research problem in more detail, including the existing research gaps, and indicate our research intent and guiding questions (1.1). In subchapter 1.2, we inform about our intended contribution to existing research and managerial practice. Finally, we conclude by providing an outline of this dissertation's content to orient the readers (1.3).