

Examining the Relationship between Organisational Culture and Leadership Styles

Sanjeev K. Sharma and Aditi Sharma

Panjab University, Chandigarh. Chandigarh Business School, Mohali, Punjab.

Culture is the medium by which organization expresses itself to its employees or members. The core of the culture is formed by the values which are not visible but are shared by people even when membership in group changes. Shared values and norms focus employees' attention on organizational priorities and guide their behavior and decision making. In the present study organizational culture has been conceptualized along eight cultural values and beliefs: openness, confrontation, trust, authenticity, proaction, autonomy, collaboration, and experimentation. Leadership styles have been determined in terms of initiation, consideration and charismatic variables. To achieve competitive advantage the industry needs visionary leadership to drive change and performance. Results of the study on textile industry in North India show a positive association between cultural values and charismatic leadership styles. Organizational culture exhibiting characteristics of accountability, collaboration, decentralized leadership, alignment and adaptability hold the key to successful survival.

Keywords: OCTAPACE, Leadership styles, Initiation, Consideration, Organisational Culture

A leader needs to have a thorough understanding of organizational culture, its nature and impact, so that they can communicate new vision and ensure followers' commitment to that vision (Schein, 1992). Leaders play a significant role in shaping and maintenance of the culture in an organization. It is in the leadership process that the effect of culture becomes most perceptible (Komin, 2000). If it is the leadership that mobilizes attention towards a new vision, it is the corporate culture that confers legitimacy on that vision (Fombrun, Tichi & Devanna, 1984). Thus it can be said that leadership and organizational culture are strongly intertwined and share a symbiotic relationship.

Textile industry in India has two main constituents- organized mill sector and the unorganised sectors of powerloom, handloom and hosiery. The industry accounts for

approximately 20 percent of the country's total industrial production, and contributes approximately 4 percent to the GDP. The industry being highly labor intensive provides direct employment to nearly three million people and is the second highest employer in the country. India has several advantages in the textile sector including abundant availability of raw material and cheap labor. The factors like lower raw material costs, lesser wastage costs, flexibility in production due to fragmented industry structure and availability of low cost skilled labor, provide a comparative advantage to Indian textile industry. However problems like low productivity levels, gap between need and supply of skilled labor and management offset such advantages. Clark (1987) opined that the lower level of efficiency in the Indian textile industry was because of the cultural norms of Indian society. In order to examine the impact

that the organizational culture has on leadership styles, present study was conceptualized.

Each society is characterized and defined by a distinctive culture. Organizations possess the paradoxical quality of being both 'part of' and 'apart from' society. They are embedded in a wider social context, but are communities in their own right with distinctive rules and values and can thought of as 'culture producing phenomenon' (Simirich, 1983).

Organizational culture reflects the underlying belief and value structure of an organization. Members of an organization in a given cultural environment share a common set of assumptions, beliefs and values which originate from the local environment. These cultural values from the environment have a very strong impact on the behavior of the persons within the organization.

Employees and their organizations have a culture that dictates what to value and what priority to establish. Researchers have emphasized collectively shared, historically based, symbolic and inherently fuzzy characteristics of culture (Beyer & Trice, 1993). Company's culture is manifested in the values and business principles that management preaches and practices, in employees' attitudes and behavior, in the legends people repeat about happenings in the organization. The more managers understand this cultural environment, the more effective they can be in changing it as per the requirements.

The core of culture is formed by values which are not visible but shared by people even when membership in group changes. Culture appears to be transmitted among employees through behavioral expectations and normative beliefs than through "deeper" values and assumptions (Ashkanasy, Broabfoot & Falkus, 2000). Shared values and norms focus employees' attention on organizational priorities and guide their behavior and decision making. Individuals

may be attracted to organizations they perceive as having values akin to their own. The successful organizations consider the ideal employees as those who have internalized the organizations culture into their cognitive and affective make-up (Peters & Waterman Jr., 1982).

Leadership is both dynamic competence and a relational process, which require specific skills and capabilities for envisioning, setting aspirations, and for motivating others. Bass (1985) viewed transformational leadership from the perspective of leaders' influence on their subordinates. Subordinates' satisfaction with their superiors was significantly associated to supervisors manifesting transformational leadership (Hater & Bass, 1988). Higher levels of transformational leadership were positively associated with subordinates' organizational commitment (Howell & Avolio, 1993). Subordinates, influenced by transformational leaders, felt motivated to do more than what they were originally expected to do (Yukl, 2000).

Theories suggesting charisma as an extension of transformational leadership pointed out that effective leadership relied on personal charisma, skills or traits in the leader including moral vision, coupled with sensitivity to the demands of the context (Bass & Steidlmeir, 1999). The charismatic leaders influence their followers due to certain personal characteristics like high self-confidence, empathy, and use interpersonal skills to give followers a sense of competency and empowerment.

It has been suggested that leadership style must be adjusted according to the situation to ensure organizational effectiveness. Transformational leaders help in the shaping and maintaining of desired organizational culture which may have a certain link to organizational effectiveness. Researches indicate that transformational leadership and organizational culture contain

the key to understanding organizational effectiveness (Bass & Avolio, 1992).

To achieve competitive advantage the industry needs visionary leadership to drive change and performance. Similarly the relationship between organizational culture and leadership behavior prove that they are crucial for improving organizational effectiveness. As the technology used is almost same it is the productivity through human element that could be used by the industry to gain competitive advantage. The cultural assessment would enable the companies to analyze the gap between the prevailing and desired culture. Identification of such gaps would help organizations in developing interventions to realign the existing culture with the desired one.

The objective of the study was to find out the organizational culture and its impact on leadership styles in the textile industry. The study was designed to highlight the importance of culture in organizations and help organisations realign their structures in congruence with a type of culture that is most suited and appropriate for them. Knowledge of their cultural variables can support the management in accomplishing the goals of the organization in an effective manner. It would also enable the management in assessing the leadership styles appropriate for the adoption of desired cultural values.

The present study focused on textile industry in the North Indian states of Himachal Pradesh and Punjab. Though a vast body of literature exists on leadership and organizational culture as independent constructs, the relationship between the two remains "more of an implicit theory than an empirical finding" (Block, 2003). Pettigrew (1979) explicitly linked leadership and organizational culture, pointing out that a leader's effectiveness is likely to be influenced by the extent to which he can align his team towards organizational culture. Very little

systematic research has been conducted to examine the specific nature of relationship between the two variables (Ogbonna & Harris, 2000; Beyer & Trice, 1993).

Objective:

To examine the impact of organizational culture on the leadership styles of the managers in select textile organizations.

Hypotheses:

The present study was aimed at exploring the nature of association between organizational culture and leadership styles in textile industry. Following hypotheses were formulated to achieve the desired research objective:

H₀₁: Organizational culture has no significant influence on the leadership styles of the managers of select textile organizations in North India.

H_{a1}: Organizational culture has significant influence on the leadership styles of the managers of select textile organizations in North India.

Method

Sample:

A sample of 300 employees working in different textile units of North India was personally contacted. Only the permanent employees working in the organizations were included in the survey. All the departments of the organizations including human resource, finance, accounts, sales, production, and marketing were included. Selection of the employees was done through consultation with the head of human resource department.

Tools:

OCTAPACE, a forty item questionnaire developed by Pareek (1989) that measures the organization's ethos in eight values, viz, openness, confrontation, trust, authenticity, proaction, autonomy, collaboration and experimentation. The questionnaire is divided

into two parts. In the first part, there are twenty four statements comprising three statements of each of the eight values. The respondents are required to check on a four point scale how much each item is valued in the organization. The second part contains sixteen statements on beliefs and contains two statements on each of the eight values. The respondents check on a four point scale how widely each of the value is shared in the organization. Cronbach alpha coefficient of

reliability was 0.83.

Leadership Behavior Description Questionnaire (Halpin & Winer,1957) having subscales measuring initiating structure and consideration was used. The established Cronbach's alpha reliability of these two subscales was 0.81 and 0.84 respectively. The subscale for measuring Charisma was adapted from Bass's scale of transformational leadership (1985), the Cronbach's alpha reliability of which was 0.95.

Results and Discussion

Table 1: Correlation between dimensions of organization culture and initiating structure leadership style (N=300)

	O	C	T	A	P	A	C	E
Openness.								
Confrontation	.772*	.						
Trust	.422*	.400*	.					
Authenticity	.495*	.549*	.358*	.				
Proaction	.742*	.669*	.540*	.506*	.			
Autonomy	.645*	.551*	.345*	.454*	.774*	.		
Collaboration	.641*	.734*	.332*	.387*	.554*	.367*	.	
Experimentation	.732*	.682*	.499*	.520*	.704*	.551*	.683*	.
Consideration	.622*	.572*	.539*	.536*	.688*	.592*	.424*	.565*

*p<.01

The correlation between OCTAPACE cultural values and initiating structure leadership styles was significant at $p=0.01$ (table 1). The correlation ($r=0.62$) between openness and initiating structure indicates that the two variables would explain the variance in one another to the extent of 38.4%, showing a significant positive association. Similarly, the correlation ($r=0.57$) between confrontation and initiating structure explained the variance in one another to the extent of 32.5% indicating confrontation in these organizations is perceived to be associated to the initiating structure leadership style. The correlation ($r=0.53$) between the cultural value of trust and initiating structure leadership style reveals that the two variables would explain the variance in one another to

the extent of 29.1%, indicating that the trust in the organizations under study is significantly associated to the initiating structure leadership style. The correlation of 0.53 between authenticity and initiating structure indicates that the two variables would explain the variance in one another to the extent of 28.7% revealing a moderate relationship. The correlation of 0.68 between proaction and initiating structure indicates that the two variables would explain the variance in one another to the extent of 47.3% revealing a strong association between proaction and the initiating structure leadership styles. The correlation of 0.59 between autonomy and initiating structure indicates that the two variables would explain the variance in one another to the extent of 34.8%., a moderately high correlation. Thus the cultural value of

autonomy in the organizations under study supports the emergence of the task oriented leaders. The correlation of 0.42 between collaboration and initiating structure indicates that the two variables would explain the variance in one another to the extent of 17.6% reflecting a weak relationship between collaboration and the initiating structure leadership styles. The correlation of 0.56 between experimentation and initiating structure indicates that the two variables would

explain the variance in one another to the extent of 31.3%, thus revealing a moderate relationship between them.

The highest correlation between cultural values and initiating structure may be because the organizations under study are manufacturing units where the primary objective of the management is to achieve production targets. Thus, the managers in such units tend to be high on task orientation.

Table 2: Correlation between dimensions of organization culture and consideration leadership style (N=300)

	O	C	T	A	P	A	C	E
Openness	.							
Confrontation	.772*	.						
Trust	.422*	.400*	.					
Authenticity	.495*	.549*	.358*	.				
Proaction	.742*	.669*	.540*	.506*	.			
Autonomy	.645*	.551*	.345*	.454*	.774*	.		
Collaboration	.641*	.734*	.332*	.387*	.554*	.367*	.	
Experimentation	.732*	.682*	.499*	.520*	.704*	.551*	.683*	.
Consideration	.555*	.522*	.414*	.460*	.622*	.491*	.498*	.672*

*p<.01

Table 2 reveals that the correlation between OCTAPACE cultural values and consideration leadership styles is significant at p=0.01. The correlation of 0.55 between openness and consideration indicates that the two variables would explain the variance in one another to the extent of 30.3%. Hence, it can be inferred that openness and consideration share a significant and positive association. Similarly, the correlation of 0.52 between confrontation and consideration shows that the two variables would explain the variance in one another to the extent of 27%. indicating a moderate association. The correlation of 0.41 between the cultural value of trust and consideration leadership style reveals that the two variables would explain the variance in one another to the extent of 16.9%, a weak relationship. The correlation of 0.46 between authenticity and consideration indicates that the two variables would explain

the variance in one another to the extent of 21.1%, also a weak association. The correlation of 0.62 between proaction and consideration indicates that the two variables would explain the variance in one another to the extent of 38.4%, a moderately strong relationship. The correlation of 0.49 between autonomy and consideration and a variance of 24.8% show a weak relationship. The correlation of 0.49 between collaboration and consideration indicates that the two variables would explain the variance in one another to the extent of 24.1%, hence a weak relationship. The correlation of 0.67 between experimentation and consideration and a variance of 44.9%. reveals a strong relationship between the cultural value of experimentation and consideration leadership style.

The positive association between all the eight cultural values viz. openness,

confrontation, trust, authenticity, proaction, autonomy, collaboration, experimentation and consideration leadership styles reflect that Indian managers are relationship-oriented because Indian culture promotes concern for

others. Kakar (1971) revealed that the paternalism and assertiveness among leaders in an organization could be attributed to the cultural factors in the Indian tradition.

Table 3: Correlation between dimensions of organization culture and charismatic leadership style (N = 300)

	O	C	T	A	P	A	C	E
Openness	.							
Confrontation	.772*	.						
Trust	.422*	.400*	.					
Authenticity	.495*	.549*	.358*	.				
Proaction	.742*	.669*	.540*	.506*	.			
Autonomy	.645*	.551*	.345*	.454*	.774*	.		
Collaboration	.641*	.734*	.332*	.387*	.554*	.367*	.	
Experimentation	.732*	.682*	.499*	.520*	.704*	.551*	.683*	.
Consideration	.418*	.340*	.541*	.342*	.534*	.547*	.267*	.506*

*p<.01

Correlation between OCTAPACE cultural values and charismatic leadership style is significant at $p=0.01$ (table 3). The correlation 0.41 of between openness and charisma indicates that the two variables would explain the variance in one another to the extent of 16.8%. Thus, it can be inferred that openness and charisma share a significant positive association. Correlation of 0.34 between confrontation and charisma and a variance of 11.5% reveals a weak relationship between them. The correlation of 0.54 between the cultural value of trust and charisma leadership style reveals that the two variables would explain the variance in one another to the extent of 29.2% indicating a moderately strong relationship. The correlation of 0.34 between authenticity and charisma indicates that the two variables would explain the variance in one another to the extent of 11.5% indicating a weak association. The correlation of 0.53 between proaction and charisma indicates that the two variables would explain the variance in one another to the extent of 28% showing a moderately strong relationship. The correlation of 0.54 between autonomy and charisma indicates that the two variables would explain

the variance in one another to the extent of 29.9%, showing a moderately strong relationship. The correlation of 0.26 between collaboration and charisma indicates that the two variables would explain the variance in one another to the extent of 67.6%, revealing a weak relation. The correlation of 0.50 between experimentation and charisma indicates that the two variables would explain the variance in one another to the extent of 25% exhibiting a moderately strong relationship.

Thus, the results show that there is a positive association between cultural values viz. openness, confrontation, trust, authenticity, proaction, autonomy, collaboration, experimentation and charismatic leadership styles. The earlier researchers who have explored the culture-leadership relationships concluded that organizational culture has a definite impact on the emergence of specific leadership styles (Pillai & Meindl, 1998).

Recommendations

Based on the observations of the study the following recommendations are proposed:

a) Culture is a reflection of the norms, values, shared behavioral expectations and assumptions that guide the behavioral patterns of members in a contrived organization. Thus development tools to identify areas of skill and ability deficiency so as to enhance the efficacy of the workforce will lead to harnessing of appropriate skills and abilities which are key drivers of improving organizational performance.

b) The organizations should aim at creating a culture of trust in organization as it is the harbinger of congenial working environment. In an organization that has interesting environment, members transmit more information with higher fidelity to a superior or work partner whom they trust. Trust provides conditions under which cooperation, higher performance and more positive attitudes are likely to occur.

c) The recruitment and selection of the new employees should be done on the basis of the congruence between their values and those espoused by the organizations. This would enable the organizations to maintain a workforce that is committed to its core value system.

d) Employee evaluation systems need to be transparent, employee driven, corporately supported and monitored. It must also be widely communicated and focused towards achieving corporate objectives. There is a need to align and integrate it with achievement of enterprise goals. Organizations need to monitor extent to which people are involved in their organization's stated mission and the execution thereof and the extent to which they have a sense of belonging to the organization

e) Open communication channels between managers and their subordinates enhance employee satisfaction, commitment and performance. Such communication channels are paramount during the change process to ensure participation and involvement. Establishing effective open lines

of communication between all levels will ensure ownership and commitment to the organization's goals. Employees need to be inculcated a sense of faith and belief in the organization and its leaders.

f) Developing and building teams within organizations with the participants drawn from different operational units and imparting skills to enhance creativity, behavioural modifications, communication and divergent thinking skills will improve organizational productivity. Organizations should foster "knowledge culture" through the creation of knowledge environment.

g) Succession planning may require changes in the design of the organization and specific jobs along with changes in supporting human resource systems, such as staffing, career planning and information systems

h) There is a need for periodically determining managers' and employees' perceptions of key management processes and practices and the extent to which management goals are accurately translated and implemented throughout the organization.

i) The organizations should promote collaboration in an organization as it fosters efficiency and productivity of employees. The organizations should be proactive instead of being reactive as it helps in better problem solving.

j) Work force of the organizations under study was young and professionally well qualified. Respondents believed that organization culture is the most significant input to encourage or impede learning.

k) Dynamic organizations are constantly evolving, requiring transformations. Organisational culture needs to be developed that is proactive, incremental and collaborative. The change has to involve the entire organisation, should be multifaceted and must continue over the long term. Facilitation and support during the implementation phase

of the any new system or processes ensures smooth transition.

Conclusions

The global scenario is rapidly changing and the buzz words like “culture and leadership” “effectiveness”, flexibility”, “participation” have become substitutes for understanding of the business (Sharma & Sharma, 1999). Deal and Kennedy (1982) observed that “if values are the source of the culture, then heroes personify those values and epitomize the strength of the organization”. The essence of the relationship between organizational culture and leadership, especially in a country like India have managerial implications. Strong culture enhance employees’ and organizational effectiveness because they perceive that their actions are freely chosen (O’Reilly, 1989). Present study reflects the presence of strong value based culture in the organizations under study. Thus, organizational culture exhibiting characteristics of accountability, collaboration, decentralized leadership, alignment and adaptability hold the key to successful survival.

References

- Ashkanasy, N.M., Broabfoot, L.E. & Falkus, S. (2000). Questionnaire measures of organizational culture. In N.M. Ashkanasy, C.P. Wilderom & M.F. Peterson (Eds.) *Handbook of organizational culture and climate*. Thousand Oaks, CA: Sage Publications.
- Bass, B.M. (1985). *Leadership and performance beyond expectations*. New York: Free Press.
- Bass, B. & Avolio, B. (1992). The Transformational and transactional leadership behavior of management women and men as described by the men and women who directly report to them. *Paper presented at the Society for Industrial and Organizational Psychology Conference, Montreal, Canada*.
- Bass, B.M. & Steidlmeier, P.(1999). Ethics, character and authentic transformational leadership behavior. *Leadership Quarterly*, 10, 181-217.
- Beyer, J. & Trice, M. (1993). *The culture of work organizations*. Englewood Cliffs, NJ: Prentice Hall.
- Block, L. (2003). The leadership-culture connection: an exploratory investigation. *Leadership and Organization Development Journal*, 24, 318-334.
- Clark, G. (1987). Why isn’t the whole world developed? lessons from the cotton mills. *The Journal of Economic History*. 47, 43-148.
- Deal, T.E. & Kennedy, K.A. (1982). *Corporate cultures: The rites and rituals of corporate life*. Massachusetts: Addison-Wesley Publishing Co.
- Fombrun, C. Tichi, N. H. & Devanna, M. A. (1984). *Human Resource Management*. New York : Wiley and Sons Inc.
- Halpin, A. W. & Winer, J. B. (1957). A factorial study of the leader behaviour descriptions, In R. M. Stogdill and A. E. Coons (Eds.) *Leader Behaviour: Its Description and Measurement*, Bureau of Business Research Monograph. Columbus: Ohio State University.
- Hater, J. J. & Bass, B. M. (1988). Supervisors’ evaluations and subordinates’ perceptions of transformational and transactional leadership. *Journal of Applied Psychology*, 73, 697-702.
- Howell, J.M. & Avolio, B.J. (1993). Transformational leadership, transactional leadership, locus of control and support for innovation: Key predictors of business unit performance. *Journal of Applied Psychology*. 78, 891-902.
- Kakar, S. (1971). Authority patterns and subordinateb in Indian organizations. *Administrative Science Quarterly*. 16, 298-307.
- Komin, S. (2000). *The Thai concept of effective leadership: innovations in international and cross-cultural management*. California: Sage Publications Inc.
- O’Reilly, C.A. III. (1989). Corporations, culture and commitment: motivation and social control in organizations. *California Management Review*. 31, 9-25
- Ogbonna, E. & Harris, L.C. (2000). Leadership style, organizational culture and performance: empirical evidence from UK companies. *International Journal of Human Resource Management*, 2, 766-788.

- Pareek, U. C. (1989). *Handbook of HRD Instrument*. New Delhi: Tata McGraw Hill.
- Peters, T. & Waterman, R. Jr (1982). *In Search of Excellence*. New York: Random House.
- Pettigrew, A.M. (1979). On studying organizational culture. *Administrative Science Quarterly*. 24, 570-584.
- Pillai, R. & Meindl, J.R. (1998). A macro level examination of the relationship of organic structure, collectivism and crisis to charismatic leadership. *Journal of Management*. 24, 643-672.
- Schein, E. H. (1992). *Organizational culture and leadership*. San Francisco: Jossey-Bass.
- Sharma, A. & Sharma, A. (1999). Leadership culture of corporate success. *Paradigm*. 2, 1-11
- Smirich, L. (1983). Studying organizations as cultures. In G. Morgan (Ed.) *Beyond method: strategies for social research*. London: Sage Publications.
- Yukl, G.A. (2000). *Leadership in organizations*. New Jersey: Prentice Hall.

Received: August 17, 2009

Revision received: November 16, 2009

Accepted: December 10, 2009

Sanjeev K. Sharma, PhD. Reader, University Business School, Panjab University, Chandigarh. Email: sksharma@pu.ac.in

Aditi Sharma, PhD, Lecturer, Chandigarh Business School, Mohali, Punjab.

A new Book....

Recent Studies in School Psychology

Editor: Dr. Panch. Ramalingam, published by Authorspress, New Delhi

"This is an excellent resource showing the breadth and depth of the knowledge base in both research and practice of school psychology in India".

- William (Bill) Pfohl,
President,

International School Psychology Association (ISPA), USA.

In recent years various dimensions of school education are examined from the perspective of equity, access and relevance, keeping in view the national requirements of education for all. Hopefully, the present work is a serious academic attempt towards recent studies in school psychology.

This Book *Recent Studies in School Psychology* is need of the hour to train the teachers in school psychology. The school psychology has undergone tremendous growth in the Western countries for the last 25 years, current and future perspectives of school psychology meet the challenges and needs of children in schools. This book goals are as follows: (i) explore the possibilities of current and future demands for school psychology and how the psychologists can meet those demands in India; (ii) conceptualize the theory and practice of school psychology in the face of children, and (iii) develop a base to use school psychology resources to maximize the benefits to children, families, and schools. The editor is grateful to the authors who have contributed to this work in a considerable measure. This book will be useful to school psychologists, teachers, students, governmental policy makers and common men and women in India and other parts of the world.