



# Impact of Leadership Style on Organizational Culture and Performance : A Study on Pakistani Manufacturing Sector

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Pakistan, Management



1. *Impact of Leadership Style on organizational Culture and Performance:*
2. *A study on Pakistani Manufacturing Sector*
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In the past five years, research on leadership and management has evolved as a key area of interest among HRD scholars (Jacobs 2000; Woodall 2000). Within this area, two strands of scholarship can be discerned: the development of leaders and managers and their behaviors, attitudes and attributes (Kuchinke et al, 2002). The former has received much interest from UK scholars, with notable recent UK publications by Lee et al (1996) on Management education in the post communist central European states, Woodall and Winstanley (1998) on strategy and practice of management development, and Lessem (1998) on management development through cultural diversity. Peterson (1997) note that the behavioral studies and its aspects of management and leadership are regularly found in HRD research Journal, for example, issues of managers acting as facilitators of organizational learning (Ellinger et al, 1999), leadership styles, behavioral aspects (Hemphill and coons, 1957; Stogdill, 1948; Likert, 1961 [in Ogbonna \(2000\)](#)) and managers' abilities to create organizational visions (Greenberger et al, 1998).

Bryant and his associates (2002) note that the demonstration of an empirical link between individual leader style and the organizational climate remains an elusive target. There has, however, been great deal of research conducted independently on leadership style and organizational climate. He also investigated that a fully-articulated model of the relationships between leadership styles and organizational culture needs to be devised and tested with quantitative techniques.

Thus, the aim of this study is to provide empirical evidence of the relationship among the style of leaders, organizational culture and Performance, as mentioned by Bryant (2002). This proposal begins with a brief review of the literature on the Leadership, organizational culture and



performance. This is followed by the significance of the study and Core Hypothesis. Finally the propose methodology for the study.

## CONCEPTUAL FRAMEWORK AND RESEARCH QUESTIONS

### Culture and leadership

Culture and leadership is an interesting but difficult field for study. This is because both subjects are complex and multidimensional and little is known about the relationship between these two subjects. Morden (1994+1995) and Hofstede (1993Hofstede—(1996) note that culture interpretation and adaptation are a prerequisite to the comparative understanding of national and international management practice and to the establishment of effective programs of human resource development, and the development of appropriate skills and competencies on which the achievement of organization success depends. In order to carry out study, it is imperative to have as framework from which to work and understanding of the subject areas.

Since the late 1980s, much of the leadership research has concentrated on characteristics and specific effects of charismatic and transformational leadership (Bass 1985; Kanungo 1990; Sashkin 1988; ~~Tiehy and Devanna 1990~~). In my research~~this~~ study, I will use a version of transformational leadership theory formulated by Bass and his colleagues (Bass 1985, 1996; Avolio *et al.* 1995). According to Bass (1985), transformational leaders motivate their followers by inspiring them, offering challenges, and encouraging individual development. Transformational leadership stresses achievement of higher collective purpose, of common mission and vision. The second leadership style is transactional leadership. Transactional leaders stress specific benefits that their subordinates would receive by accomplishing agreed-upon tasks. A transactional leadership style involves negotiations between leaders and their subordinates, and exchange relationships between them.

The behaviors are measured with the Multifactor Leadership Questionnaire (MLQ) (Avolio *et al.* 1995). Transformational leadership includes individualized consideration (IC),



intellectual stimulation (IS), charisma (CHA), and inspirational motivation (IM). Transactional leadership includes contingent reward (CR) behaviors and management by exception (ME). A series of studies reviewed by Bass (1996) support the distinction between transformational and transactional leadership. There is also considerable evidence that transformational leadership is effective, and is positively related to subordinate satisfaction, motivation, and performance (Lowe *et al.* 1996).

Transactional and transformational leadership styles are contrasted with *laissez-faire* leadership. *Laissez-faire* leaders abdicate their responsibility and avoid making decisions (Bass 1990b). Subordinates working under this kind of supervisor basically are left to their own devices to execute their job responsibilities. Although *laissez-faire* leadership is observed infrequently in the US businesses (Bass and Avolio [1995+1989](#)), managers still exhibit it in varying amounts (Bass, 1990). Prior research has found that *laissez-faire* leadership has an adverse effect on work-related outcomes of employees (Bass 1990a; Yammarino and Bass 1990).

In this study, I will focus on exploring the best style which is appropriate for the organizational culture and performance from Transformational and transactional leadership.

### **Leadership and Performance**

Performance, in the context of organizations, is not only broad concept which has been used synonymously with productivity, efficiency, effectiveness, and more recently, competitiveness, it has also been subject of study for social scientist from wide range of disciplinary perspective. (Cooke, 2001)

In a review of studies investigating leadership style and performance, House [and his associates](#) (1988) [stresses](#) that research has yielded an impressive array of empirical findings supporting the relationships between these variables. Hater and bass (1988) conducted on of the early comprehensive studies involving transformational leadership and objective performance criteria, demonstrating that transformational assessments obtained via subordinates ratings significantly differentiated top-performing managers from other managers.



Cooke and Masi (2000) presented a study conducted by Howell and Frost (1999), who compared the effects on followers of charismatic versus directive and considerate leadership behaviors under experimentally-induced high and low productivity norm conditions. Charismatic behaviors were found to have a stronger and more positive influence on the performance, satisfaction, and adjustments of followers than did directive and considerate behaviors. This is a factual support for the positive impact of leadership style on performance.

In the theory of Quality Management initiatives e.g. JIT, TQM, incorporate the values of soft Model of HRM in which superior performance is achieved through Effective Leadership (Deming 1986), shop-floor empowerment, trust, and mutual dependency (Sewell, Wilkinson, 1992). In a similar way, some researchers and writers of Human Resource Management and Performance (Beaumont, 1995; Kochan 1992) note that “there is an interactive effect between high involvement of Management and Quality management on Performance. This is an additional support for the positive impact of Leadership style on Performance. **(Proposition II)**

### Culture and Performance

Organizational culture can be defined as organizational culture is defined as:

A pattern of basic assumptions that a group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems (Schein, 1990)

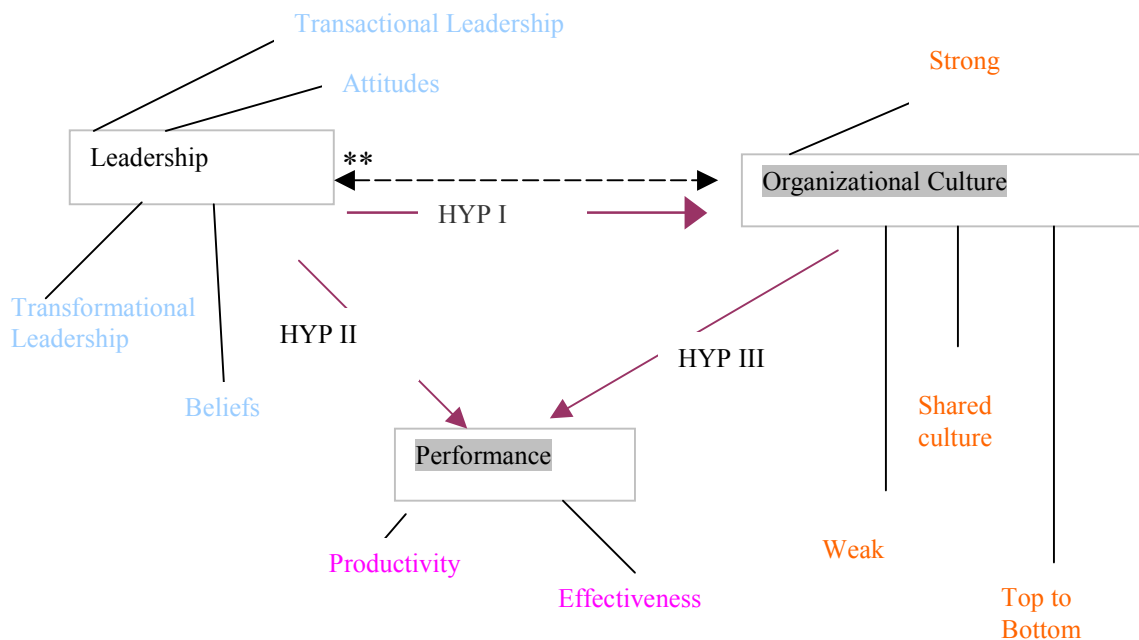
Positive organizational cultures have been linked to increased staff alignment, resulting in enhanced organizational effectiveness, heightened consensus regarding strategic direction, increased employee productivity, and advanced levels of employee commitment (Barney, 1986). Avolio et al. (1991) stated that organizational culture holds the key to increased commitment, productivity, and profitability. Hence, it strengthens the view that there is positive relationship between Organization Culture and Performance. **(Proposition III)**



### OTHER CONCEPTUAL FRAMEWORK

As I mentioned that I will be more curious about the style of leadership and its impact on Performance of the organization and culture as well. There are many styles of leadership like Participatory, *laissez-fair*, *situational leadership* etc. in western world organizations. But based upon researcher’s work experience in textile sector, there are only two styles of management available in Pakistani Organizations, and these are Transactional and Transformational leadership. So, I will not study other styles of leadership. Why the other Styles do not work? Reasons could be, lack of education on all levels, mostly business man or the people they have come from family businesses so they are doing what they have seen in past or continue the same practices.

### RESEARCH MODEL





## **Research question and hypotheses**

How does the style of leadership impact organizational culture and performance?

**Hypothesis I:** The link between leadership style and organizational performance is mediated by the nature and form of organizational culture.

**Hypothesis II:** Leadership style defines organizational performance practices.

**Hypothesis III:** Organizational culture has direct impact on organizational Performance Improvement

## **Significance of the Study and Methodology**

### **Overview of Pakistani Organizations**

Domestic organizations in Pakistan have been riding a rough tide for well over a couple of decades. Organizational problems aggravated as external economic and political factors came to impact heavily on their Performance in Pakistan. While most organizations elsewhere in the world assimilated principles of strategic management to continue to steer ahead successfully despite heavy turbulence in the external environment, Pakistani organizations have yet to appreciate the importance of management of external environmental factors as an essential function of operations in a rapidly changing environment [Fatima; 1996]

One of the factors responsible for the slow response of Pakistani organizations to external environment is the lack of ability and willingness of the internal environment to appreciate, understand, and capitalize upon the external environmental opportunities or avert the threats by treating them as major management challenges (Fatima, 1996). In order to do so, however, Pakistani organizations need to bring about a quantum change in the internal environment of their organizations. The change methods need adaptation from Western prescriptions for domestic application as a body of knowledge for application in the domestic setting is yet to



be developed. Hence, there is a dire need of change in conventional style of management and cultural building efforts.

Employing the lenses of organizational behavior, leadership and cultural diversity, the proposed research will explore a model of organizational collaboration and reform for the practices of administration and its effectiveness at the Pakistani organization, which can be a help to organizational reform movements in comparative environment. Improvements in behaviors and effectiveness could be achieved with clear understanding of potential cultural differences and the way they impact management practices in different organizations. A key to identifying generalizable influences of culture on management practices in other Organizations is to first understand how culture influences management practices.

The purpose of the proposed research is not merely to explore relationship between leadership behavior their attributes situational factors with effectiveness of Organizational leadership serving across organizations, but it rises to find out the similarities and dissimilarities between the findings of descriptive and qualitative information may be undertaken to redesign the administrative process and procedures for both the contexts to capitalize human resource and its development for organizational effectiveness.

Culture free variables may be helpful in finding out common elements of leadership behavior, attributes, situational factors and effectiveness in both the contexts. This in turn will help to develop international guidelines for effective leadership in the business organizations. Because of the diversity in organizations, the convergence of findings across inquires will lend considerable credibility to conclusions about leadership impact on organizational milieu.

Policy makers, administrators and leaders all work in with and through organizations in an effort to achieve individual and social goals. Yet organizations seem to display a perverse genius for distorting policies, subverting purposes, and frustrating needs. Thus, the demand for effective leadership in organizations is great. The proposed research will focus on those in leadership positions and the problems, dilemmas, and opportunities they face in business organizations. Particular attention will be paid to issues of business leadership in diverse organizations and implications of the research findings for action.



The thematic issue will encourage the efforts, of other researchers who share in the importance of culture in business leadership but who may have found little attention from the field of business administration, at large. The time has come for researcher, administrators, scholars, practitioners, trainers and policy-makers to examine the cultural avidity at their workplaces. This represents one of the veins of intellectual exploration that holds great potential for yielding rich results in near future.

## **Methodology**

I will use mix epistemology of qualitative and quantitative studies and by using sample survey instruments for research, data regarding attributes and situational factors will be collected from Organizational serving selected state by sending them Demographic Variables information Pro-forms (DVIP). Leadership Behavior Dimensions Questionnaire (LBDQ) will be administered to managers to obtain perceptions about their Organizational leadership behavior and management effectiveness. Parametric statistical techniques will be used to analyze the data.

## **Research Instruments**

**Leadership Behavior Dimension Questionnaire (LBDQ)** This questionnaire will contain items to indicate leadership behavior i.e. task and relations-oriented. The items are much in common with the instruments for measuring leadership behavior developed for various research studies. Sample will be the employees and managers. This questionnaire was introduced by Hemphill and Coons in 1950s. Furthermore, this instrument will be modified to entertain the cultural and performance key factors.

**Semi-Structured Interviews**, based on the information gathered by Questionnaire, few semi-structured interviews will be conducted to assure the efficacy of the research. These interviews will be in detailed not in coded word.



**Case Study for in-depth analysis**, finally, through close observation and working with all levels of management, multiple cases will be developed in selected organizations. This tool will be helpful to explore the differences in words and actions.

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