

Critical Evaluation of Leader's Influence on Organisational Culture

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Abstract: By comparing and analysing different theories on organisational culture and the categories of leadership styles, critical evaluation is made about the leader's influence on organisational culture, on which conclusion is drawn that leaders do have a significant influence on organisational culture, yet the influential power vary from different leadership styles they adopted.

Keywords: Critical evaluation; Leader's influence; Organisational culture

1. Introduction

Several theorists have addressed themselves to clarifying the definition of organisational culture. However, there is no single formula for defining it. Ackroyd viewed the corporate culture as shared values and believes by employees, fulfilling four functions vital to business, namely identity, commitment, stability and guidance [1]. It is believed that the key to organising success of a business is to manage the corporate culture in an appropriate manner combined with overall strategy. A leader plays an important part in managing organisational culture and this linkage is considered vital among various influential factors to the cultural belief of enterprise. It is further explained in detail by Murphy et al [2]. that senior executives may shape the culture after the founders built new corporate cultures in the first place. This essay attempts to address the critical question of to what extent can leaders shape the organisational culture. Also, it will define the term leader as well as provide an overview of the categories of leadership styles. Transactional and transformational leadership styles will be discussed and analysed in detail of their influences on corporate culture respectively. Throughout this essay, critical analysis of the influential power of leaders upon organisational culture will be assessed in two aspects. Firstly, external factors restricting leader's impact on corporate culture will be discussed by giving real-life examples. Secondly, assessment of the overall influential effect will also be examined critically whether it is positive, negative or even no impact.

2. External Factors Restricting Leaders' Influence on Corporate Culture

2.1. Elements of culture

Firstly, it is necessary to clarify the components of culture. A widely accepted model of organisational culture is theorised by Schein (1990; 2001), in which culture is

classified into three levels, namely observable artefacts, values and underlying assumptions, from superficial to deep. In this Iceberg model, artefacts are described as 'manifest, visible and feelable' organisational structures and business processes [3]. This superficial part of culture can be reflected by employees' behaviours or company symbols and slogans. As for the middle layer of culture, espoused values and ideologies, Schein explained them as the strategies, goals and visions that directly influence people's behaviours. The deepest level of culture is assumption which is considered as shared and tacit beliefs that would ultimately determine the first two layers unconsciously. As for the inner relationship between these three levels of culture, Schein pointed out though the artefact part is most easily observed, together with the value level of culture, it is driven by the underlying assumptions and beliefs.

2.2. Definition and style category of leaders

To further analyse the impact leaders have on organisational culture, it is vital to figure out the meaning of basic concepts like definition of leader and the categories of leadership styles. Bass et al. believed leader is someone who translate 'objectives into strategy' and therefore guide the employees towards a collective goal [4]. Chemers held a similar view that leader is the person with 'social influence' who can contribute to other's accomplishment of a task [5]. While leaders' influence on cultural beliefs of enterprise is widely accepted, it is proven that an exclusive correspondence exists between the leading style and aspects of organisational culture [6]. A study done by Sarros et al. also reached a similar conclusion by comparing and analysing the results from a questionnaire done by 1918 members of Australian Institute of Management. As for the term leadership style, described it as the approach and characteristic of 'guiding, executing plans and motivating people', which ultimately influences the way followers perform in the team. How-

ever, until recent decades, scholars have not reached an agreement on the classification of leadership styles and several theories were brought up from different perspectives. This essay adopts the Burns model to categorise leadership styles to further carry out the analysis of leader's impact on organisational culture accordingly, which classifies leading styles into transactional and transformational type.

2.2.1. Transactional leadership style

According to Bass and Avolio, transactional leadership style is described as an exchange or transaction occurs between leaders and followers, which is considered as a traditional model. It is further explained that 'transaction' means leaders providing corresponding rewards or punishment based on the working performance of employees – whether they have met the detailed requirements or expectations of tasks [7]. Transactional leaders' management approaches, such as reward and discipline model, are considered having a significant influence on the superficial level of organisational culture. An experiment carried out by Hu showed that requirements and policies set by leaders could lead to active and corresponding actions of employees. In an information technology company, they observed measurable changes in employees' behaviour as well as involvement in information security issues after the CEO set a series of tough regulations in related area [8]. However, since the managing approaches transactional leaders adopted focus on pursuing a direct and quick change in employees' behaviours, they were not long-lasting and could only promote working performance in a relatively short period [9]. Bass and Avolio further explained that it is the operative-norm-based as well as present-procedures-based decisions and actions of leaders that contribute to this short-term oriented feature. Therefore, as transactional leaders still work within the existing culture environment rather than create a new one, they have limited impact on the overall corporate culture and can change neither the inner values nor the core beliefs of employees towards the enterprise.

2.2.2. Transformational leadership

In comparison to transactional type, transformational leadership is a concept emerged in the recent decades. Bass and Avolio described it as motivating employees to involve more in the work beyond their original intention and expectation. Transformational management approaches basically follow the '4 Is' model supplied by Avolio et al., which theorised that they are affected by four factors including idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Thus, transformational leaders achieve their management objectives mainly by increasing follower's sense of self-esteem and believes. Typical examples were given by Bass and Avolio that in some highly

innovative companies, transformational leaders would build assumptions such as 'people are trustworthy and purposeful' or 'everyone has a unique contribution to make'. By encouraging as well as offering positive business values to employees, leaders build such cultures from the deepest level of Schein's Iceberg model and can change followers' attitude towards the corporation and work. Beside these methods mentioned above, Bass and Avolio highlighted that transformational leaders also 'facilitate and teach' employees to encourage creative changing and growth in organisational culture, instead of maintaining the status quo. Overall, Bass stated that stronger transformational leaders can lead a greater performance-oriented, socially responsible and supportive organisational culture. Comparing to transactional type of leaders, transformational leaders apparently have a greater impact on fostering a new cultural belief of enterprise, as they managed to shake the assumption level of culture which further influence the upper levels.

3. Leader's Overall Impact Assessment

Even if leadership styles are identical, differences in the influential power of leader to corporation still exist. It is widely believed that the national culture background has a strong influence on the employees' view about leaders, which may further affect the top managements' impact on organisational culture inversely. Oudenhoven considered bureaucratic and non-bureaucratic as significant criteria to evaluate the national culture, relating the frequency of bureaucratic with the countries' power distance and uncertainty avoidance [10]. In 1970s, Owen James Stevens did similar researches on how people from different Western countries view about the organisation and their leaders. The typical example of Western society is Britain, whose national culture prefer small power distance and weak uncertainty avoidance. The non-bureaucratic trait of English corporate culture contributes to a decentralized organising structure, which sets barriers for leaders to directly manage the overall culture [11]. Mouritzen and Svava further explained that enterprises in strong uncertainty avoidance culture are greatly influenced by strong-mayor form of leaders while committee-leaders have a greater impact on the companies with weak uncertainty avoidance and small power distance. These theories can be applied worldwide. As for Asian cultures, the concept of 'family' is emphasised and employees may regard the top managers as the 'almighty (grand)father' Hollander argued that this kind of culture has a strong concentrated authority without structured activities [12]. Therefore, Asian workers would 'permanent referral to the boss' and a leader is needed whenever they encountered any problem issues. In a questionnaire, a senior Indian executive admitted that he has 'achieved by saying "yes" to everything the Master says or does' to avoid being fired. This indicates that Asian 'family' type

of culture would magnify leaders' influence, therefore the business's obligation and culture is highly correlated with the top management's personal interest and habits. It is generally assumed that senior leaders have the responsibility and ability to foster a healthy and positive organisational culture [13]. However, a research from Weber Shandwick showed that 38% of workers had experienced unsatisfied workplace culture while 65% of them believed this unsatisfying situation should blame on top management [14]. As for the reasons contributing to the forming of negative organisational culture, Edmonds believed that leader's inaction remains a significant factor. Murphy further highlighted that even if leaders involve actively in building and shaping a positive and productive corporate culture, the results may differ from expectations when the senior managers do not behave coherently with the culture they promote. An example was given by observing the workplace behaviours. Statistics collected by Irvine indicated that more than a quarter of rude behaviours done by employees have extremely tight relationship with their bosses' rudeness. This real-life problem revealed that unconscious yet inappropriate behaviours or words done or said by leaders have a significant influence on employees' attitudes, behaviour and values – which are core components of the organisational value. Therefore, a positive and ethical corporate culture is built only if the whole corporation – from senior leaders on down – actually live that culture.

Although the assumption that leaders are the main builders of the corporate culture is commonly acknowledged, several scholars suspected whether the top management could actually shape it effectively [15]. Hu argued that values inside organisations 'do not exist as isolated, independent, or incremental entities', which implied that the inner dynamic between the values may have inter-relationship with each other. He pointed out that because of the existence of the verisimilitude, the components of organisational culture are hard to change. It is also stated that the establishing and shifting of the culture does not due to the deliberative process made by company leaders. In fact, it is 'the continued interrogation of self' that contributes most to corporate culture which remains the characteristic of the intellectually employees [16].

4. Conclusion

To conclude, it is admitted that leaders do have a significant influence on organisational culture, yet the influential power vary from different leadership styles they adopted. Detailed analysis of the traits and management approaches was carried out from the perspectives of transactional and transformational leaders respectively. It indicated that transactional leaders can influence the superficial organisational culture, which is artefacts, while transformational type of leaders may get access to the deeper level of corporate culture such as values and as-

sumptions. Restrictions like national culture should also be considered as a limiting factor of leaders' influential power towards the organisational culture. Non-bureaucratic social culture in most Western countries remains as a restriction to leaders' impact while the 'family' type culture in Asian societies magnifies this influential effect. Besides, alternative theories stated that positive influence only happens when leaders' behaviours coherent with the culture they promoted. The inner connection of the values in organisational culture may act as barriers for leaders to build and shape the overall culture. Through this essay, definitions of organisational culture, leader, and leadership styles were given. Several theories, such as the Iceberg model, transactional and transformational leadership styles theory and '4 Is' model, were also introduced in order to further explain the leader's influential power. Real life examples were given in this essay like Australia Institutions, an IT company, highly innovative companies and Weber Shandwick. However, the critical analysis in this essay does not cover all areas, therefore the substantial researches on leader's impact on corporate culture is still needed.

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