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## The Sustainable Links of Development between Leadership and Organizational Cultures

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*Abstract. Leadership performances develops closely connected to the institutional behaviour and societal culture given the permanent trends to implement changes to update standards according to existing norms and rigors existing in any company. The styles adopted in managing or leading the activities influences the tasks' achievement, the future path to take and the way success is understood, accepted, shared and disseminated. Nowadays, companies face compulsory the influences of more cultures, given the temptation of delocalisation, the curiosity of working with immigrants, the advantages provided in different situations of accepting a higher exposure of leader to different sides of performance, different dimensions of market and financial profits, new behaviours in managing the employees. Starting from this idea, the purpose of this study is to identify and enquire into the hidden dimensions of organizational culture and how the leadership style impacts the strategic developing and let effective relations spring out.*

*The research is built on a survey based on designed questioner applied to 550 leaders and employees, members of the operation and Maintenance Company of MAPNA (Q&M) in Iran. Data collected refers to MLQ leadership style and Denison's Organizational Culture Questionnaire, and the responses received were analysed with SPSS and Smart Plus software. The findings reveal that the relationship between the leadership style and the organizational culture are strongly linked to each other. Therefore, those leaders able to change and accept to use a transformational style will assist the company to move forward faster than those who adopt and keep the transactional style as the single one to prove important.*

**Keywords:** Transformational Leadership, Interactive Leadership, Organizational Culture, Transactional Leadership

**JEL Codes::** M100, L100, Z190

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### 1. Introduction

Today, changes in organizations and systems are inevitable. For achievement the success and development the system, creating the useful changes is imperative and an organization that fails to make these changes in the right and correct way, in accordance with his aims, will inevitably fail in this



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competitive world. (John P. Potter). The issues of culture and leadership behaviours in the organizations have grown in recent years; it is because of the synchronization with the development and due to keeping up with the changes and updating of the organizations. And with regard to the time of establishment, the genesis and organization' life, the culture that governed it should be examined with other variables. (Umeda, 2012)

As we know the human resources plays a key role in shaping the organization culture and among them the leaders have a direct impact on the behaviours of employees, so those leaders who are not able to play a role and perform according to the circumstances exist of the organization, and they can't use their influence in guiding people with using the proper leadership styles accordance with organization type, soon on will be in trouble of leading the employees and cause the organization to collapse and fail. But the leaders who attention to the organization's culture and choose an appropriate leadership style accordance with the organization and move forward in this direction will move towards integrating and streamlining the organization's processes and leading the organization and employees to progress and excellence result. The proper recognition of the organizational culture affects the organization's fate (Rhodes & McGuire, 2013), If leaders and managers of the organization prepare themselves their plans on short, medium and long term, in close connection to the local institutional culture are also ready to confront the change and new directions of development; giving to them a supplementary chance, they can be closer to the probability of a higher success and a more sustainable position on the market.

As this research looks for the relations between leadership style and specific organizational cultures that might exist in a different type of establishments and their leaders' capacity to influence the institutional culture. As Edgar H. Schein states, directing and leading the organization's culture is one of the most important features of leaders in the organization. In the form and way that the talent and unique ability of leaders such as her/ his ability to understand the employee's culture and organizational culture and work in it and sometimes destruction, rebuilding, changing and synergistic subcultures at organization and help the organization's activity and its performance continues as a living and active organism, can say these are the most unique and important effect of leader performance in an organization with a different culture (Kumaraswamy *et al*, 2015). After describing the issues that are relevant to the culture of organizations and leader's performance, between numerous ways of measuring the leadership style, the common MLQ model of Mr Denison's, multi-factor leadership style assessment Bass and Avolio (1993), selected to analysis the main and important objectives of this research.

The scientific focus on this paper emphasizes the relationship between transformational leadership and organizational culture adaptability and the possible ways to investigate it together with the correlations between transformational leadership and institutional culture of employee's engagement. Another important aspect refers to review and assessment of the status quo of the transformational/transactional dimensions of leadership and cultural power inside the organization.

## 2. Research Methodologies

To assess and examine the main objective of this research after using the descriptive method, with the purpose of the survey to describe the circumstances or phenomena examined and for review and explain,



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the distribution of characteristics of the statistical community, the interview and designed questioner papers used to gather the information. In brief all the research methodologies are: library studies, field method, leadership scaling, and determination of the validity and reliability of questionnaire used.

The main sources were used in order to data gathering, in this section, in the fields of theoretical principles and the literature of the research included library resources, papers, books and the Internet. A designed questionnaire used and distributed. 60 questions Denison model was used to measure organizational culture. The verses of this questionnaire were evaluated based on the five-value Likert's scale.

To measure the leadership, style a multi-factor questionnaire (1994 MLQ) was used. The questionnaire was prepared by Bass and Avolio has been edited several times. By interweaving the questions of 36 multi-factor questionnaires, about the transactional leadership and transformational, place the respondents in a position to choosing the answer which is closer to reality. The questioner contained two-part first part started with the General Questions have been tried to collect adequate and demographic information about the respondents. This section includes 4 questions (age, sex, education and work experience of respondents). And second part specific questions between 1400 people, Samples were collected by random sampling and 550 people were selected as samples.

To assess and determine the validity and reliability of the questionnaire there are several statistic science methods and formulas which they can apply such as Cronbach's alpha, the Spearman-Brown and Kuder – Richardson to better assess the result. In this study for evaluating the reliability of a questionnaire, the *Cronbach's alpha* approach was used for the organizational culture 92% and for the multi-factor leadership questionnaire, the coefficient has been 87% reached.

### 3. Organization's Grounds of Culture and Leadership's Styles

Many experts agree that the meaning of an organization culture is a system of common inference on an organization, between the organizations 'member and it's the same thing which separates the two organizations from each other. The founders or originators of an organization have played a major role in creating the primary and basis culture of the organization. To understand the organization's effectiveness, there is a common set of cultural features which can be used, but these common traits in different positions are described completely different. Organizational culture affects the behaviour of the organization's members and consequently affects the organizational performance too.

Denison's *organizational cultures' model* is based on four dimensions of adaptability, mission, consistency and work involvement. Basically, it's for applying in organizations that have a culture of adaptability, they take risks and learn from their mistake. They have the ability and experience make a change and are constantly improving and empowered, with the aim of respect and value to the client and their customers. The mission of an organization is to provide and describe the goals and meanings that are realized by defining the social role and defining the goals of the organization.

Effective organizations are stable and integrated, and employees' behaviour is valued, in such organizations, the leaders and followers are well-versed in agreement in work process performance, even when they have conflicting views, and organizational activities have been well-coordinated. According to



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Denison, organizational culture is related to fundamental values, beliefs and so on the principles that relate to the organization's management system, and serves at the organization as a solid foundation.

According to Bass (1985), *transformational leadership* defines as a process in which a leader tries to increase the consciousness of his followers, (in the case of what is important and valuable) to motivate them for performing, beyond expectation. The behaviours related with the transformational leadership from the perspective view of the bass, are categorized into the four groups of ideal influences, Inspirational motivation, intellectual stimulation, and individual consideration. Transformational leaders are respected by their subordinates and have a tremendous influence on their followers (Learmonth, 2018). They have an idealistic influence on leadership, they have a strong vision of the future and they can inspire their followers as motivating inspiration (Belcher, 1996). The leaders persuaded their followers to question the hypotheses and to use mental stimulation style. An individual's leadership style is defined for leaders who encounter employees as individuals and not as members of the group.

In 1978, Burns introduced *transactional leaders* as individuals who, through the rewarding to followers, making relation with them and lead them to work better. Transactional leadership involves the exchanging incentives and rewards by the leader in order to attract the support of his followers. The purpose of such leadership is to agree on a set of activities that will meet the separate and immediate goals of the leader and followers, unlike the transactional leadership, transformational leadership style is more than just satisfy immediate needs of employees and followers. Bass (1985) considered the behaviour's related to transactional leadership are also contingent rewards, management based on the expected (active); management is based on the expected (passive), and leadership non-interrupted. The management based on the expected (active) is responsible for monitoring and correcting the behaviours and performance of employees (Nguyen et al, 2019) in case of diversion of roles and standards and correcting them (Aydiner *et al*, 2019). The management is based on the expected (passive), doesn't do involvement in the affairs of the leaders, except when the standards are not met, and finally, the non-interventional leadership is applicable for the leaders who tend to dismiss their responsibility and do not have tend to make decisions.

#### 4. Experimental Grounds of the Study

One of the most famous and classic studies in 1939 done by Lewin, Lippit, and White, of three leadership styles and the resulting different social climates, that is, autocratic, democratic, and laissez-faire. In the *autocratic leadership style*, the leader is only the responsible and decision maker, the *democratic style* there is fair participation between leaders and employees and punished and criticized are less than other styles (Namazie & Frame, 2007). The third style, *laissez fair leadership* show few of the activity of the leader. In fact, the original concept and definition of transformational leadership and transactional leadership style introduced by Burns, 1978, and then it was completed in further research by Bass and Avolio (1994).

Conceptual Model: In a discussion of the transformational leadership style and transactional leadership style, Bass and Avolio 1994, It is believed that a particular leadership style is not suitable for all situations and all type of organizations, hence, the leader can choose different styles for leading his staff in different situations, according to the governing culture of the organization and the organizational maturity of its



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employees. In this context, Fideller defined the contingency leadership style, as the degree that leader is able to influence the group of employees in the organization. According to the leadership style definitions presented and the historical review of organizational culture, the conceptual model designed and depicted (Figure 1) for showing the impact and illustrate of the dimensions of organizational culture and leadership style in an organization. This model includes the culture of adaptability, mission, consistency and work involvement is based on transformational leadership styles and transactional leadership styles.



Fig.1: Conceptual model of the relationship between dimensions of organizational culture and leadership style

This conceptual model, it is in the form of culture The Denison organizational culture and it has considered two dimensions in the top for organizational culture. In this model described the dimensions of mission culture and adaptability. Subsequently, the focus of the organization's culture in this section is on the external focus of the organization, which is in the same direction with the characteristics of the transformational leaders, above of the model. one of the characteristics of transformational leadership is their ability to influence the followers. These leaders have a strong vision for the future and are able to influence the employees and align them with the organizations' mission, in this way the employees will analyse the environs in relation to the external environment of the organization and adapting themselves to the changes (Austin, 2011). In the bottom section of Denison's conceptual organizational culture model, the dimensions of consistency and work engagement (involvement) are located and follow the internal focus. According to the features of transactional leaders are included in this section. Due to the organizational maturity and its current culture (Masoomzadeh, 2013), transactional leaders can use the transaction culture for their followers, in addition to increasing their internal consistency, and align the employee's goals with the organization's strategy and aims.



## 5. Research findings and results

According to the analysis of the main objectives of this research, the following results were obtained: tables and charts are listed below.

Table.1: Result of main dimensions of leadership

Main Dimensions	%	SD	MEAN
Transformational Leadership	68.54	1.18	3.43
Transactional Leadership	58.54	1.24	2.93

Table 1, sets out the sub-objectives of this research analysed on the main dimensions of leadership (transformation and transactional leadership style). The amount of mean, standard deviation, and rates are listed in the table. The average rate of the mean for transformational leadership is higher than the transactional leadership style. Numbers of percentage result is shown in chart1.

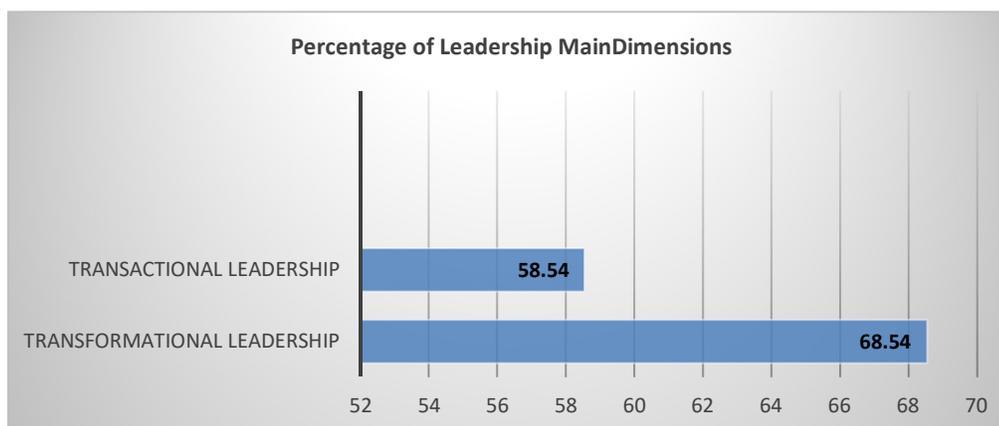


Fig. 1: Main Dimensions Leadership Percentage

Table 2 lists the sections of the two leadership styles and the amount of the mean, standard deviation, and its percentage. According to the result that showed in the table, transformational leadership, there are two dimensions of inspirational motivation and intellectual stimulation have the highest score, in chart No. 2 shows the percentage of these points.



Table. 2: Sub Dimensions of Leadership Style

SUB DIMENSION		MEAN	SD	PERCENTAG
<b>Transactional leadership</b>	Conditional Rewards	3.29	1.18	65.83
	Management based on expected (passive)	2.72	1.23	54.37
	Management based on expected (active)	3.39	1.27	67.71
	Non-intervention Leadership	2.31	1.29	46.26
<b>Transformational leadership</b>	Inspirational Motivation	3.56	1.16	71.22
	Individualized Consideration	3.36	1.21	67.19
	Intellectual Stimulation	3.51	1.11	70.22
	Idealized Influence	3.35	1.21	67.03

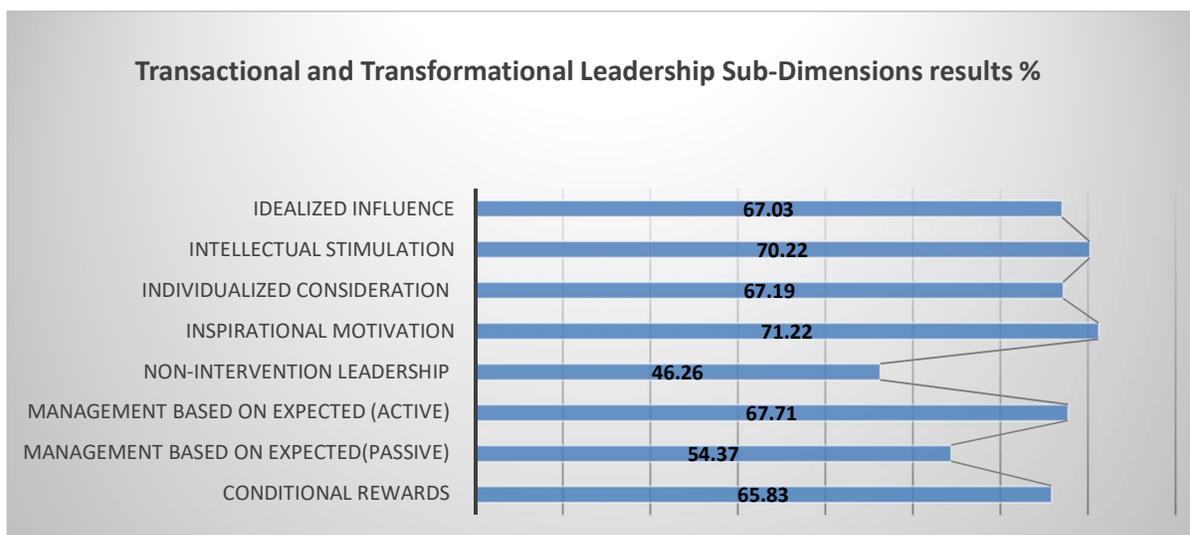


Fig. 2: Leadership Sub-Dimensions percentage result

Table.3: Results of the main dimensions of organizational culture

	MEAN	SD	PERCENTAGE
<b>ADAPTABILITY</b>	3.09	1.02	61.71
<b>MISSION</b>	3.05	1.09	61.05
<b>INVOLVEMENT</b>	2.99	1.1	59.87
<b>CONSISTENCY</b>	3.01	1.06	60.17



Table 3 presents the status quo of the main dimensions of the organizational culture, including the Mean, Standard deviation and Percentage. The results of the four dimensions of culture in the table show the difference of culture adaptability with other dimensions although there is no high differ between these four dimensions. Also, chart 3, shows the earned percentage for these styles.

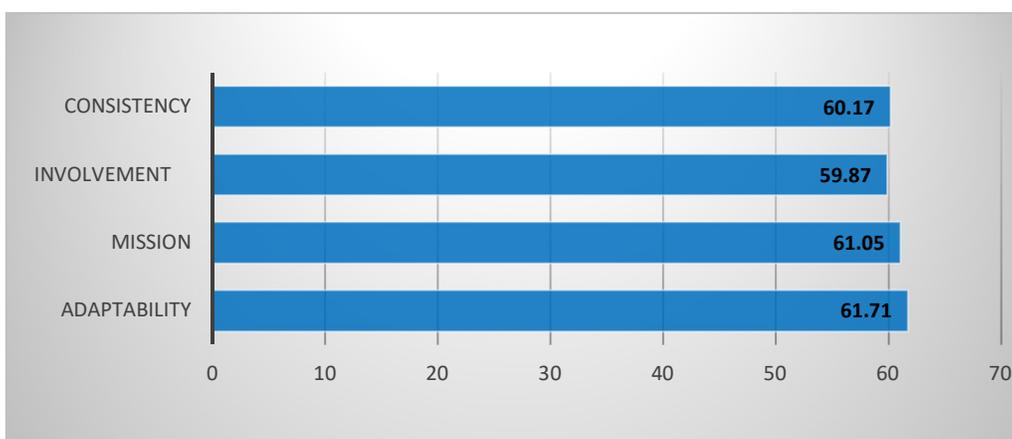


Fig.3: Main Dimensions of Organizational Culture percentage result

Table 4 lists the scores of cultural dimensions in 3 terms of mean, standard deviations and percentages, the chart 4, shows the percentage of culture dimensions in terms of adaptability, Mission, consistency and work involvement, and an average result for dimensions of Adaptability and mission are more than the other variables.

Table.4: Sub dimensions of organizational culture

	Sub Dimension	MEAN	SD	&
ADAPTABILITY	Change	3	1.03	60.41
	Customer Orientation	3.13	0.94	63.52
	Organizational Learning	3.08	1.13	61.58
MISSION	Strategic intention and Direction	3.11	1.11	61.93
	Goals and objectives	3.02	1.07	60.31
	Vision	3.05	1.11	60.91
INVOLVEMENT	Empowerment	3.11	1.13	62.06
	Team-Oriented	3	1.12	60.02
	Capabilities development	2.87	1.17	57.39
CONSISTENCY	Coordination and Coherence	3.03	1.07	60.58
	Accordance	2.95	1.07	58.15
	Fundamental values	3.07	1.03	61.78

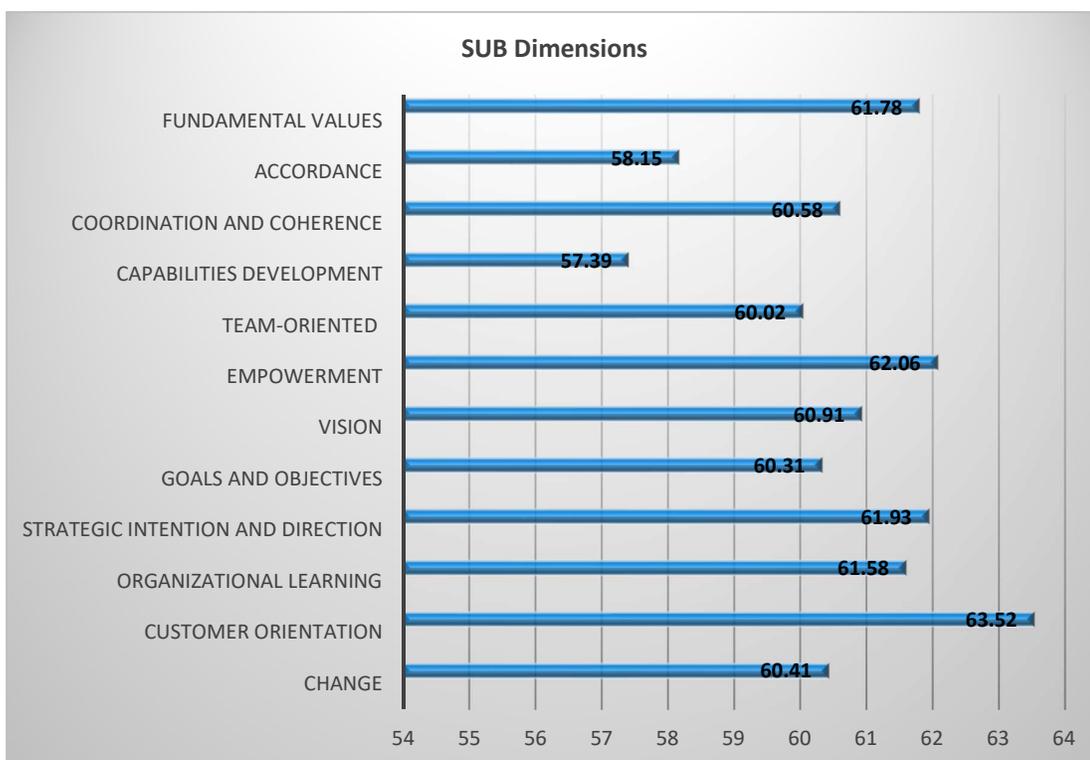


Fig. 4: SUB dimensions' organizational culture

Table. 5: Results of Relationship between Transformational Leadership and Organizational Culture Dimensions

Leadership variables and organizational culture	Correlation coefficient	Relation	Sample size
Transformational leadership and adaptability	0.0008	Positive	550
Transformational leadership and mission	0.022	Positive	550
Transformational leadership and involvement	0.011	Negative	550
Transformational leadership and consistency	0.025	Negative	550

The results obtained in Table 5, show the transformational leadership style has a positive and significant relationship with dimensions of adaptability and mission of organizational culture if the leaders in organization use the transformational leadership style and according to the conceptual model presented the focus consistent in the top part of the model, which is consistent with external focus. Also, transformational leadership with consistency and work involvement has a negative correlation relationship, in other words, by increasing the transformational leadership style, these two-dimension effects will decrease in the organization.



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## 6. Conclusion

According to the results of research and the effective and positive relation between transformational Leadership style and the dimensions of adaptability culture and the mission, it is believed that the transformational leadership style is more appropriate for the leaders, in the MAPNA Company. Suggestions for the leaders and organization is, in accordance with the performance of transformational leadership and also for the need and importance of internal focus in organization, the leaders try to use the transactional style too, according to existing circumstances in an organization, they will benefit more for achieving organizational goals and developing the organizational culture. Although many studies in this area selecting the leadership styles with consideration of the organization's requirements and appropriate with the organizational environment, culture and also accordance with the mission and organizational goals, but in this research, it is suggested that to leaders adapt their styles in accordance with the organization need and culture, and a combination of two styles in different situations. Due to the harmony between all the organizational culture dimensions, it is expecting that organization moves along with all the dimensions and along with the adaptability and mission dimensionality at the external focus of the designed model, and so the leaders needs to focus on the internal dimensions as well as external focus and make a coordination between all the dimension, then organizations and employees can be targeted, which will make it easier to succeed and achieve the organizations aim. According to the result of table 5, obtaining the high percentage in the component of change for adaptability dimension in the organization, has indicates that, the organizational learning issues is in the central attention for a leader in between all his activities and responsibilities. Therefore, the leaders must do in order to set up a knowledge management project in organization and for this purpose, help employees with the compatibility and adaptability their organization's role for the optimal use of knowledge created in the organization. Adaptive organizations are supporting the leadership behavioural, that they can be recognizing and discovering environmental change warnings to create new behaviours in accordance and adapt within the external and internal environment change, this is especially true for matching the staff and processes, the organization is very much concerned with changes in society, at the right time and when facing changes, the new plans will react quickly and promptly. This is a very special issue for the leader and also the organization, to adopt staff and organizational processes in the face with community changes. The leader has to behave and perform at the right time, when faced with changes or any new plans in the organization, and respond to the organization decision, promptly and on time, and steer the staff and the organization seamlessly toward growth and progress their goals.

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