

# **The Relationship between leadership style, organizational culture and organizational effectiveness: A conceptual study of organizational effectiveness**

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## **Abstract**

The purpose of this study is to identify the relationship between leadership style, organizational culture and organizational effectiveness. In this study independent variables are leadership style and organizational culture. Here the leadership style was discussed based on the transformational and transactional leadership model. Elaboration of organizational culture was based on competing values model which is one dominant typology and also it has become a popular and validated framework. Thus, the dependent variable of this study, organizational effectiveness was discussed based on the competing values model. Based on the literature, the study found that there is a positive impact on leadership style on organizational effectiveness as well as there is a positive impact of organizational culture on organizational effectiveness. Further, as the literature, the study found that impact of leadership style on organizational effectiveness was moderated by the organizational culture.

**Keywords:** Organizational effectiveness, Leadership style, Organizational culture

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## **Introduction**

Today, all business organizations are facing a rapid changing, highly competitive business environment. To successfully face, these complex business environments the business organizations needs to be effective. Therefore, today organizational effectiveness has become a dominant concept in the in the management. Organizational effectiveness has been simply as the extent to which an organization accomplishes its goal or mission. Successfulness of business organizations directly affects positively on the economy and it leads to development of the country.

Falling in line with the achieving organizational objectives, business organizations have challenges that they have to address under the present competitive business environment, to face these challenges the productivity of organizations has to be improved. The productivity is a combination of (i). Effectiveness, (ii). Economy, (iii). Efficiency. Therefore, organizational effectiveness is an important factor for achieving their organizational objective or objectives. In this study, it was expected to

consider the organizational effectiveness conceptually.

Leadership is a major contributor or direct cause of organizational effectiveness. Leadership can be interpreted in simple terms as ‘getting other to follow’ or ‘getting people to do things willingly’. Under the competitive business environment today, and with the globalization, the leader of an organization faces great challenge to run the organization effectively. However, leadership in an organization is vitally important at all levels within the organization and also leadership directly affects to the organizational effectiveness.

In the environment of high competition, which the business organizations face today with the globalization, organizational culture is a vital factor for business organizations to face these challenges. Organizational culture refers to a set of shared values, beliefs, assumptions and practices that shape and guide members, attitudes and behaviour in the organization. Due to the challenging nature of organizations, the organizational culture in the present day

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context has become more important than ever before.

Therefore, the objective of this study was to identify the relationship between leadership style and organizational effectiveness, and the relationship between organizational culture and organizational effectiveness as well as whether is any relationship between organizational culture and the relationship between leadership style and organizational effectiveness.

Further, in this study, it was assumed that organizational culture and leadership style are mutually independent and therefore, this study did not consider the relationship between leadership style and organizational culture.

### **Significance of the Study**

Organizational effectiveness is a vital factor to improve productivity through high job performance of the staff of the organization. Thus, the organizational effectiveness depends on many factors including leadership style, organizational culture in which the organization operates and it varies on the different leadership practices of the different managers and also, on the other hand different types of organizational cultures and their salient factors.

The study is significance since the study intended to inquire theoretically the impact of leadership and organizational culture on organizational effectiveness. This study covers the impact of different leadership styles and different types of organizational cultures on organizational effectiveness. Since the organizational effectiveness is one of basic elements of the productivity, it is significance to systematically identify the impact of leadership style and organizational culture on organizational effectiveness.

### **Research Questions**

The study intended to find out the answers for the following questions.

1. What are the impacts of leadership style and organizational culture elements on organizational effectiveness?
2. Is there any influence of organizational culture on the impact of leadership style on organizational effectiveness?

## **Literature Review**

### **Organizational Effectiveness**

To successfully face the rapid challenging business environment at present, the organizational are need to be effective (Parhizani and Gilbert, 2004). However, the study of organizational effectiveness has long being the province of those in the management science (Parhizani and Gilbert, 2004; Heerwagen and Heerwagen Associates, 2006). Therefore, today organizational effectiveness has become a dominant concept in the management. According to Khan, Khan, Ahmed and Ali (2012), organizational effectiveness is critical to success in any economy.

According to Cameron (1981); Sekran (1984); Lachman and Wolf (1997); Gilbert and Parhizani (2004), there is no universal definition of acceptable model for organizational effectiveness since the best criteria remain elusive because of the goals and objectives of organizations are multiple and difficult to identify (Rodsutti and Swierczek, 2002).

Organizational effectiveness has been commonly defined as the extent to which an organization accomplishes its goal or mission (Cameron and Whetton, 1983). Drucker (1985), has argued that effectiveness reveals itself as crucial to a man's development to organizational development and validity of the modern society.

There have been three primary approaches to define organizational effectiveness. These are goal attainment approach, resources control approach, and multiple constituency approach (Roy and Dugal, 2005). According to Perrow (1961); Simon (1964), goal attainment approach to organizational effectiveness considers an organization as successful if the goal of the dominant coalition are satisfied. The resources control approach to the organizational effectiveness considers if an organization wants survive, it needs to be able to attract the needed resources from the environment to produce organizations' output. Inherent in this approach is the assumption that survival is the ultimate measure of effectiveness (Roy and Dugal, 2005). Organizational effectiveness is different

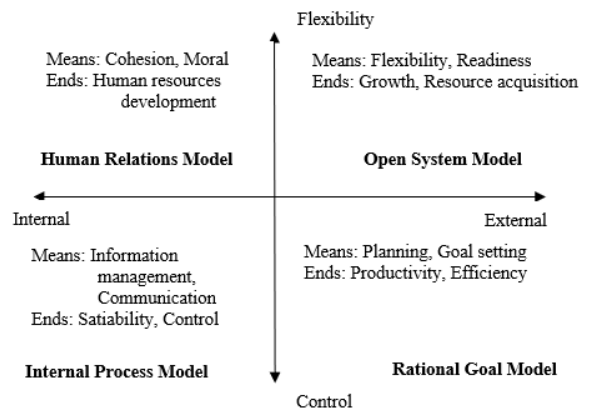
constitutes<sup>1</sup> (Tusi, 1990). Therefore, this approach considers the achievement of goals of different constituents such as owners, employees, customers (Roy and Dugal, 2005). However this goal attainment approach has been failed over the time due to difficulties in defining organizational goals (Miles, 1980); Ott and Shazrity (1984), for an alternative to the goal approach model, system resource model proposed. According to Miles (1980), system resources model considers specific ends of organizations, but also means necessary to achieve those ends. According to Keeley (1978); Connolly, et.al. (1980); Miles (1980), model of multiple constituencies are at least suggest that organizations are effective to the extent to which their constituencies are at least satisfied. Gaertner and Ramnaryan (1983), defined the effectiveness as the ability of an organizational to account successfully for its outputs and operations to its various internal and external constituencies. Combining the goal approach, system resources approach and multiple constituency approach providing a definition for organizational effectiveness; organizational effectiveness is satisfying many organizational constituencies (Zammuto, 1984).

In addition to the above models of organizational effectiveness, Quinn and Rohrbaugh (1983), have presented the competing values model to organizational effectiveness. According to Quinn and Rohrbaugh (1983), the competing values model constitutes a synthesis an extension of the various models and it reviews the assessments of the organizational effectiveness as an exercise grounded in values. Quinn and Rohbaugh (1983); Quinn (1988), based on the competing values, identified four models of effectiveness. (i). human relations model: this model emphasizes on flexibility and internal focus and cohesion, morale and human resources development are the criteria for organizational effectiveness. (ii). open system model: This model is based on flexibility and external focus. These processes bring innovation and creativity. (iii). internal process model: This model

emphasis internal and control focus. And this model stresses the role of information management, stability and control. Therefore internal process model brings stability and control. (iv). rational goal model: This model based on control and external focus. Profit emphasis on rational action, and assumes that planning and goal setting results into productivity and efficiency. Competing values model can be illustrated by the following figure 1.

Figure 1: Competing Values Model

Source: Quinn and Rohrbaugh (1983)



## Leadership

*'A widely held view amongst managers and management researchers alike that management has a major input on organizational effectiveness. The leadership literature in general is simplicity based upon the assumption that leadership is the cause of effectiveness in organization (Anderson, 2000).*

Management researchers tend to view leadership as major contributor or direct cause of organizational effectiveness (Anderson, 2000).

Today, under the competitive business environment with the globalization, the leader of an organization faces a great challenge to run the organization effectively. According to Bass (1977), a leader's ability to inspire,

such as owners, employees and customers are common to most organizations (Tusi, 1990).

<sup>1</sup> A constitute is being a member of a group or individual holding similar preferences pertaining to the activities of the organization (Zammuto, 1984). Generic constituencies

motivate and create commitment to common goal is crucial (Rukmani, Ramesh and Jayakrishnan, 2010). According to Northhouse (2010), leaders are essential within the organizations; they must effectively coordinate and communicated in order to achieve organizational goal or visions (Alnassen, Osborne and Steel, 2013).

There are number of definitions for leadership. Gardner (2005), defined leadership as the process of persuasion and example by which an individual (or leadership team) induces a group to take and action that is accorded with the leader's purpose of the purpose of all (Gardner, 2005). Thus leadership has been defined by Hersey and Balanchard (1990), as the ability of influencing people to strive willingly for group effectiveness. Therefore, it is clear that the leadership is the process of others attempting in directing and forcing them to achieve organizational objectives.

### Leadership Style

Leaders tend to exhibit various behavioural patterns in how they providing direction, how they influencing, how they planning, and how they motivating people. These many ways of behavioural patterns can be identified as leadership styles. Researchers have studies leadership style extensively over past three decades, focusing heavily on what behavior that effective leader's exhibit.

Most recently, a dominant approach to leadership styles has emerged. This approach is based on transformational and transactional leadership developed by Bass (1985), and operationalized by Bass and Avolio ((1994). The model of transformational and transactional describes as a single continuum from transformational to transactional leadership to laissez-fair leadership (Ushagbem, 2004).

### Transformational Leadership

Bass (1985); Bass and Avolio (1994); Den Hartog et.al. (1997); Hinkin and Tracy (1999), defined transformational leadership as in terms of four leadership characteristics: idealized influence or charisma, inspirational

motivation, individual consideration and intellectual stimulation.

(i). Idealized influence or charisma: In this dimension, the leader act as and perceive as a strong role model for followers. According the Bono and Judge (2004); Simic (1998); Stone, Russel, and Patterson (2003), idealized influence is about building confidence of the followers. The leader is admired, respected, and trusted by followers and provided sense of both mission and vision that others want to follow. The leader shares risks with followers and consistent in conduct with underlining ethics, principles and values (Bass, Avolio, Jung and Berson, 2003). (ii). inspirational motivation: This is the continuation of a charismatic leadership; the leader inspires followers to pursue a shared vision over self-interest. This inspirational leader is capable of arousing the subordinates to become part of the organizational culture and the environment. And also, the leader encourages followers envision attractive future states which they can ultimately envision for themselves (Bass, Avolio, Jung and Berson, 2003). (iii). individual consideration; this leadership pays attention to each individual's needs for achievement and growth by acting as a coach<sup>2</sup> and mentor<sup>3</sup>, In this style, the leader recognizes the individual differences in terms of needs and desires (Bass, Avolio, Jung and Berson, 2003). (iv). intellectual stimulation; According to Barbuto (2005), the leader in this style, stimulates and encourages both creativity and innovation by questioning, assumptions, reframing problems and approaching old situations in new ways. Stone, Russel, and Patterson (2003), noted that leaders in this dimension empower followers by persuading them to purpose new and controversial with fear of punishment or ridicule. Intellectual stimulation involves the arousal and change in follower's problem awareness and problem solving through the use of imagination with relation to belief and values (Bass, 1985). The most important aspect is how it relates to the intelligence of subordinates.

<sup>2</sup> Plilippe Ronsinski (2005), defined the coaching as the art of facilitating and understanding of people's potential to reach meaningful important objectives.

<sup>3</sup> Gardon (1997), defined mentoring as a fundamental from human development where the person invests time, energy, and personal know how is assessing to growth and ability of another person.

However, Tichy and Devanna (1999), noted that transformational leaders share a number of common characteristics; (i). they identify themselves as a change agent. Their professional and personal image is to make a difference and transform the organization that they have assumed responsibility for. (ii). they are encouraging individuals. These transformational leaders are risk takers, individuals who take a stand. (iii). they believe in people. They are powerful yet sensitive of other people, and ultimately, they work towards the employment of others. (iv). they are value driven. Transformational leaders are able to articulate a set of core values and exhibited behaviour that was quite congruent with their value positions. (v). they are lifelong learners. They view mistakes as learning experiences. (vi). they have the ability to deal with complexity, ambiguity, and uncertainty. (vii). they are visionaries. Transformational leaders are able to dream, able to translate those dreams and images so that others could share them.

### **Transactional Leadership**

Bass (1985), noted that the transactional leadership Behaviours aimed at monitoring and controlling employees through rational or economic means. Bass (1990), Bass and Avolio (1994), argued that transactional leadership is an exchange process between leaders and followers. Bass (1985), argues that that leadership in research has generally been conceptualized as a transactional or cost benefit exchange. Process. In this leadership, the leader identifies specific follower desires and provides goods that meet those desires in exchange for followers meeting specified objective or performing certain duties (Ushagbem, 2004). On the other hand, leaders are benefitted from completion of tasks while followers receive rewards for job performance (Northhouse, 2001). Behaviours and traits of followers are influenced by incentives offered by the leader (Politis, 2003).

According to Bass (1985; Bass and Avolio (1994); Hater and Bass (1998); Den Hartog et.al. (1997); Bono and Judge (2004), dimensions of transactional leadership are; (i). Contingent rewards: the leaders provide rewards on followers' achievements of specified performance level. Bono and Judge (2004), noted that contingent reward refers to leadership Behaviours and focused on

exchange of resources and leader provides tangible or intangible support and resources to followers in exchange for their effort and performance. (ii). Active management by exception: the leader actively seeks out variations from desired performance on the part of followers with a view to taking corrective action (Pounder, 2001). Here the leader arranges active monitor deviances, mistakes, and errors in the followers' assignment and to take corrective actions as necessary. (iii). Passive management by exception: the leader does not seek out deviations for desired performance and only take action when problems present themselves (Pounder, 2001). This leadership is inactive and may be required and effective in some situations when it is necessary to supervise larger number of followers who report directly to the leader.

### **Laissez-fair Leadership**

This is the other end of the single continuum of transformational and transactional leadership model. In this leadership, the leader minimizes exchange with followers and allows them to do their own things to achieve outcomes with minimal intervention, feedback and support. Laissez-fair leadership represents non-transaction. This is avoidance or absence of leadership and this is most inactive as well as ineffective according to almost research on leadership styles. In this leadership, necessary decisions are not made, actions are delayed, responsibilities are ignored, and authority remains unused (Bass, 1998).

### **Transformational Transactional Leadership and Organizational Effectives**

According to Avolio and Howell, (1992); Bass (1985); Selter and Bass (1990); Ross and Offerman (1997), few studies have actually examined the link between the exercise of transformational and transactional leadership, and overall organizational effectiveness (Pounder, 2001). Brunes (1998); Lachman and Wolf (1997), noted that examining the link between transformational and transactional leadership and organizational effectiveness is hampered by the absence of general agreed definition of organizational effectiveness (Pounder, 2001). Thus, Bass and Avolio (1994); brunes (1998), have argued that transformational leadership is more proactive and ultimately more effective than transactional, corrective or avoidant leadership

in terms of motivating followers to achieve higher performance (Berson and Avolio, 2004).

The literature in leadership has been showed that the relationship between the transformational leadership and the organizational effectiveness. According to Bass (1985), transformational leadership increases the confidence and motivation of followers to obtain performance beyond expectations (Politis, 2003). A Study relating to leadership, done by Geyer and Sterer (1998), evaluated Austrian banks branches and reported stronger positive relationship between transformational leadership and long term verses short term performance. Thus, they could find a stronger relationship between transformational leadership and long term performance due to transformational leaders are creating more inspired, committed and cohesive culture in their banks (Bass, Avolio, Jung and Berson, 2003). According to Pawar and Eastman (1997), transformational leaders use their component abilities of inspiring, intellectually stimulating and individually considerate leadership to motivate followers to higher levels of achievements. And also, they achieve greater organizational performance by aligning individuals with the strategic vision, mission, and collective goals of their organization (Berson and Avolio, 2004). As Kirkpatrick and Locke (1996), critical organizational outcomes such as satisfaction, organizational performance, group performance and commitment have associated with transformational leadership styles. Meta-analyses conducted by Lowe, Kroeck and Sivesubrameniam (1996); Patterson, Fuller, Kester and Stringer (1995), confirmed that the positive relationship between transformational leadership and performance, noted in the leadership literature (Bass, Avolio, Jung and Berson, 2003).

Transactional contingent reward leadership relates positively to performance in that such leaders clarify expectations and recognize achievements that positively contribute to higher levels of performance (Bass, Avolio, Jung and Berson, 2003). On the other hand, transactional leadership, performance context may elevate the importance of the role transactional leadership plays in contributing to effective leadership (Bass, Avolio, Jung and Berson, 2003). The effective leadership positively relates with the organizational

performance and effectiveness. However, Burnes (1998), described transactional leadership as representing the lower type that transformational leadership should add to in predicting performance. Further, he noted that transactional and transformational leadership as being at opposite ends of the same continuum (Bass, Avolio, Jung and Berson, 2003).

### **Organizational Culture**

According to Davis (1984); Benison (1990); Kotter and Heskett (1992); O'Reilly and Chatman (1996); Winsor (2001), organizational culture refers to a set of shared values, belief, assumptions, and practices shape and guide members' attitude and behaviour in organization (Rashid, Sambasiven and Rahman, 2004). According to Schein (1983), organizational culture depends for its experience on a definable organization, in the sense of a number of people interacting with each other for the purpose of accomplishing some goal in their defined environment. According to Alnasseri, Osborne and Steel (2013), Organizational culture provide an overall image of an organization's identity; this enables it to be categorized among different organization groups. The core of culture is formed by values which are not visible but shared by people even when membership in group changes (Sharma and Sharma, 2010).

The literature related to organizational culture, a number of definitions have been proposed. Frequently cited, efficient and common-sense definition for organizational culture is 'the way we do things around here' (Barkdoll, 2006). Schein (1991), defined organizational culture as 'a pattern of basic assumptions – invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has 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, 1991). Deal (1986), defined the organizational culture as 'the human invention that creates solidarity, meaning and inspires commitment and productivity (Lund, 2003). Kilmann et.al. (1985), defined organizational culture as 'the shared philosophies, values, assumptions, belief and expectations, attitudes and norms (Lund, 2003). The literature showed that there

is no consensus has formed on a definition (Scholl, 2003).

Within the field of management, several typologies of organizational culture have been proposed to allow researchers to narrow the focus on organizational culture when subjecting this concept to specific study. One dominant typology is competing values model introduced by Quinn and Cameron (1983), and Quinn and Rohrbaugh (1983). The competing values model has become a popular and validated framework for studying organizational culture (Leisen, Lilly and Winsor, 2002).

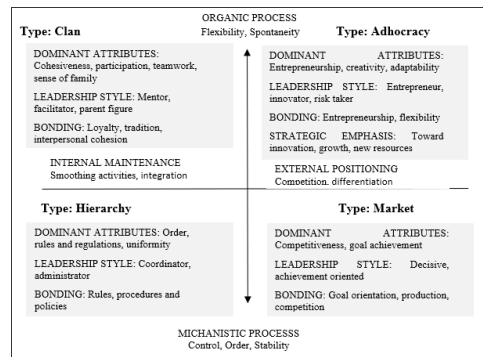
### Competing Values Model

Earlier competing values model has been discussed with the aspect of organizational effectiveness. In relation to the organizational culture, competing values model was used by Desphandle et. al., (1993), to distinguish between four organizational culture types; clan, adhocracy, hierarchy, and market cultures (Leisen, Lilly, and Winsor, 2002). The sturdiness and richness of the resulting quadrants lead to identify each quadrant as a culture type (Cameron and Quinn, 1999). This typology distinguishes the external oriented culture and internal oriented culture. This can be illustrated by the Figure 2

The vertical axis describes the continuum from organic to mechanistic process, ranging from an emphasis on flexibility and spontaneity to control, stability and order. The horizontal axis describes the relative organizational emphasis on internal maintenance to external positioning. The result of this is the culture type and dominant four culture types are (i) Clan culture: clan culture mainly focus on internal maintenance with flexibility. The organization with a clan culture is a friendly place where people share a lot of themselves, like an extended family. It is like a family type organization goal cohesion, participativeness, individually sense of we-ness are in the clan type culture organizational (Cameron and Quinn, 1999). The basic assumptions of this clan culture are that the environment can be changed through team work and employee development, customers are best thought of partners, the organization is the business of developing a human work environment, and the major task of management is to empower employees and facilitate their participation, commitment and loyalty (Cameron and Quinn,

1999). (ii). Hierarchy culture: mainly focus on the internal maintenance with a strong need for stability and control. The organization is very formalize and control. And also, procedures given what people do, maintaining a smooth running organization is critical and formal rules and policies hold the organization together. Long term concern is with stability, performance, and efficient, smooth operations.

Figure 2: Organizational Cultures



Source: Adapted from Cameron and Freeman, (1991)

Effective leaders are good communicators. Their goal is stability and control through information management and communication. Success is defined in terms of dependable delivery, consistent schedule and low cost. (iii). Adhocracy culture: this culture type emphasis external positioning with higher degree of flexible and individuality. The assumptions are innovating, and pioneering indicators are lead to success, organizations are mainly in the business of developing new products and services and preparing for the future and major task of the management is to foster entrepreneurship, creativity and ability on cutting edge (Cameron and Quinn, 1999). The leaders are innovated and risk takers. Success is defined as having newest and most unique product of the market. (iv). Market Culture: this organizational culture concerns stability and control with an emphasis on external positioning. The basic assumptions are the external environment is in the business of increasing its competitive position and the major task of the organization is to drive the organization towards productivity, result and profit (Cameron and Quinn, 1999). These are result oriented organizations. The leaders are hard driving procedures and competitors.

Common reputation is market reputation. And success is defined in terms of market share and penetration; competitive pricing and market leadership is very important.

### **Organizational Culture and Organizational Effectiveness.**

Hosfetede and Bond (1988), suggested that organizational culture accounts for the economic performance in various countries. According to Newstrom and Davis (1993), organizational culture has a strong relationship with performance and also, they noted that organizational culture determines organizational success (Alnasseri, Osborne, and steel, 2013). Deal and Kennedy (1982); Look and Crawford. (2001); Peeters and Waterman (1982), noted that organizational culture plays an important role in generating commitment and enhancing performance. Ouchi, (1981), found a relationship between organizational culture and increased productivity. Deal and Kennedy (1982); Peeters and Waterman (1982), have suggested that organizational culture exert considerable influence particularly in areas such as performance and commitment (Look and Crawford, 2003). Look and Crawford (1999), noted according to Harrison (1972); Peeters and Waterman, (1982); Trice and Beyer 1993), characteristics of organizational culture such as corporate values and have been suggested to be related to commitment and performance of organizations. Thus, Newstrom and Davis (1993), noted that organizational culture has a strong relationship with organizational performance. And also it is suggested it is a key feature in attaining success (Cameron and Freeman (1991); Deal and Kenedy (1982); Denison (1990); Denison and Speriter (1991); Safford (1998); Lairy (1984); Lau and Nago (1996), researchers have identified that different types of organizational culture lead to different forms of organizational effectiveness. Thus, Alvesson (2013), found that organizational culture has a significant influence on performance (Alnasseri, Osborne and Steen, 2013). Trefry (2006), noted that organizational culture is closely related to organizational effectiveness (Khan, Khan, Ahmed and Ali, 2013)

### **Organizational Culture and Leadership Styles**

Brooks (1996); Trice and Bayer (1993; Lok and Craford (1999); Ogbonna and Harris (2000); Pillai and Mendil (1998); Block (2003), noted that there are limited number of published studies which have attempted systematically examine organizational culture and leadership. However based on the organizational culture – organizational leadership research so far, Block (2003), found that following tentative conclusions have been suggested by researchers (Block, 2003). The impact of leadership on organizational performance is mediated by organizational culture (Ogbonna and Harris, 2000). Yiing and Ahmad (2009), revealed that generally and few exceptions leadership behaviour was found to be significantly related to organizational commitment and organizational culture plays an important role in moderating this relationship (Yiing and Ahmad, 2009).

### **Methodology**

#### **Measurements of Variables**

Numerous problems of assessing organizational effectiveness have been discussed elsewhere. They include fact that different approaches to assessing effectiveness are products of different arbitrary models of organizations: the fact that effectiveness is a product of individual values and performance, and therefore, the best criteria for assessing effectiveness cannot be identified, and the fact that all relevant criteria for assessing cannot be identified and the fact that all relevant criteria of effectiveness have never yet been identified (Cameron, 1986). Gilbert and Parhizani (2000s; 2000b), have identified a lack of consensus of in prior literature that existing on the definition and measurements of organizational effectiveness (Cameron, 1981; Sekaran, 1984; Lachman and Wolf, 1997; Gilbert and Parhizani, 2004). However, it is important that measurement of organizational effectiveness vary depending upon its mission, environmental context, nature of works, the product or service it produces and customer demand. However, Heerwagan, Heerwagan and Associates, (2006), have identified number of factors constantly show up in effectiveness metrics as follows.

- Achieving organizational mission
- Customer satisfaction
- Product/service quality and value



- Capacity to innovation and creativity
- Adaptation to organizational and technological change
- Effective information sharing and communication
- Employee attraction and retention
- Effective group and individual work
- Quality of work life
- Developing partnership and alliances
- Operational efficiency
- Image branding.

With regard to the leadership style, this study, described the leadership practices of managers using transformational and transactional leadership model. According to the literature, dimensions and indicators of transformational and transactional leadership model can be summarized as the following Table 1.

**Table 1: Dimensions and Indicators of Transformational and Transactional Leadership**

| Leadership Style            | Dimensions               | Indicators  |
|-----------------------------|--------------------------|---|
| Transformational Leadership | Idealized Influence      | The leader acts as and is perceived as a strong role model for followers. The leader is respected and trusted by followers and provides a sense of both mission and vision that others want to follow |
|                             | Inspirational Motivation | The leader communicates high expectations of performance. And also, through images and emotional appeals, the leader  |

|                          |                          |  |
|--------------------------|--------------------------|--|
|                          |                          | inspires followers to pursue a shared vision over individual self-interest. The leader arises individual and team spirit.  |
|                          | Individual Consideration | The leader actively listens and pays attention to each individual's needs of followers. The leader acts as a mentor or coach and provides attention and direction to followers individually. |
|                          | Intellectual Stimulation | The leader stimulates and encourages both creativity and innovation. The leader provides an environment fostering experimentation, empowerment and new approaches to problem solving.        |
| Transactional Leadership | Contingent Reward        | The leader achieves agreement and performance from   |

|                              |                                 |   |
|------------------------------|---------------------------------|---|
|                              |                                 | followers through negotiated exchange. The leader use positive reinforcement to encourage followers to achieve outcomes.                            |
|                              | Active Management by Exception  | The leader actively arranges monitor deviances, mistakes and errors in the followers and takes corrective actions as necessary to achieve outcomes. |
|                              | Passive Management by Exception | The leader takes passive approach by intervening only when problems become serious.   |
| Non-transactional Leadership | Laissez-fair                    | The leader minimizes exchange with followers and allows to do their own thing to achieve outcomes with minimal intervention, feedback or support.   |

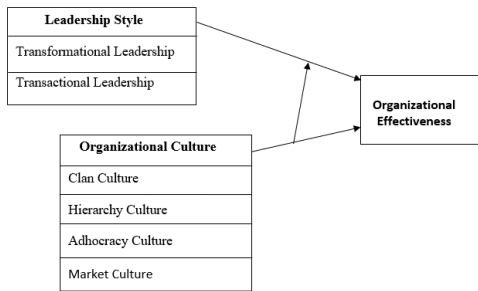
There are three strategies to measure organizational culture. (i). A holistic approach: Here the investigator becomes involved in the culture and engaged in in-depth

participation observation. Also, the investigator tries to become a native in the organization and tries to measure the culture of the organization. (ii). Metaphorical approach: The investigator uses language pattern in documents, reports, stories and observation in order to uncover culture patterns. (iii). Quantitative approach: The investigator uses questionnaires and/or interviews to access particular dimensions of organizational culture. Two types of dimensions use to diagnose the organizational culture (Cameron and Quinn, 1999). (i). Content dimension: this refers to the aspect of organization's culture that should be used to cues in scenarios in order to help individuals recognize their cultural profile that is produced by scoring a cultural assessment instrument.

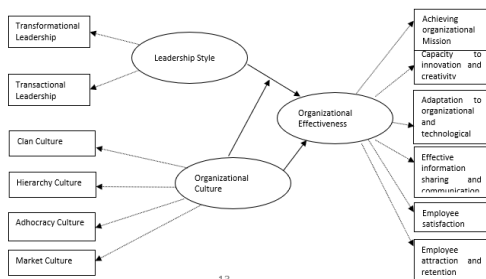
However, Cameron and Quinn (1999), further noted that six pattern dimensions serve as the basis for the organizational culture assessment instrument. Those six pattern dimensions are (i). The dominant characteristics of the organization. (ii). The leadership style and approach. (iii). The management of employee or the style. (iv). The organizational glue or the bonding mechanism. (v). Organizational emphasis. (vi). The criteria of success.

### Conceptual Framework

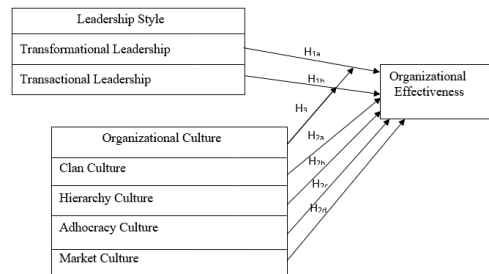
Conceptual framework of the study attempts to establish the relationship between variables of the study. As this study, the dependent variable is organizational effectiveness. The independent variables are leadership style and organizational culture. Thus, with the literature review, it could be found that there is a moderate impact of organizational culture on the impact of leadership style on organizational effectiveness. Therefore, based on the literature, the conceptual framework of the study seeks to establish the relationship between (i). the impact of leadership style on organizational effectiveness. (ii). the impact of organizational culture on organizational effectiveness. (iii). The impact of organizational culture on the impact of leadership style on organizational effectiveness. Accordingly, appropriate conceptual model of the study can be illustrated by Figure 3.

**Figure 3: Conceptual Model**

Thus, in order to find out the answers for the research questions it has become necessary to develop a measurement model to measure the variables. Measurement model refers to the model which is the part of the model that examine the relationships between latent variables and their measures. This study has adopted the indicators identified by Heerwagan, Heerwagan and Associates (2006), as measurements of Organizational effectiveness and the indicators or transformational and transactional leadership model by Bass (1985); Bass and Avolio (1991), to measure leadership style. The six dimension pattern identified by Cameron and Quinn (1999), was adopted as the measurements of the organizational culture. Accordingly the measurement model of this study can be illustrated by the Figure 4.

**Figure 4: Measurement Model**

Thus, in order to analyse the collected data for a study using statistical tools, a statistical model is to be developed. A statistical model is usually specified as a mathematical relationship between variables, as such a statistical model is a formal representation of theory. The statistical model related to this study is illustrated by the Figure 5.

**Figure 4: Measurement Model**

Accordingly, following hypotheses which are proposed to bring an explanation made on the evidence as a starting point for further investigation, can be developed as follows.

H<sub>1a</sub>: Transformational leadership style positively impacts on organizational effectiveness

H<sub>1b</sub>: Transactional leadership style impact positively on organizational effectiveness

H<sub>2a</sub>: Clan culture impacts positivey on achievement in internal dimensions organizational effectiveness

H<sub>2b</sub>: Adhocracy culture impacts positively on achievement in external dimensions of organizational effectiveness

H<sub>2c</sub>: Hierarchy culture impacts positively on achievement in internal dimensions of organizational effectiveness

H<sub>2d</sub>: Market culture impacts positively on achievement in external dimensions of organizational effectiveness

H<sub>3</sub>: The influence of leadership style on organizational effectiveness is moderated by the organizational culture

## Conclusion

The aim of this study was to identify the impact of leadership style and organizational culture on organizational effectiveness, as well as the influence of the impact of leadership style on organizational effectiveness. According to the literature related leadership style, organizational culture and organizational effectiveness, it could be found that (i). Leadership style impact positively on organizational effectiveness, (ii). Organizational culture impacts positively on organizational effectiveness. Further, reviewing the literature, it could be found that

(iii). Organizational culture moderates the impact of leadership style on organizational effectiveness. These relationships have been shown in the developed conceptual model which is illustrated in Figure 3. In addition, regarding the main model of organizational effectiveness, Cameron and Quinn's competing values model has a close relationship with organizational culture.

Certain characteristics of this study help increase its contribution to research areas in leadership style, organizational culture and organizational effectiveness.

The study intended to study the influence of leadership style and organizational culture on organizational effectiveness as a conceptual study. But, study can be extended as empirical study for any industry, any sector, or any organization.

Thus, this study was limited as leadership style and organizational culture are mutually independent. But previous researchers and literature had indicated a certain interaction between organizational culture and leadership style. Therefore, as an extension of this study, a further study can be conducted incorporating the interaction between organizational culture and leadership style.

There are many other factors which influence organizational effectiveness. A further study can be conducted to examine the impact of such factors on organizational effectiveness.

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