

ORGANIZATIONAL CULTURE AND LEADERSHIP, IS THERE ANY RELATIONSHIP?

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ABSTRACT

The competitive market supported by dynamic environments, have always been the main reason to maintain sustainability in organizations. Every organization aims for the infinite period, therefore the people who work for the organization must cultivate their best effort in order to achieve organization's goals. As the competition keeps on increasing, organization has to improve and maintain its bargaining power. Its bargaining power includes people that operate the systems, thus to have highly competence people who give maximum contribution might be one of organization's strengths. Leadership is the way to persuade subordinate activities by communication process to gain the goal (Gibson, Ivancevich, & Donnelly, 1995). Leadership is a part of cultural and as a cultural element, is developed and to provide supplementary evidence on the existence of a statistically significant relationship between cultural type and leadership style using empirical data (Glick, 2001). Organizational culture's researchers have suggested an interactive relationship between an organization's top leaders and organizational culture in fact exists, the empirical data remain scant (Huang, Cheng, & Chou, 2005). This is an applied research that has purpose: knowing relationship between organizational culture and leadership.

Keywords: leadership, organizational culture, applied research.

ABSTRAK

Pasar kompetitif yang didukung oleh lingkungan dinamis selalu menjadi alasan utama untuk mempertahankan keberlanjutan dalam suatu organisasi. Setiap organisasi mengharapkan untuk dapat bertahan sampai waktu yang tak terhingga, oleh karena itu manusia yang bergabung dalam organisasi harus mempunyai kompetensi terbaik dalam kontribusi mereka untuk mencapai tujuan organisasi. Seiring dengan meningkatnya persaingan dalam dunia bisnis, organisasi harus mempertahankan bahkan meningkatkan kompetensi bersaingnya. Hal ini termasuk manusia yang mengoperasikan sistem sehingga organisasi memiliki manusia kompeten untuk memberikan kontribusi semaksimal mungkin menjadi salah satu kekuatan organisasi tersebut. Kepemimpinan adalah cara untuk mempersuasi bawahan dalam beraktivitas dengan proses komunitas untuk mencapai tujuan (Gibson, Ivancevich, & Donnelly, 1995). Kepemimpinan merupakan bagian dari kebudayaan dan sebagai salah satu elemennya, kepemimpinan dikembangkan dan untuk menyediakan bukti yang melengkapi keberadaan hubungan yang secara statistik signifikan antara tipe kebudayaan dan gaya kepemimpinan dengan menggunakan data empiris (Glick, 2001). Para peneliti dalam budaya organisasi menyampaikan bahwa terdapat hubungan interaktif antara pemimpin dalam organisasi dan budaya organisasi yang nyata, dengan penggunaan data empiris (Huang, Cheng, & Chou, 2005). Penelitian ini merupakan penelitian terapan yang bertujuan untuk mengetahui hubungan antara budaya organisasi dan gaya kepemimpinan..

Kata Kunci: Gaya Kepemimpinan, Budaya Organisasi, Penelitian Terapan.

INTRODUCTION

The organization is formation of the single market, namely the ASEAN Economic Community (AEC) allows the country to sell goods and services easily to other countries across Southeast Asia so the competition will be intense. That was one of dynamic environment phenomenon occurred regarding ASEAN countries. The competitive market supported by dynamic environments, have always been the main reason to maintain sustainability in organizations. Every organization aims for the infinite period, therefore the people who work for the organization must cultivate

their best effort in order to achieve organization's goals. The competition brings ideas to improve the competitiveness in each country.

LITERATURE REVIEW

LEADERSHIP

Organization is a consciously coordinated social unit, composed of two or more people, that functions on a relatively continuous basis to achieve a common goal or set of goals (Robbins & Judge, 2013). When more than one person gathered, there always be

leader inside that will take them to gain their objectives. Therefore, direct and coordinate people as leading function done by leader will be very important. Leader is the individual who can exercise such influence and control (George & Jones, 2012). Anyone who exerts influence over others in the pursuit of organizationally relevant matters is a leader (Kinicki & Fugate, 2016).

Leadership is defined as a process whereby an individual influences a group of individuals to achieve a common goal (Kinicki & Fugate, 2016). That is the way to persuade subordinate activities by communication process to gain the goal (Gibson, Ivancevich, & Donnelly, 1995). Managerial leadership is a leading process to direct and persuade activities from group members that have the integrated tasks (Stoner, 1995 in Handoko, 1999).

There are some models of leadership came up in the era, including the integrated one. It states that effective leadership is influenced by four types of leadership behavior: task-oriented, relationship-oriented, passive and transformational. Effective leadership also affected by a combination of task-oriented traits and interpersonal attributes. Furthermore, there are some component support the practice: demographics, such as gender and age besides knowledge and skills. Kinicki then define the implicit leadership theory is based on the idea that people have beliefs about how leaders should behave and what they should do for their followers. Leadership prototype is a

mental representation of the traits and behaviors that people believe are possessed by leaders (Kinicki & Fugate, 2016). Leadership theories already pass some period supported by dynamic organizations' environment and era. In general, there are three periods of leadership theories movement (Wren, 1995): the first period is trait period that came up in 1910's until world war II; the second one was behavior period at the beginning of world war II until at the end of 1960's; the last period was in 1960's – that was contingencies or situational. On the other hand, Bass and Avolio (Bass & Avolio, 1994) came up with the idea of leadership variation from laissez-faire, transactional and transformational leadership.

Contingencies or situational side emphasize that leadership depend on situational factors, employees inside the organization, tasks, organization itself and other environment variables. Furthermore, the effective leadership not chosen based on right stuff or right style, but based on the ability to assess their environment so that leadership habits will be proper while facing the situations.

Transactional Leadership

Transactional leadership came from MacGregor Burns in 1978 (Burns, 2003) based on his descriptive research for politicians leader. He said that transactional and transformational leadership are two different continuum and has a contradictive each other. Interpersonal transaction

involved between manager and employee was the highlight in transactional leadership. Diversely, leader create vision and supported environment that motivate employees to make the out of the box achievement.

Pawar and Eastman (1997, in Papa, Daniels, & Spiker, 2008) said that transformational leader create the dynamic organizations' vision needed for the innovations.

There are some definition of transactional leadership such as:

- Transactional leadership is the exchange process while leaders emphasize their employees' roles and its requirements then give rewards or punishment based on the employees' performances. This definition came up from Osland, Kolb, Rubin and Turner (2007)
- Kuhnert and Lewis (in Paracha, Qamar, Mirza, Hassan, & Waqas, 2012) state that transactional leadership is the exchange between followers and leaders which meet the performances as leaders objectives and the employees' aspirations. These based on commitment and promises with honor and trust.

Bass (1990) and Hughes, et.al (2002) state that reward will motivate employee so that make an impact on their performance and satisfaction. The exchange process between fast reward and contribution are based on the leader's instruction.

Kinicki came up with the idea that transactional leadership focuses on clarifying employees' role and task requirements and providing followers with positive and negative rewards contingent on performance (Kinicki & Fugate, 2016).

Based on Paracha (Paracha, Qamar, Mirza, Hassan, & Waqas, 2012), transactional leadership has some characteristics: motivate subordinates based on their needed and interest, and keep or continue the stable condition. Transactional leadership can be used to meet the basic need such as physiological and security needs.

Bass and Avolio (Bass & Avolio, 1994) define that transactional leadership has characteristics as follows:

- Contingent Reward

This is a contract that will state the exchange between reward and contributions, good performance, appreciate the performance achievement. Based on transactional leadership view, reward will be given base on employees' effort to accomplish their jobs

- Management by Exception Active

Leaders monitoring and try to find lack between employees' performance and the standard, do the corrective actions. Transactional leader emphasize the controlling function of management.

Leaders always do the supervision to anticipate an error.

- Management by Exception Passive

Leader intervene when employee cannot achieve the standard. Leader waiting for the result or output.

Transformational Leadership

Transformational leadership can be defined as follows:

- Bass and Avolio (Bass & Avolio, 1994) state that transformational leadership is a leadership perspective that connects with how leaders change their team so that they can have struggle inspiration for achievement.
- Osland, Kolb, Rubin and Turner define the transformational leader as a change agent, value controller, that can make followers realize results' value based on vision. Besides, motivating followers to give priority for organization (Osland, Kolb, Rubin, & Turner, 2006).

There are some objectives of transformational leaders, that are: change the situation better, develop subordinates to be a leader, restructure the organization to make new strategy and inspire subordinates with the vision, moral and ethics within their behavior. So Avolio (in Luthans, 2011) defines that an effective transformational

leader should identify themselves as a change agent, brave, belief of subordinate, control value, sustainable learner, and visionary people. They have abilities to handle complexities, ambiguities and uncertain situations.

Transformational leadership emerged from Burns' idea that implemented this kind of leadership into political context, then developing to other phases. Furthermore, Bass did the implementation in organizational context (Bass & Avolio, 1994). Based on their research, there are four ways to transform subordinates so that they change and achieve the organizations' goal.

The first one is idealized influence (Charisma). Transformational leader has integrity; they reveal organization's value through congruent ways and manifest in actions (Simons, 1999). Leaders give an example in action to their subordinates or members. They act as a positive role model in habit, behavior, attitude, achievement and also commitment in their organization. Leaders keep an eye out of their subordinates, take a risk, and use their power when needed, not for their personal attentiveness. Furthermore, they give vision and sense of mission, inspire the pride sense to their subordinates.

The second one is inspirational motivation. Transformational Leader motivates and inspires their subordinate by communicating high expectation and target clearly, use any kind of symbol to make effort or action

focused and express the important goal in a simple ways. They also instigate the working spirit, enthusiasm and optimism among members within team or work group.

The third one is intellectual stimulation. Transformational Leaders try to create conducive climate for the innovation and creativities development possibility. The dissension usually come up and be common things so that leaders can motivate their subordinate to develop possible new idea and creative solution to face problem occurred. Subordinates really involved and empowered in problem analysis and solution progress. The idea of transformational leaders is sharing of power, involve subordinates to do the changes (Handoko & Tjiptono, 1996).

The last one is individualized consideration. Transformational leaders give a special consideration for every individual needed to perform and develop by being a coach, mentor or advisor. Leaders appreciate and accept individual differences in terms of needs and interests. Leaders then delegating various tasks, as part of subordinates' development. Charismatic leadership is a key element of transformational leadership, as Bass (1985) notes that charismatic leadership forms a necessary but not sufficient condition for transformational leadership (in Simons, 1999).

Based on Paracha (Paracha, Qamar, Mirza, Hassan, & Waqas, 2012), transformational leadership has some characteristics there are:

build moral values from subordinates to reform organization and stand as an opposite for the stable situation. Transformational leadership appropriate to meet higher needs, such as esthem and individual actualization.

Yukl (1989) describes managerial actions, attention distribution, and decision patterns as ways in which the charismatic leader communicates his vision (in Simons, 1999). Transformational leadership often relies on charismatic leadership, and charismatic leadership requires trust and credibility among employees. The critical elements is leaders delivering on promises and modeling values.

ORGANIZATIONAL CULTURE

Organization

Management philosophy has a process route aspect to be studied, it is the organization and organizing so that cooperative system emerge. Scott define not only organizing as the action, but also organization as the result of organizing action. Organizing related to work itself, work place, and the people who do the work. However, the product of the organizing activities – organization- cannot be managed without considering the people involved (Scott, 1967). There are some theories about organizations based many authors point of view.

Based on design perspective, an organization is a system of consciously coordinated activities or forces of two or more persons. Embodied in the conscious coordination aspect of the definition, there are four common denominators of all organization as follow (Kinicki & Fugate, 2016):

- Coordination of effort that achieved through formulation and enforcement of policies, rules and regulations
- Aligned goals start from the development of a companywide strategic plan. These strategic goals are then cascaded down through the organization so the employees are aligned in their pursuit of common goals
- Division of labor occurs when the common goal is pursued by individuals performing separate but related tasks
- Hierarchy of authority, also called the chain of command, is a control mechanism dedicated to making sure the right people do the right things at the right time. Historically, managers have maintained the integrity of the hierarchy of authority by adhering to the unity of command principle. The unity specifies that each employee should report to only one manager.

Organization Culture

Culture can be defined as follows:

- Symbols, language, ideologies, rituals and myths
- Organizational scripts derived from the personal scripts of the organization's founder(s) or dominant leader(s)
- Is a product; is historical; is based upon symbols; and is an abstraction from behavior and the products of behavior.

Organizational culture is what the employees perceive and how this perception creates a pattern of beliefs, values, and expectations. Based on Edgar Schein (in Ivancevich, Konopaske, & Matteson, 2008), organization culture define as a pattern of basic assumption-invented, discovered, or developed by a given group as it learns to cope with the 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. Organizational culture involves shared expectations, values and attitudes so that it exerts influence on individuals, groups, and organizational processes (Schein in Ivancevich, Konopaske, & Matteson, 2008). Organization can create its culture that eventually evolves in a particular organization, the complex outcome of external pressures, internal potentials, responses to critical events and probably, to some unknown degree, chance factors that could not be predicted from a knowledge of either the environment or the members. In addition, cohesive

organizational culture as an outcome can be achieved by H O M E method with its' intervening conditions occur as follow:

- H stand for develop a sense of History, the intervening conditions of elaborate on history and communications about and by "heroes" and others
- O stand for create a sense of Oneness, the intervening conditions of leadership and role modeling; and also communicating norms and values
- M stand for promote a sense of Membership, the intervening conditions of reward systems; career management and job security; recruiting and staffing; socialization of new staff members; besides training and development
- E stand for increase Exchange among members, the intervening conditions of member contact; participative decision making; intergroup coordination; and also personal exchange (Gross in Ivancevich, Konopaske, & Matteson, 2008).

Furthermore, Ivancevich state that organizational culture is a pattern of assumptions and values that are invented, discovered, or developed to cope with organizational life. Organizations can achieve effectiveness only when employees share values of an increasingly diverse work force. That are shaped long before a person enters an organization (Ivancevich,

Konopaske, & Matteson, 2008). Besides, Robbins and Judge define the organizational culture as a system of shared meaning held by members that distinguishes the organization from other organization (Robbins & Judge, 2013).

Organizational Culture Assessment Instrument

Every organization has their own unique culture so that there should be differences among organizations. Organizational culture become one of key success of goal achievement. So that organization usually analyze the organizational culture regularly.

Cameron and Quinn (Cameron & Quinn, 2011) develop organizational culture assessment instrument that can five information related to recent organizational culture and also the member's aspiration for the future. There are four cultures types that divide into two dimensions to indicate organization effectiveness as follows:

- The first dimension focuses on flexibilities, discretion and dynamic.
- The second one focuses on internal orientation, integration and unity.

These two dimensions will construct four culture quadrants that can be state as organization culture profiles as follow:

- The Clan Culture

Organization same as the big family that share values and goals. Clan organization can manage their environment by teamwork and employee development, besides their point of view for their customer as a partner.

- The Adhocracy Culture

Adhocracy came from Adhoc, that can be defined as specialist, dynamic unit, a temporary phase. Organization focuses on innovation and initiate new idea. Management help to develop the entrepreneurship, with the adaptation competencies, flexibilities and creativities development as the main goal.

- The Market Culture

Market terminology is different from marketing function or customer target in certain market. In Market organization, competition and productivities can be achieved by focusing on fix goal and aggressive strategy.

- The Hierarchy Culture

Hierarchy organization can be characterized by its clear work structure and system operation procedures. Supervisors take their roles to coordinate and maintain activities in one organization.

ORGANIZATIONAL CULTURE AND LEADERSHIP

Kargas & Varoutas published research about organizational culture and leadership in empirical analysis method. This research use data based on drawn process from a competitive industry.

They had a hypothesis as follow:

H1: There is an empirically detected relationship between organizational culture and leadership.

H1S1: Each cultural type is strongly and positively affected by the equivalent leadership style.

H1S1: Greek telecommunication industry is leader-centric, with leadership playing a dominant role on cultural type

H2: There is an empirical detected coordination between leadership style and cultural type, as a non-random effect.

H3: The interrelationship between leadership and culture is influenced by factors such as market competition, firm's age and firm's size.

H3S1: Market competition is negatively connected with internal oriented cultural types (clan and hierarchy culture) and

positively connected with market oriented culture.

H3S1: Firm's age and size are negatively connected with both external oriented (adhocracy and market oriented) cultural types and leadership styles, while they are positively related with both hierarchy cultural type and leadership style.

H3S2: Leadership is less affected than culture from factors such as market competition, firm's age and firm's size.

They used the OCAI tools; Assessment Instrument (OCAI) created by Cameron and Quinn (1999) to create the theoretical framework used so as to conduct the study is presented hereafter. This instrument recognizes leadership as one out of the six cultural dimensions: dominant characteristics, leadership style, employees' management, organizational glue, strategy, and criteria of success. This permits the measurement of both, leadership style and cultural type, by using a single instrument and also facilitates the understanding how leadership and culture are interconnected.

They examine the interconnection between the aforementioned elements and create an empirical link based on data drawn from a competitive industry. The results indicate a strong relationship between these two operational factors, while factors' coordination (identical cultural type and leadership style) enforces this relationship.

Moreover, it is investigated whether market conditions, such as strength of competition and "operational age and size," can determine the extent and the direction of the relationship. Market competition seems to affect the direction of the relationship, while operational age and size affect the relevant extent.

CONCLUSION

The competitive market supported by dynamic environments, have always been the main reason to maintain sustainability in organizations. Every organization aims for the infinite period, therefore the people who work for the organization must cultivate their best effort in order to achieve organization's goals.

Leadership is defined as a process whereby an individual influences a group of individuals to achieve a common goal (Kinicki & Fugate, 2016). That is the way to persuade subordinate activities by communication process to gain the goal (Gibson, Ivancevich, & Donnelly, 1995). Organizational culture involves shared expectations, values and attitudes so that it exerts influence on individuals, groups, and organizational processes (Schein in Ivancevich, Konopaske, & Matteson, 2008).

Leadership and organizational culture are considered to be two of the most crucial organizational elements in order for firms to

compete successfully and to gain sustainable advantage (Kargas & Varoutas, 2015).

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