# The relationship of organizational culture and leadership in the context of SBE organizations

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## Summary

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|---|---|
| Research questions: | Main and first research question is to get a deeper insight into the relationship between the organizational culture (represented by the 4 main culture characteristics hierarchy, market, clan, and adhocracy), the leadership culture and "the outcome" of both towards the main organizational goal of all companies, to reach a real sustainable capability in organizational learning. |
| Methods: | Four empirical studies across different organizations using Quinn´s Organizational Culture Assessment Inventory OCAI (Cameron & Quinn, 2011) to measure Organizational Culture and, independent from the leadership skills and traits itself, the "outcome" of the applied leadership culture using the "Leadership Productivity Model" LPM (Desjardins, 2012). |
| Results: | Although no direct linear correlation could be substantiated between the OCAI organizational culture profiles and the LPS leadership dimensions according to the leadership productivity model in the first step, yet the main elements of the suggested measurements (LPS, OCAI) create genuine value added in assessing and understanding an organization as an integral whole. |
| Structure of the article: | 1. Introduction; 2. Literature review; 3. Culture & leadership monitor, 4. Research questions and empirical results; 5. Conclusions; 6. About the author; 7. References |

# 1. INTRODUCTION

This article aims to develop a comprehensive view of both, leadership culture and organizational culture based on the current scientific findings. In doing so, the focus is laid on small and midsized organizations and their today´s need to gain a suitable understanding of the correlations between leadership and organizational culture.

The literature review invites the reader to a foray to the basic findings of culture in general and in particular with organizational culture. This is discussed in "3D", means in a "horizontal" perspective of different cultural understanding, in a "vertical" distinction of cultural levels in terms of the distinction of various societies and (sub)groups and finally as an "in depth" dimension emphasizing the articulation of culture. By bringing these findings of culture together, the literature shows various "frameworks" which are discussed on the basis of 3 different representatives approaches. A first approach is more suitable for comparing companies cultures with a focus on change, while a second one has its strengths in understanding particular companies in terms of practices as assets a firm have and finally a third one emphasis an anthropological point of view to understand up to which extend an organization "is" or embodies a culture.

A similar reflection of existing theory is provided for the field of leadership. While for the innumerous single approaches of leadership theories just a reference to existing summaries is given and in a slight more detail the main kind of leadership concepts are discussed, the emphasis is laid onto newer and more comprehensive approaches of the recent science work. Especially the growing tendency in science, moving from discussing "single building blocks" of numerous single findings towards "integrative and comprehensive" frameworks and understandings are noteworthy. That is the intention and the common thread running through the literature review.

However, the valuable knowledge of leadership and organizational culture is not at all easy, and starting that journey within a firm, staying power is required.

Therefore in the following, a reflection and reasoning towards the changed needs for SMEs in terms of adaptability and self learning capabilities is given. This leads to the desire to contribute to help responding to these challenges.

In other words, to provide a practicable tool set and recommendations to steer and develop the right leadership tasks and competence in both way´s, culture wise and skill-wise, and as a (long term) result, to establish a "sustainable adaptive organizational culture".

In the empirical part special consideration is given to the investigation of the relationship of daily leadership tasks and the organizational culture resulting from this. The hypothesis specifically aims on finding possible implications of leadership task and organizational culture preferences. Since one of the key consideration for this approach is the applicability for the target group of (family owned) SME´s in terms of providing a readily applicable tool set, this aspect is also addressed.

Summarizing, the "logic chain" of this research work sheds light on the relevant definitions and literature findings of (organizational) culture, leadership, and their interdependencies; is followed by a detailed reasoning of the evolving necessities of SME´s to adapt in an ever faster changing world; and delivers a tool set to assess the required information in an acceptable way and time.

The article concludes with the discussion of the results and recommendations for the practical use and application of the knowledge gained from above thoughts.

## 2.0    LITERATURE REVIEW

### 2.1    Culture theories and models

### 2.1.1    Excerpt of definitions and characteristics of culture in general

Kluckhohn and Kroeber report about 150 diverse definitions and concepts of culture. (Kroeber & Kluckhohn, 1952). Reason for this is mainly, that "culture" has been assessed from various points of views. However, one basic distinction is made by many writers in "having" a culture as a sociological approach versus "being" a culture as a more anthropological approach. (Cameron & Quinn, 2011, p. 168)

In a very common, but narrow sense, the term culture is often used to explain and describe specific characteristics of arts, education, literature, food and the like within for example national societies. (Hofstede, Hofstede, & Minkov, 2010, p. 5)

Having a culture implies, that one can gain or lose or change it, while being a culture is more aiming an "personality" dimension of a group or a society as we would compare it with a person's "character". (Schein, 2010 page 14)

What most of the researchers would probably also agree on is, that culture in a wide sense has to do with:

- Social human groups or societies

- Relation and interaction of people

- Shared experiences / assumptions/ / symbols / values within a group/society

- Observable elements like artifacts, symbols, behavior and norms as well as unobservable ones like underlying factors, values and basic assumptions.

- "Borderlines" in whatever way to "other" groups or cultures

- Mutual constructed social framework

(Cameron & Quinn, 2011; Hofstede et al., 2010, p. 6; House, Hanges, Javidan, Dorfman, & Gupta, 2004, p. 57; Schein, 2010, pp. 23–33)

Figure 1 shows an extract of some comprehensive definitions to better understand the "nature of culture". In the next paragraph we will take a closer look also on a more "vertical" dimension of the general culture term.

| Culture as "Civilization" | Culture as "A Concept" | Culture as "Software of the mind" |
|---|---|---|
| • narrow use in most Western languages as "training or refinement of the mind"<br>• in particular the results such as education, art, literature and the like<br>• (Hofstede 2010, page 5) | • Utilizes 4 characteristics for any kind of social units: Structural stability; Depth; Breadth; Patterning or Integration<br>• Culture as the fundamental product of "social learning"<br>• (Schein, 2010 page 13-17) | • broad use of "culture" in a social and anthropoligal sense<br>• The "rules of the social game", or the "collective programming " for all patterns of thinking, feeling and acting of human societies, distinguishing members of a society from another.<br>• (Hofstede 2010 page 3-26) |

Figure 1: *Different Cultural Views*

The central four critical elements of culture according to Schein as an (empirically based abstraction) concept in his eyes are:

- Structural stability: After achievement of a sense of group identity, this key component provides group members value in form of meaning and predictability and is therefore a main stabilizing force, not easy to change.

- Depth: Culture in this facet is the deepest, often unconscious part of a society and therefore considered as the fundamental and "grounding" component of culture.

- Breadth: This characteristic implies that culture is not applied "locally" or as a tool for dedicated situations, it rather embraces and influencing all of the group actions, whether unconsciously or consciously.

- Patterning or Integration: Is the main essence and integrating paradigm or "Gestalt" that ties together all visible and invisible elements like rituals, values, behaviors, climate and the like. (Schein, 2010, pp. 16–17)

Hence, Schein´s description of "Culture as a concept" is focusing on the benefit of the outcome of any cultural circle, namely that culture fulfills the basic human needs in giving sense to the daily live which in return lead to an inner security and to fixed-points of who we are, how to handle conflicts, or in other words, it creates a common and reliable

ground within a group of people that makes life predictable.

This universal human need however, is influenced very much by the environment of each society or group, which provides "broader and deeper assumptions about the nature of reality, time, space, human nature, and human relationship". The existing theories thereby distinguish two major and constantly present sets of problems for every group, organization or society:

- Survival, growth, and adaptation in their environment

- Internal integration that permits daily functioning and the ability to adapt and learn

from which Schein concludes, that the most fundamental characteristic of culture is, that it is a product of social learning. (Schein, 2010, pp. 17–18)

From the three chosen cultural views, the probably deepest and broadest insight in cultural understanding gives Hofstede, utilizing a comprehensive picture of "culture as mental programming" or "software of the mind". Using this analogy, implicit the changeability of culture (as it is no "hardware") seems to be generally feasible. However, a distinction is to be made between three levels of Uniqueness in Mental Programming: Human nature, Culture and Personality.(Hofstede et al., 2010, p. 6)

| Human nature | Culture | Personality |
|---|---|---|
| • "Operating system", **universal, inherited** <br> • Human ability to feel fear, anger, love, joy ,sadness and shame. | • What one does with these feelings, how one express fear, joy, observations, etc. is modified by culture <br> • **Learned**, specific to group or category | • Specific to individual <br> • **Inherited** (Based on traits) **and** <br> • **Learned** (influence of collective programming (culture) as well as by unique personal experiences. |

Figure 2: *Levels of Mental Programming (Hofstede et al., 2010, pp. 6–7)*

Human Nature is considered as the basic fundament and reason, why culture is created. Each individual's needs need to be met, and, in a programmers language we would call this "the basic assembler machine code", an universal human programming responsible for our feelings, and in emergency situations also for "automatic" reactions

like "freeze-flee-fight" (e)motions. These areas closely connect to body functions and are "encoded" in the early years of growing up, according to Hofstede up to the age of 10-12 years and are considered to be hardly changeable. Whereas the "human nature" areas are responsible for the basic needs and motivation system, culture (as well as personality) is considered to be learned and experienced and is in any case group sensitive. While the level of human nature is relatively stable, the latter two areas are formable and not static. (Hofstede et al., 2010, Chapter 1)

### 2.1.2 Organizational culture

Amongst other directions of research, it is exemplified visible in the context of the theory of creating and maintaining sustainable competitive advantage. In the beginning more the hard facts like cost advantage and product based differentiation advantage was aimed, but soon this changed. Barney argued that these advantages must be found in the rare resources already controlled by the firms, which are socially complex systems like Culture, team relationships within top management or deeply embedded and tailored communication systems. These provide value and "imperfect imitability" and are therefore non-substitutable. (J. B. Barney, 1986; J. Barney, 1991)

The positive effect of organizational culture on organizational performance since have been confirmed in several studies, also a stronger relation between culture and firm performance especially within small businesses is reported. (Chan, Shaffer, & Snape, 2004; Xiao-yan, 2006)

In the combined effort of science to grasp the nature of organizational culture, a long list of different attributes, dimensions and the derived formal definitions of organizational culture were gathered by various scientists during the past 30 years.

Several empirical studies dealt since with organizational culture as i.e. "a key to effective leadership and organizational development (Brown, 1992) and over time several correlated dimensions has been investigated as there are for example leadership style and performance (Ogbonna & Harris, 2000), competitive advantage (Chan et al., 2004), worlds national cultures and leadership

(House et al., 2004), transformational leadership (Sarros, Cooper, & Santora, 2008), knowledge management (KM) (Nguyen & Mohamed, 2011), job satisfaction (Tsai, 2011), and many more, just to name a few.

Therefore the following chart (Figure 3) shows 3 different kinds of frameworks, which shall exemplify some of the various approaches available to deal with organizational culture in this structured sense.



Figure 3: *Three different kind of frameworks to approach organizational culture*

In brief, Quinn´s OCAI as typological approach (Cameron & Quinn, 2011, Chapter 2) try to simplify the complexity of an organization by identifying main cultural preferences (types) in evaluating the balance between different competing value sets. In this regard, Schein states in discussing the pro and contra of typologies, that typologies are more useful to compare many organizations instead of evaluating and understanding a particular organization. (Schein, 2010, p. 158)

Hofstede follows with the IRIC research a dimensional approach. IRIC produced a six-dimensional model of organizational cultures. The main difference is that the IRIC project emphasis not perceived values but shared perception of common practices: Symbols, heroes, and rituals, which is assumed helping to better understand a particular company, but is less suitable to compare the culture of different companies. (Hofstede et al., 2010, pp. 354, 370–371).

Alvesson struggles obviously also with the wide variety of organizational culture concepts. He provides a more anthropological approach, arguing that organizations "are" cultures, and culture therefore should be understood as the fundamental

dimension which permeates all other related subsystems. (Alvesson, 2012, pp. 15–18)

Since each approach has its own history and reasoning, there is neither judgment implied nor a general preference possible. The choice of the respective framework just needs to fit the purpose of the corresponding goals of its usage or study.

### 2.1.3 The competing values framework (Cameron & Quinn, 2011)

While the mentioned literature provides various details for each of the different approaches, in this paragraph a short explanation and essence will be drawn for Quinns competing values framework (CVF). This framework was originally developed through research of organizational effectiveness. It is also considered useful for facilitating culture change, in making mismatches between the dominant culture profile of a company and various aspects of an organization visible.
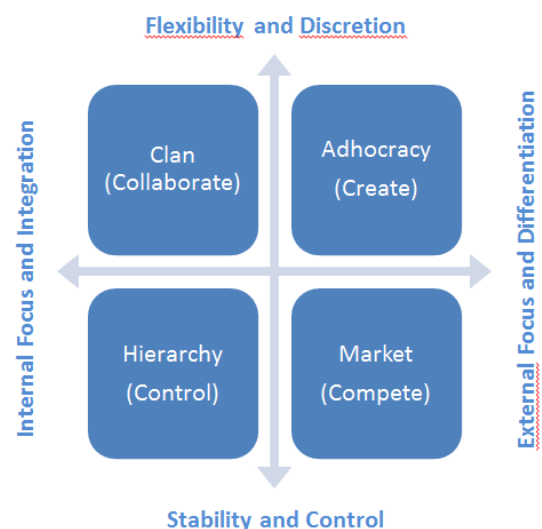


Figure 4: *The Competing Values Framework (Cameron & Quinn, 2011, fig. 3.1)*

From a scientific point of view, the framework is valid and accepted to appropriately match the way people think, their values and assumptions and the way information are processed by assessing "observations" in the daily work. As one main reason for this, it is stated, that people share at deep psychological levels of their cognitive processes basic similarities.

The core idea of the framework is the principle of "balance". There are two main "competing" trends or directions of forces. On the one hand the deeply

in the human psyche rooted desire for stability/control and at the same time the not less profound wish for flexibility/discretion, based on the natural urge of curiosity and the desire to develop. On the other hand we have the process of finding equilibrium of the diverse forces of Internal Focus/Integration and the External focus/Differentiation.

The value of the framework is in bringing these individually perceived and experienced forces in relation to organizational culture by the findings, that every organization paradoxically provides both in determining a clear set of principles. While stability, - considered the glue holding the organization together- , is supported by clear principles at the same time also adaptability is fostered and guided by another, corresponding set of principles. Both are grounded in the unique culture, each organization have created and maintained since its foundation.

Following six content core dimensions referring to the main aspects of culture are considered not comprehensive but adequate to reflect and picture the type of culture existing within an organization. These core dimensions are:

- The dominant characteristics of the overall organization

- The permeating leadership style and approach

- The style of managing and treating the employees

- The organizational bonding mechanisms (glue) giving coherence

- The strategic emphasis of the organizations strategy.

- The valued criteria of success within the organization

(Cameron & Quinn, 2011, Chapter 2)

The Competing values framework claims being able to combine the results to a unique pattern dimension, identifying at the same time the 3 main in literature appearing types of pattern, which are: cultural strength, cultural congruence and cultural type. Strength can be indicated in the overall profile by the dominance of one or more cultures, the

congruency can be judged by comparing the profiles of the 6 scenarios and finally the quadrant receiving the most emphasis tells about the cultural type.

Coming back to the basic distinction of an anthropological foundation (being a culture) or and sociological foundation (having a culture), the competing values framework follows the sociological tradition. In assuming that culture makes sense of reality, and culture is somehow independent, means it predicts other outcomes, the cognitive (observation) assessable results are considered more objective than others, which focusing on individual assumptions. (Cameron & Quinn, 2011, Chapter 3 and Appendix A)

This makes it first choice to be utilized as a suitable "culture indicator" in the context of this research work.

## 2.2 Leadership theories

### 2.2.1 Definitions of leadership

Quite a bunch of authors like Chemers, Yukl and Northouse tried to categorize the main approaches, theories and models and provide comprehensive overviews (Chemers, 2000; Northouse, 2013; Yukl, 2013) what may serve in providing all the single details in case of deeper interest.

Gary Yukl (Yukl, 2013) lists several facets and distinctiveness's illustrating felicitous the broad controversy about how to assess and understand leadership.



Figure 5: *Leadership understandings, derived from Gary Yukl (Yukl, 2013, pp. 19–23)*

Leadership *(Figure 5)* in an understanding as a "specialized role" is bound to a dedicated person, and therefore more valuable while focusing on personal development of leaders, whereas paying attention to the interdependence among members,

conditions and the organizational context of groups might be more useful to understand and develop leadership as a (social) interactional process.

For the forms of direct leadership the communication (personal and by various media channels) between leader and follower are in the center of consideration. Whereas forms of indirect leadership utilize more formal elements like the firms hierarchy, programs, management systems. Using these forms a leader can exercise influence in particular by modeling or changing the organizational culture. (Yukl, 2013, Chapter 1)

Leadership has also an influencing dimension. This influence can be either based on reasons and therefore of "reasonable" nature, i.e. developing skills, structure, programs or system. Or, it is emotionally charged and pursues value maintenance and creation in fields of mutual trust and cooperation, motivation or shared beliefs and the like.(Yukl, 2013, p. 24)

And finally, the reasons for performing influencing measurements or leadership tasks, range from pure ethical and selfless (often coined by religious traditions) to radical selfish and at the expense of staff and organization; or in simple words from good to bad (which by the way is a pure matter of definition and "cultural settings"). (Yukl, 2013, p. 20)

All of above are valid and possible forms of leadership definition – and are actually performed in the everyday professional life.

Though definitions are helpful prerequisites, leadership is much more than that. Leadership has at the same time a "shaping" dimension as well as a "regulating" dimension. And leadership must not be an end in itself. It always have to do with "outcome" and "results", and therefore with "effectiveness".

| Objective measures | Subjective measures | Followers attitudes, perceptions, beliefs |
|---|---|---|
| • Market share<br>• Net profit<br>• Sales<br>• ROI | • Ratings from<br>• Superior<br>• Follower<br>• Partner | • Trust / hostility<br>• Motivation<br>• Respect<br>• Dissatisfaction |

Figure 6: *Main indicators of leadership effectiveness. Derived from (Yukl, 2013, p. 25)*

The literature shows 3 main types of indicators for Leadership effectiveness.

First: Objective measures of performance, such as market share, sales or net profits. Second: Subjective measures like ratings obtained from leader´s bosses, staff and or partners and third: Followers attitudes, perceptions and beliefs (Figure 6).

Latter is the most complex indicator, comprising leader´s acceptance, i.e. does followers admire, respect and like the leader? Is the leader concerned with work life quality or developing and coaching of his team? High effectiveness in this field is expressed in levels of trust, hostility, satisfaction, dissatisfaction or motivation. The results can be read in i.e. absenteeism rates or requests for transfer.

In addition, leadership and it´s efficiency in many cases have also a temporal component, named as the immediate and delayed outcome. Yukl uses a telling example. So is the willingness of a follower to accept an assignment the short term result, however, how well the job is performed by the follower is the delayed outcome. (Yukl, 2013, p. 25)

This facet cannot be underestimated in our days, since the likeliness of delayed effects being influenced by external factors like economy or market conditions is much higher than in the past. This is most important for discussions about from whom and when leadership tasks are due.

### 2.2.2    Integrative models of leadership

One important trend continued towards multi - explanatory processes, combining dyadic, group and organizational theories in sets of constructs. Collective learning is one of the mentioned fields where leadership can make a difference. However, the interesting question remains how to enable individual creativity and learning, creative problem solving within groups and organizational learning and innovation at the same time on multiple levels. (Yukl, 2013, Chapter 16)

Approaches for an organizational learning framework as from Crossan et al. can be seen as one possible answer on this question. There a framework is suggested, in which four main processes, - intuiting, interpreting, integrating and

institutionalizing -, links the 3 levels of individual, group and organization. (Crossan, Lane, & White, 1999)

Based on the intention to provide fresh ideas and practices for future leadership development, Ardichvili and Manderscheid (Ardichvili & Manderscheid, 2008) try to encourage people to utilize and work with the newer models of leadership, namely the leader-member-exchange (LMX), situational, transformational, servant and authentic leadership or complexity theory. In particular, complexity theory views leadership as "*part of a dynamic and evolving pattern of behaviors and complex interactions among various organizational players*" (Ardichvili & Manderscheid, 2008, p. 625). In contrary, to improve and shape leaders capability in order to set up strategies, rather the capacity for higher awareness, imaginativeness, less risk avoidance, for acting within a wider range of possibilities should be in the focus.

Appreciative inquiry (AI) aims at the issue of increasing leaders capacity to reflect their roles, starting with understanding self and the impact of self on others, an approach with some similarities also to the suggestion of integrating EI (Emotional intelligence) within leadership and/or leader development. (Ardichvili & Manderscheid, 2008)

Coming from the "role of leadership side", the Leadership task model of Baker and Desjardin can be seen also as such a kind of "open approach" in order to create a holistic perspective of the role of leadership by mapping multi-dimensional leadership tasks on 3 different levels; the ME, YOU and US – Level. (Desjardins & Baker, 2013)
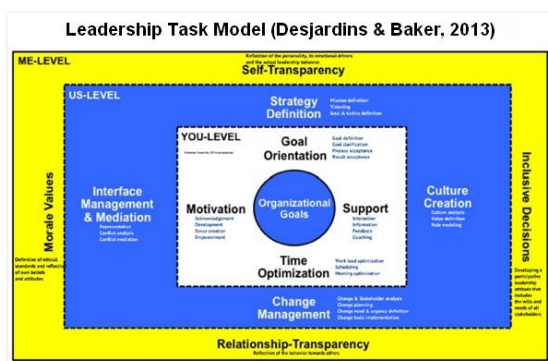


Figure 7: *The Leadership task model (Desjardins & Baker, 2013)*

According to the authors, this recent meta-model is not intended to create another exclusive theoretical definition, but rather help exploring, explaining and understanding essential leadership tasks on all levels. ME focusing on an intrapersonal perspective; if a leader is not able to lead self, he will not be able to lead others. The US level aiming on some, - in the literature sometimes within the area of management discussed- facets like vision and strategy creation, and thirdly, the model comes along with the corresponding leadership productivity survey (LPS), assessing the YOU level leadership tasks of goal orientation, motivation, support and time optimization and their corresponding sub dimensions. And further, according to the authors the LTM model was also developed with the intention to held leaders responsible for their actions. (Desjardins & Baker, 2013) A more detailed view on the content of the LTM model will be given in later paragraphs.

Another important trend can be observed. For several years now, "integral theorists" progressively establishing amongst themselves an "integral movement", by following the integral tenets and approaches of Wilber, Beck and Cowan and others. (Beck & Cowan, 1996; Scharmer, 2008, 2009; Wilber, 2001)

Andre Marquis provides quite a compact introduction in the basic thinking of integral theorists. He explains shortly the meta-theoretical AQUAL model, whereby AQUAL stands for "All quadrants, all levels". A derivation of the integral theory looking on a company will be discussed on the next pages. (Marquis, 2007)

An pure "integral leadership view" derived from Ken Wilbers AQUAL model (Wilber, 2001) and Beck & Cowans spiral dynamics teachings (Beck & Cowan, 1996) described in the article of: "The power of 8: leading self, others, organization, system, and supra-system" shows how far these thoughts reach (Hamilton & Hamilton, 2012) The authors emphasizing the insights gained from the application of integral models to the study of leadership development and come to the conclusion that the integral model can serve as a valid model for "framing and/or understanding" leadership.

Beck and Cowans (Beck & Cowan, 1996) spiral dynamics provides the theoretical background of

the discussed foci of leadership: Leading self; Leading others; Leading context; Leading system; Leading global. Special emphasis is given to leadership potential based on multiple intelligences like the Intelligence Quotient (IC), the Emotional quotient (EC), the Values quotient (VC) and the Spiritual Quotient (SQ).

As Wilber´s basic ideas found response in many respects, the integral theory is applied meanwhile also in the organizational context. A very recent scientific article illustrates a comprehensive integral theory perspective on the firm. (Landrum & Gardner, 2012). The authors utilize a 4 quadrant perspective representing both the interior and exterior of each individual and of the collective.

And last but not least, one good example of an effective and practice oriented (and therefore simplified) use of some of these integral thoughts is the "Innovational coaching approach according to Augsburg school". (IMU, 2013)

A simplified view on 4 quadrants derived from Wilbers AQUAL model and a very easy 4 stage competence model are employed for this. This multidimensional / multilevel approach follows the idea of Ken Wilbers "All quadrants – All Levels" theory (AQUAL) by looking on an organization from 4 perspectives, integrating the four major theories of business management:

- Theory X; Individual behavior

- Theory Y; Psychological understanding

- Cultural management; Organizational Culture

- Systems Management; Social system and its governance" (Wilber, 2001, p. 94)

The four quadrants of an integral view are similar to the ones of Landrum and Gardner. Some characteristic expressions illustrate them. Quadrant I, (external / individual) can be described with behavior, knowledge or capability; Quadrant II, (internal / individual) looks on feelings, motivation, intention or the like; Quadrant III, (internal / collective) aim more common values, a We-Feeling, understanding; and finally the Quadrant IV, (external / collective) describes all what is commonly achieved, like products, processes, facilities, machines and the more. The main tenet of

the integral view of the four quadrants is that all of them need to evolve in balance to sustainably increase the overall level of competence.

Combined with a very simple 4 stage model of competence levels of IMU Augsburg (IMU, 2013) a different view *(Figure 8)* on a firm´s capability and "personality" is possible.
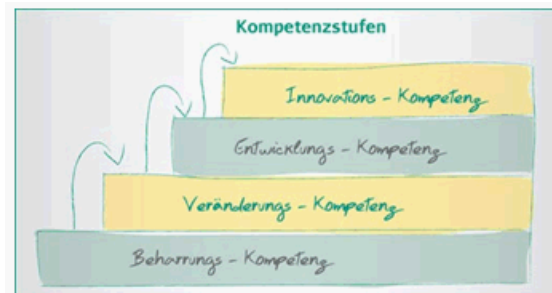


Figure 8: *4 stage competence model of IMU Augsburg* (IMU, 2013)

In the organizational context of the discussed practical approach the 4 levels (persistence-, change-, development- and innovation competence) stands for the overall "willingness and capability" of an organization to "grow and develop".

All of this leads to the conclusion, that there is an increasing desire to improve comprehensive access to leadership and culture themes, to group all the different finding somehow, combined with the hope to makes it easier to grasp and understand the existing knowledge for as many people as possible.

## 2.3 Empirical studies on culture, leadership and organizations

Yukl states, that an organization´s culture is on the one hand a situational influence on leaders, but over time leaders can also influence culture. (Yukl, 2013, p. 282 ff)

Therefore we can found quite a few articles dealing with a wide field of various leadership characteristics in the organizational culture context. We can find recent research of how organizational culture and leadership competency influence responsiveness and performance of firms, (Asree, Zain, & Razalli, 2010), or work covering many other single aspects, (Dull, 2010; Jung & Takeuchi, 2010; Latta, 2009; Nguyen & Mohamed, 2011; Ogbonna & Harris, 2000; Olivares, Peterson, & Hess, 2007; Zehir, Ertosun, Zehir, & Müceldili,

2011), but almost all cases are only representing special parts of this complex system.

## 3.0    A CULTURE & LEADERSHIP MONITOR

### 3.1.    Lessons to be learned from the "picture" of cultural understanding

Within the context of small and medium sized business enterprises, in particular if family owned, the scientific findings and knowledge can be helpfully adapted.

Recalling the 3 levels of mental programming mentioned earlier (human nature, culture, personality) culture creation within a group or society at bottom fulfills the basic human needs: Survival, growth and adaptation in their environment as well as the internal integration for the daily functioning. Based on Schein's different levels of culture, we should emphasize the fact, that in the recent days the frontiers of the different levels become more and more blurred.
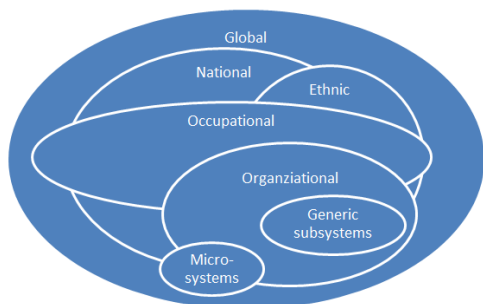


Figure 9: *Levels of group culture, derived from Schein, but newly arranged.*

And moreover, as it becomes easily visible from the figure 9 above, we all are constantly and at the same time part of various different, and not always congruent levels of culture.

Hence, to contribute to responding to these challenges, the greater idea of this work is:

- To create a kind of "Culture & Leadership Monitor" for SME´s to assess simultaneously the "as is" culture level of an SME organization and the "as is" level of the leadership productivity.

- To develop recommendations to steer and develop the right leadership development in both way´s, culture wise and skill-wise, to establish an adaptive organizational culture"

If we would draw a map showing the different kind of company types in Germany, we would encounter, especially in the south of Germany, that the majority of employers are family owned businesses in the first, second or even higher generation.

At present 61% of the employees are working in the highly appraised "Mittelstand = Medium sized businesses", and this is not least one of the main reasons for Germany still being
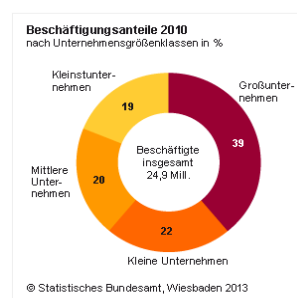


**Source:** (Destatisnet, 2010)

the "locomotive" of Europe's economic strength (Destatisnet, 2010).

Utilizing Hofstedes comparison of the complete renewal of the cells of a newborn over time (Hofstede et al., 2010, p. 26), at the level of SME´s we can apply similar thoughts. Even if no employees from the age of foundation are part of the staff anymore, the company itself "exists" like an individual, based on "cultural genes as constructional drawing", underlying the foundational era. Every new employee is provided direct and indirect with the unwritten rules of the company and carry them along, either consciously or unconsciously.

Moreover, in the period 2010 to 2014 within approx. 110.000 family owned businesses the next generation (with different education, experiences, values and assumptions) are about to take over the leadership of the company, or the company is in desperate need for a successor or a paid manager outside of the current owners family. Thus 1.4 million employees in Germany will be concerned potentially with a significant culture change situation, 50% of them are located in Bavaria, Baden-Wuerttemberg and North Rhine-Westphalia. (Hauser, Kay and Boerger, 2010)

Hereby the distinction regarding the two basic theories Anthropological (being a culture) and Sociological (having a culture) can be somewhat "united". (Cameron & Quinn, 2011, p. 168; Hofstede et al., 2010, p. 371)

In drawing a comparison of an individual as a "whole" with an organization as a "whole", we find there is actually no "360°" assessment available on an organizational level.

Explainable very likely with the lack of an validated integral concept, but even if available, with the exponential effort this would mean if we compare the efforts of doing so for "just" one or several individuals.

But still, one of the important remaining research questions is, to get a deeper insight into the relationship between the organizational culture, the leadership culture, and the "outcome" of both as the impact/influencing forces towards the organizational goals.

To make this transparent, and to enable to speak and discuss about the different themes, a "big picture model" might help. Using the above mentioned Leadership task model (LTM) and its 3 levels of action (ME, YOU, US) and relate this to an organizational view is aimed to provide a deeper insight in the functional chains.

As mentioned, similar to the findings of a 360° for an individual, the following shall provide a first draft concept of an organizational monitor.

Hence, the idea is:

- to correlate the leadership tasks levels of the Leadership Task Model (LTM) with corresponding organizational and personal dimensions of SBE´s.

- in order to identify important related development lines on the level of leadership tasks and organizational culture

- and to provide a combined set of suitable and ongoing measurements to help analyzing and developing an organization

To make this easily visible, - as a kind of illustrating metaphor -, an extended 3D view,

derived from the LTM-Model is drawn and utilized. Important to bear in mind, that the LTM model was developed with the intention to held leaders responsible for their actions. And furthermore, in fully agreement to John Kotters view about the demands placed on a company of the 21th century (Kotter, 2012, Chapter 12) in future multiple leadership throughout the enterprise is required, and all employees without exception are to perform leadership tasks. This is part of the solution, to minimize the "immediate and delayed outcome effect" which has been discussed before. If leadership is performed continuously on all levels from all members of an organization, the "correction" of any efforts, i.e. a quick goal clarification is done immediately without delay by i.e. hierarchical structures in case of changes in the environment.

The skill here is to achieve the awareness of all members about their interdependency and their responsibility within the organization as a "whole".

### 3.2 Input and Output – Monitoring the correlations

One can argue about how to take into account the fact of different consciousness levels. The consciousness of an employee is the task, the consciousness of a manager is the process which supports the task, and the consciousness of the leader is the culture, which supports the processes and tasks.

Although there are different consciousness levels depending on the function within the company, each and every employee contributes his part on all 3 levels (ME, US, YOU) of the leadership task model. And the resulting forces or influences on organizational goals might be different in size and direction, but are definitely effective.

To better explain this, we try to imagine the 3 levels of the LTM model as three solenoid magnets arranged one above another. The soft iron core is considered in this scene as the actuator which impacts on the organizational goals of a company or organization. The strength and orientation of "magnetic field" generated is proportional to the amount and electric polarization of "current".

### 3.2.1    The Tasks – "Input" on 3 levels

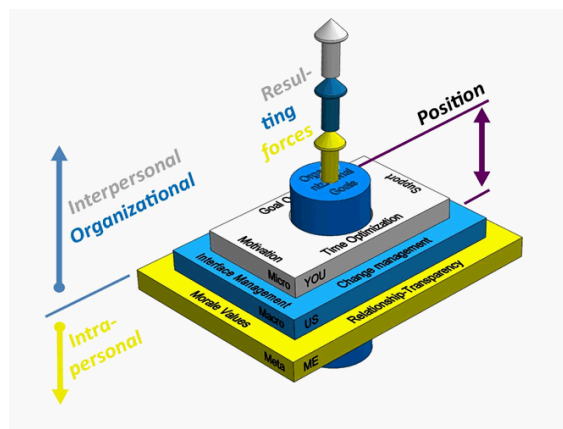Meta Level (ME) / Macro Level (US) / Micro Level (YOU)



Figure 10: *Extended 3D view, derived from the LTM-Model (Desjardins & Baker, 2013)*

If we relate the 3 levels ME, US, and YOU to this image, the single vectors of each solenoid sum up to a "resulting force contribution" (not position!) of the single individual towards the resulting impact on organizational goals. They can add or subtract depending on the polarization and size of each single vector.

Also it seems appropriate to utilize the solenoid metaphor to indicate the maximum possible impact of the 3 different levels.

The ME level acts as a basic fundament of all human behavior. This is consistent with the insight of Landrum and Gardner, indicating the internal individual quadrant as primary. (Landrum & Gardner, 2012) All actions of humans are geared to satisfaction of the personal needs.

Therefore the "surface" of the ME level is at the same time a kind of "watershed", indicating what sort of influencing means are more effective or even being possible at all. The ME level tasks are of intrapersonal nature. Here mainly an external impulse or a disruption might initiate or encourage for an intrapersonal change or development of the private individual. Above the "surface" of the ME level, comprising the by nature more organizational and interpersonal US and YOU levels, much more targeted interventions in an organizational context are conceivable.

To strengthen this opinion, we should look exemplarily on the term "motivation" within the 3 levels.

Motivation in the context of the "ME" level is an intrinsic value, caused for instance by the feeling of doing something really meaningful, with the actual effect of high personal performance. Motivation on the "US" level is more an extrinsic measurement in forms of strategic planning in, for instance, gearing compensation systems to long-term, sustainable company goals. And finally "Motivation" on the YOU level is more the, again extrinsic, effort of a leader in a direct personal interaction, to offer and support personal development, providing acknowledgement, sense creating duties and motivating empowerment. (That might contribute partly also to the above mentioned external impulse to initiate change within the ME-Level)

So, all actions and tasks "externally" applied at the YOU and US Level might help and are valuable to set up a supporting framework, however, the ability to perform the ME-Level tasks can be considered as the key for every leader, and since everybody is to perform leadership, for every employee in an organization. If we are not able to lead ourselves, nobody will follow. This partly contradicts and in fact enlarges for example Yukls (2010) working definition of leadership in a way, that leadership does not only influence others, but rather our first concern should be to influence ourselves.

To further strengthen this opinion, we might make a brief excursion into the world of newer neuronal science findings. Daniel Siegel (Siegel, 2010) reports on the ability of our brain to develop and change ME, YOU and US maps.

Bringing these abilities of an individual in relation to Hofstedes (Hofstede et al., 2010) expression of "software of the mind" mentioned in the literature review, gives deep insights in the enormous potential if working on the "ME level" in an organizational context.

A distinction is to be made between three levels of Uniqueness in Mental Programming: Human nature, Culture and Personality.

Daniel Siegel in his book "Mind sight" would probably locate Hofstedes "Human nature operating system" to the "brain stem and the amygdala". In a

programmers language we would call this "the basic assembler machine code", a universal human programming responsible for our feelings, and in emergency situations also for "automatic" reactions like "freeze-flee-fight" (e)motions. These areas closely connect to body functions and are "encoded" in the early years of growing up, according to Hofstede up to the age of 10-12 years and are considered to be hardly changeable. This gives an idea about (non-)changeability of national, regional or family based culture settings.

Whereas the "human nature" areas of the brain are more "direct wired" and responsible for the basic needs and motivation system, culture and personality as more as a kind of "neuronal designed reality" is "stored" and "experienced" in the "higher" areas of the human brain.

The area of the Neokortex is considered to be able to draw and develop so called mindsight - maps. A "Me-Map" provides us perceptions and findings about ourselves, a "You-Map" allows perceptions and findings about others, and finally "We-maps" very likely provides us representations about our relationships.(Siegel, 2010)

This underscores the importance of the 4 leadership task dimensions of the ME level in the LTM model. As a first leadership task dimension, Reflection of the behavior towards others helps becoming aware about our relationships and finally redefines and detail our YOU maps through realistic observation and evaluation. The leadership task dimensions of Self-Transparency and Morale values helps becoming clear about our own personality, our deeply rooted emotional drivers, our actual (leadership) behavior and not least of our own beliefs and attitudes.

By performing the leadership task dimensions summarized under "inclusive dimensions", we can develop this participative leadership attitude which includes the wills and needs of many stakeholders, a real WE-mapping.

And finally the limbic system contributes to create different kind of memories: memories of facts, of concrete experiences as well as of feelings. Especially the area of the hippocampus acts as a kind of coordinator to connect various brain areas and "process and transfer" each second the current

experiences into endless levels of memories. (Siegel, Daniel J. 2012, page 45 to 54) That coins us as individuals within our personality, and forming our personal ME-map.

While the level of human nature is relatively stable, the latter two areas are formable and not static. Or as Schein puts it: *"Culture is constantly reenacted and created by our interactions with other and shaped by our own behavior"*. (Schein, 2010, p. 3)

In the figurative neurobiological sense: Neuronal clusters are constantly weakened, strengthened or redesigned based on the experiences and all "relationships" to the "outside" of ourselves.

Once more, the neuronal point of view and the thereby mentioned "bridge" of the ME-Level leadership tasks towards the basic functionality of the human brain is a further proof of the rightness of the assumption, that the ME level has the highest potential in making a difference while working in the field of organizational development.

Summing up, we can say, the "coding" of the basic assumptions and values is done in the deeper and more body related area of our brain, the limbic system and the amygdala during childhood of our life. Later in developing some practices, especially when entering as a "newcomer" an existing culture circle / level, we more or less easily adapt to the practices within the corresponding culture, by adapting our "Me", "You" and "They" maps in our Neokortex, (re)-shaping an adapted "neuronal perception" of our environment. (Siegel, 2010)

In newer articles one can find also initial efforts to combine cognitive neuroscience findings to leadership and organizational research. (Senior, Lee, & Butler, 2012)

Hence, although the high potential for an organizational development can be found within the ME level, on the other hand, employing a more direct leadership intervention on the YOU level and a more structural and organizational leadership intervention on the US level is at first easier to start with.

The question that remains is how to look on the tasks required on the 3 levels if we talk not only about a single leader, but rather when the idea of distributed leadership is applied.

## Distributed input at the ME-Level

Independent from the level and experience of leadership, every employee do have impact on the ME-Level. While mature leaders within an organization has no doubt a high impact, also the multiple segments of impact by informal leaders and basically all employees must not be underestimated. Hence, the cause-effect chain remains exactly the same, independent from position and responsibility in terms of hierarchy.

Evaluating the "big picture" of a company, we should be aware about the "overall" trend in terms of the 4 main ME level dimensions.

How morale values are handled within the company? What different dominating value sets becomes apparent. As it is valuable for a person to exam and define the own value system, same applies for a company. What impact does this different existing value system have on trust within the organization? Also on a multiple level:

Is value reflection an unknown concept, or is value reflection practiced and leads to -if necessary corrected and specially emphasized -, aligned values which in turn will give orientation for personal change in the daily action and interaction and in thoughts and perception?

As it is with children, where parents as living examples for them have the highest impact, with a commonly underdeveloped level of self transparency in practice, also the effort of a single leader or employees has probably limited impact.

If one succeeds to "infecting" a critical mass of people within a company with "the virus" of a personal ME level development, and this amount of people can be watched in what they 'preach' but also in what they practice, then a major change in the dimensions of the ME-Level can be achieved. And, being clear about the as is situation, frameworks and trainings for conscious communication and emphatic forms of relationship can be fostered and maintained. (Desjardins & Baker, 2013, pp. 18–20)

## Distributed input at the US-Level

Next in sequence looking on the LTM Model is the US Level.

One might argue, while within the ME –Level the clear personal task can be viewed in a distributed way, the US level contains pure top management tasks like strategy definition. This is both right and wrong. In a pure organizational context the firm's strategy is the clear duty of the top level management, in SME most often of the owner. However, if the concept of strategy definition is interpreted more broadly, it happens on all levels almost daily, just with a different depth of focus. Whether a CEO defines a strategy to adapt the company to a changing environment, the very same basic thoughts and rules apply when a project leader determines how to strategically organize his team and work environment to master the challenges arising from the new project to come. And the following challenges of change management to implement whatever change is also shared. Even if in a small workgroup in a sales department a staff member intend to change the way the paper bills are filed, he need to communicate purpose, convince his boss and colleagues and very likely need to cope with resistance.

Especially for the tasks underlying the dimension Interface Management & Mediation and Culture Creation, the same principal of "the critical mass" of people aligned to a common and strategic intent may open doors. The overall impulse and the declared will to start such work on the US level very likely need to come from the top level management. But a distributed performance of US-Level tasks on all tactical levels by such a leading coalition can engage followers on a multiple level in the common creation of a culture framework which is self-defined and contains agreed goals, roles and rules for each area. While developing such culture, the need for bidirectional flow of information and the necessity to have a high regard for the needs and wants of others supports the development of inclusive decision thinking, and contributes to the ability of solving conflicts on a one to one basis.

An increased transparency enhances mutual understanding, and in the longer term trust. This can have also a positive effect on increasing need for conflict solving due to higher autonomy nature of work and more complex processes these days. (Desjardins & Baker, 2013, pp. 20–22)

**Distributed input at the YOU-Level**

If we regard the effect of the 4 main dimensions of the YOU-level, as there are motivation, goal orientation, time optimization and support, again in the widely distributed form for a firm, there is not much left in difference resulting from various positions or the kind of work an employee performs.

Objectives and goals, which an employee set for him/her or for others, should be ideally clearly defined, meaningful, committed to aligned personal and organizational goals, and eventually change need to be communicated clearly.

A general openness might be required to encourage mutual information flow, fostering a feedback culture where positive and negative feedback is not unbalanced and reflection and consequential thinking is supported.

Also the major sources for intrinsic motivation like recognition or purpose, to name just two, might differ in the level of the need, but are basically the very same for every human being.

And time optimization is a common wish of everybody because all of us have also learned the hard way how inefficient unnecessary work interruptions by meetings or by unthinkingly dumped work load is. (Desjardins & Baker, 2013, pp. 22–24)

Once I can remember a grown practice within a firm, where the parent company ordered constantly a weekly parts volume which exceeded the production capacity of the subsidiary by 30%, and on a short term notice the delivery time request has been aligned or canceled. Reason was that nobody was willing to take over the responsibility to decide which 100% of the ordered 130% should be delivered. One reason might have been that it was an easy excuse, if a part was missing for a customer order, to blame the remote factory for "not delivering the ordered part". After an outcry of the demand planners and some turbulence in availability, solely by limiting the weekly order quantity to a realistic doable amount the output was increased by more than 15%.

That shows us, that an consciously and mutually performed set of YOU-Level leadership tasks in a

distributed form have massive impact on the overall competence level of a firm.

This in turn leads us back to the extended 3D Model of the LTM, representing the task oriented "contribution" of each employee towards the organizational goals. However, as discussed, an organization comprises subcultures, and being clear about the single "actuators" on organizational goals, does not puts us in the position of getting an idea of an "organization" similar to what we have from an "individual" based on a 360° assessment.

### 3.2.2 The Interface – Correlating "tasks" and "output"

Thus, if we want to connect the discussed 4 quadrants of "looking" on an organization competence with the single LTM actuators, an "interface module" is required.

To better explain that "interface module", let us imagine that all single "actuators" of the 3D LTM Model are arranged in a matrix and connected with an interpolating mat.

Looking on the "2 sides of a coin" of an organization, we have a mutual dependence between on the one hand an output oriented effect on "organizational competence and goals", and on the other hand the task oriented "Input by Leadership"

The surface of this mat "represents" the output in terms of overall competence level of the whole organization, while the actuator matrix stands for the "Input" by various leadership tasks on all levels. (This is the personal contribution or "output" of the single employees and/or leaders), here shown just for some of the employees.
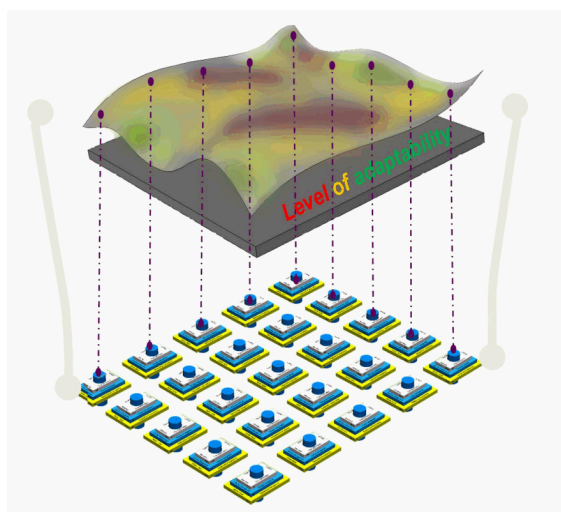
Figure 11: *Actuator matrix and interpolating mat*

Many other analogies can be derived from that interpolating mat.

The position as well as the supporting force of the "actuator push rod" is not static at all. Once the "electrical current is no longer flowing through the solenoids, or polarization is changed, there is an immediate effect on the single actuator.

Which means that in terms of leadership tasks a continuous interaction within all of the levels (ME-Meta, US-Macro, YOU-Micro) is necessary.

However, the "mat" ensures that these direct impacts of a single "actuator" are balanced and settled.

On the other side, this balance is working in both directions. Even with an extreme high supporting force of a single "actuator" (employee), really "pushing" for a higher actuator position, very likely the overall competence level will not raise significantly, nor will the level drop significantly due to one "frustrated" actuator "pulling" downwardly. At which, staying with a pictorial language, a "downward motion" is always supported by the "natural gravitational force of complacency and laziness of man", whereas for an upward movement, overcoming this "gravity" is always the first task on the path to improve.

Hence, as already mentioned, but now it becomes visibly clear, always a certain amount of people, a kind of "critical mass" is needed to provide a higher supporting force, to raise the surface of the "interpolating mat" to a "higher level" of competence.

An interesting question remains insofar, as in which dimension or unit of measurement the competence level can be expressed. It is clear, that any kind of linear and absolute value would definitely fail to describe adequately this kind of information.

Although probably several approaches can be envisaged, I personally would prefer to express this level somehow in terms of learning capability. Since nothing is static and highly interdependent, the ability to adapt seems to be an appropriate "value".

Insofar the mentioned 4 level stage of IMU Augsburg (IMU, 2013) mentioned in the literature review, which stands for an overall "willingness and capability" of an individual as well as of an organization to "develop" would be first choice for a discussion within an SME environment.

As an alternative but quite complex method of approach the different meme´s described in detail in Conan and Becks book "Spiral dynamics" might work. They define different "qualities" of how to view the world. The definition in a first tier mode ranges from terms of like instinctive, clannish, egocentric, purposeful, strategic, relativistic perception up to a second tier understanding, defining a systemic or holistic view which integrated to a certain extend all the first tier perceptions. The interested reader would find there detailed information. (Beck & Cowan, 1996, Chapters 9–16)

For the purpose of this comprehensive model within that work it is fully sufficient to be aware, that a competence level of an organization is interdependent and multifold, determined by various tasks and environmental inputs, and reflects somehow the principle understanding and capability of an organization how to adapt and handle changes in general.

Another analogy works even well. One might break-down the surface of the interpolating mat into subareas (subsystems) for evaluating structural and operational areas separately; however, each subsystem is permanently joined with the rest of the firm.

Keeping in mind this actuator matrix with interpolating mat, here we do have a clear picture of

the dependence between multilevel leadership tasks and organizational culture and competence.

### 3.3 The 360° view on a SME organization - summary & conclusion

Looking on a company based on the metaphor of the "interpolating mat", it becomes crystal clear, that the leadership "action" to change and influence the results and achievement towards the learning capability of an organization need to be done by all members on the ME-Meta, the YOU-Micro and the US-Macro level.

Therefore nature of mature leadership is to concentrate on where things are happening, and exercising the "influential component" of leadership there which consequently results in the measureable "outcome" in terms of the, - based on a very individual vision and mission of each firm - ", organizational goals.

The declared goal and purpose of this work was and still is, to provide an approach to gain a 360° comprehensive view of an organization utilizing scientific validated tools on the one hand, but also to indicate a feasible way with limited expenses to perform such an assessment from time to time.

The approach of matching the various elements as described looks promising, however, it still contains assumptions and constructs, which are subject for future research.

In particular, the interdependence of the tasks of the different levels makes it difficult, to clearly separate the single influence which each task or task set might have on the organizational goals. This becomes even clearer, if we recall the picture of the "3 solenoids" where the resulting force might be the result of even opposing direction of the single forces of each level.

Summing up, it can be said:

The single measurement methods of the different levels are sufficiently empirically verified. However, the correlation and the interdependence of the different leadership task on different levels are still multifold and are subject for further research.

However, it is considered sufficient, to develop this overall view with the intent, to show the different influential areas, and provide a kind of cockpit panel display which can be updated on a regular basis.

Within that present work therefore the empirical work is limited to some single aspects of that view, and to a practical usable evaluation form to be used for an "as is" assessment of an organization as well as for a progress report if utilizing a frequent repetition of the evaluation.

Since the ME level is "intrapersonal" and more value related the externally possible influence is limited to encouraging the development of the individual. As mentioned, an EQi assessment might initiate some change on the organizational as well as on the personal level.

For reasons of scope, notwithstanding it´s high impact, for the commencing work this area will be completely excluded.

However, the situation is different for the leadership tasks of the US and YOU Level.

The correlation of the YOU Level tasks to the organizational goals (by assessing the personal productivity loss in time) is done within the LPS development (Desjardins, 2012). The direct correlation of the US Level tasks to a measureable outcome in terms of organizational goals however is still an open question and needs future research. Aggravating this situation, this level is highly depending on the vision/goals and the multicultural environment of a firm. This will very likely, if feasible at all, need some deep research.

Thus, as a first intermediate step we will just have a closer look to the two interpersonal and structural task levels (YOU Level & US Level). Both are performed from various leaders and followers on a daily basis in the organization, and there might be detectable dependencies between the both levels and their tasks. And furthermore, most of what is addressed by the tasks of these two levels is related to the later in life acquired practices and not to values of humans, which according to the current research therefore can be considered as more changeable.

# 4.0 RESEARCH QUESTIONS AND EMPIRICAL RESULTS

The empirical part will investigate the applicability of the developed Culture & Leadership monitor for small and medium sized enterprises (SME´s)

It will also investigate the relationships, if any, between the organizational culture profiles on the US Level and the leadership dimensions characteristics on the YOU Level.

## 4.1 Hypothesis

Main hypothesis related to above are therefore:

- Is the suggested assessment of an 360° monitor using the aimed tools practically applicable in the context of family owned SME´s

- Are there observable correlations between the 4 main achieved leadership productivity dimensions according to the leadership productivity model (LPM) and the assessable organizational culture dimensions of Quinn's Competing Values Framework (CVF)?

- Does overall high leadership productivity levels in the dimensions support and motivation create an adaptive organizational culture (in OCIA = Clan & Create dimension) of a company?

## 4.2 Target group

The target group for the application of the developed 360° organizational monitor is small and medium sized enterprises, preferable (formerly) family owned.

As an official definition the EU commission recommendation 2003/361/EC dated 6th May 2003 is utilized. (EU/Commission, 2003)

Based on that recommendation an SME employ fewer than 250 people and has an annual turnover not exceeding EUR 50 million and/or an annual balance sheet not exceeding EUR 43 million.

Since the turnover is of secondary concern for assessing the organization, only the amount of employee has been aimed as the determining factor.

## 4.3 Methodology

To proof the applicability of the developed organizational monitor, an online questionnaire has been designed and used for the assessment of the organizational culture and direct leadership task competencies according to the suggested model. Additionally a section of some questions regarding the working environment complements the survey.

The study was conducted by assessing 4 (partly formerly) family owned SME´s located in the south of Germany. All members of the companies have been asked on a voluntary basis.

In the given target group, the practical applicability is essential and depends very much on the efforts and the amount of groundwork to be done in preparing such an assessment. Criterions for this are discussed in the results.

Qualitative investigation about visible correlations according to the formulated hypotheses has been performed by comparing the 4 company data sets.

The discussion of the results completes the empirical part and leads on to the final conclusions and recommendations of the gained theoretical and empirical findings.

As described in the model, the validated questions of the Organizational culture assessment tool OCAI (Cameron & Quinn, 2011) and the meanwhile extended Leadership productivity survey LPS (Desjardins, 2012) are used.

### 4.3.1 Analysis methods

The collected figures and values have been analyzed by 2 different views:

a) Practicability of the survey for employment in SMEs

b) Qualitative and quantitative comparison for correlations between OCAI Organizational culture profiles and LPS Leadership dimensions

The first point aim to find out, whether this kind of combined tool is "handy" enough to be used for an as is assessment and further follow ups. The second part is intended to find any relations between organizational culture and the YOU level leadership tasks. The third part of the questionnaire with its individual section information from work

environment questions provides the possibilities to sharpen the view on the different subcultures of the organization if required and helpful. This is not part of this article.

### 4.3.2 Description of survey

Following describes the basic elements of the utilized questionnaire. It has been translated and is available in English and German.

In short: The survey itself is divided into 3 sections. The first content questions start with assessing the organizational culture profiles according to the OCAI questionnaire (Cameron & Quinn, 2011) in section 1, they are followed by the evaluation of the leadership productivity questions according to the LPS model (Desjardins, 2012) and concludes with additional questions required to make additional sub-views of the data collected possible.

### 4.4 Results

Only 2 of the participating companies reached just the normally as statistically relevant minimum size of approx. 30 data sets and above. (Devore, 2007)

Therefore the results comparing the values, profiles and findings amongst the companies might have some shortcomings. Hence, as visible in the following presentation of the results, for the main comparisons of the cultural characteristics and their correlations merely a qualitative approach was doable.

Therefore the single values should and must not be overestimated.

### 4.4.1 Criterions for practical feasibility

As criterions for feasibility and multiple usage of such a monitoring tool, the average time to complete the questionnaire and the percentage of discontinuation of the survey as well as qualitative issues are important figures. The statistical data like duration, data quality, drop- and response-rate are part of the data set the survey server provides.

Since some questionnaires of Company 4 has been filled out manually as a paper version and has been entered subsequently online, this company was excluded from the analysis of these statistical data for practical feasibility.

In the collected data the overall average time was approx. 24 minutes.

In total 7 of 72 participants leaving the survey on page 2 indicates that the OCAI obviously is the most challenging part of the interview, whereas no drop occurred in the LPS or the Category segment. Therefore in future surveys it might be beneficial to change LPS and OCAI questions in sequence. However, the total drop rate < 10% is considered fully acceptable.

As an average, more than 80% of the total of completed surveys had been completed within the first 5 working days after invitation by mail. Taking in consideration the voluntary nature of the questionnaire, with an "official" or mandatory survey the data would be accessible within a week's time.

The overall concept of accessing the data therefore is considered feasible and it is able to deliver the requested figures within a reasonable time and with acceptable efforts in a sufficient quality.

### 4.4.2 Correlations of culture (OCAI) and leadership tasks (LPS)

Any finding of correlation between the "typological" culture pattern of the OCAI and the task oriented LPS dimensions would provide additional orientation and guiding for maintaining or changing culture perception of members of an organization by addressing specific leaderships.

The Hypothesis assumes that high values in the LPS Leadership dimensions Support and Motivation (on the YOU Level) correlate with an OCAI culture preference of Clan-Collaborate and Adhocracy-Create.

As a general allocation, the similarities and the nature of the intended leadership tasks of the LPS dimensions has been matched with the cultural preferences of the OCAI characteristics. The following four headlines serve as an embracing bracket for the corresponding tasks and culture profile dimensions.

**"Empathy":**

OCAI **"Clan and Collaborate"** – & – LPS Leadership task dimension **"Support"**

High input on the leadership task dimension "Support", with the sub dimensions Interaction, Information, Feedback Negative, Feedback Positive and Coaching very likely is intended to increase the OCAI Clan and Collaborate characteristic.

### "Development":

OCAI **Adhocracy – Create** – & – LPS Leadership task dimension **"Motivation"**

High performance on the leadership task dimension "Motivation", with the sub dimensions Acknowledgement, Growth-Personal, Growth-Professional, Purpose-Sense, Autonomy and Performance-Goals very likely is intended to increase the OCAI Adhocracy and Create characteristic.

### "Effectiveness":

OCAI **"Market - Compete"** – & – LPS Leadership task dimension **"Goal Orientation"**

Employing the leadership task dimension "Goal orientation", with the sub dimensions Goal definition-Task, Goal definition-Time, Goal Clarification, Process Acceptance and Result acceptance very likely is intended to increase the OCAI Market-Compete characteristic.

### "Efficiency"

OCAI **"Hierarchy-Control"** – & – LPS Leadership task dimension **"Time - Optimization"**

Improving on the leadership task dimension "Time optimization", with the sub dimensions Scheduling, Work load optimization and Meeting optimization very likely is intended to increase the OCAI Hierarchy-Control characteristic.

Based on these assumptions the available data has been compared.

To make the mass of data transparent and visible and so to find possible correlations, it was decided, to perform a two-step procedure of qualitative graphical evaluation. Therefore the LPS data has been transferred in the same profile diagram plots as the OCAI values.

As a Step 1 within each company the overall Leadership Mean Values Profile is compared with the overall OCAI culture profile.

As a Step 2 a comparison of the linear trends out of all single interviews for all allocated value sets amongst the companies has been performed.

For each company and each allocated value set (i.e. OCAI Clan & LPS – Support) the single value sets of the interviews of a company are plotted and the linear trend is graphically shown. Any correlations should be easily visible by comparing the trend lines of the 4 value sets amongst the companies.

As an additional step finally a qualitative comparison of the LPS value profile with each of the 6 single sub dimensions of the OCAI question have been performed.

The following pages will show the figures related to these steps.

### 4.4.2.1 Comparison of OCAI with LPS values

The following figure 12 compares the overall OCAI culture profiles of the four investigated companies with their overall LPS leadership task profiles.
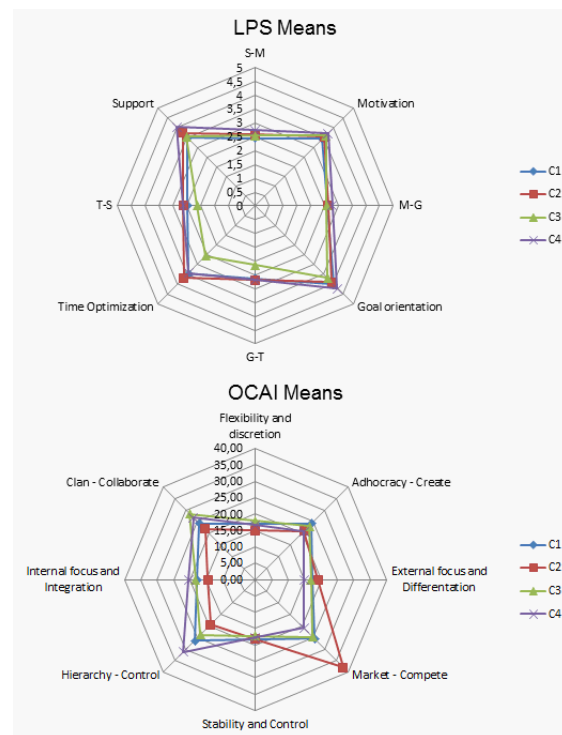


Figure 12: *Comparison leadership LPS values with OCAI culture profile by company*

As easily visible from Figure 12, there seems to be a linear congruence for company C1 in terms of a relatively balanced cultural profile and an almost

balanced LPS Leadership task profile (just a slight tendency to goal orientation should be noted).

However, company C2 shows an extremely clear deviation towards a Market-Compete characteristic. This, in turn is not at all reflected in the LPS values. Here the profile is almost identical with company C1.

### 4.4.2.2 Comparison of the single value set trends for the assumed OCAI-LPS correlations amongst the companies.

In the next 4 figures, the total 76 samples have been separated in paired values regarding the 4 above allocated dimension pattern:

Top left:       OCAI **Clan and Collaborate**
&       LPS **Support**

Top right:      OCAI **Adhocracy – Create**
&       LPS **Motivation**

Bottom right:   OCAI **Market – Compete**
&       LPS **Goal Orientation**

Bottom left:    OCAI       **Hierarchy-Control**
&       LPS **Time Optimization**

The Figures 13-16 shows for each assumed relationship the single value pairs and the corresponding linear trend line. The calculated coefficient of determination $R^2$ shown in table 1 indicates how well these data points fit the corresponding trend line. An $R^2$ of 1 would indicate a perfect fit of the data points with the trend line, whereas an $R^2$ of 0 would indicate absolute no correlation.

Looking at the results, the qualitative findings are confirmed. Also the evaluation of the single pair values indicates, - with all $R^2$ showing consistently a significant low level -, no correlation according to the assumed hypothesis.

However, the empirical work which can be done within the chosen scope is limited, and a wider investigation and an extended scope of analysis might provide more fruitful results within future research to come.

Table 1:

*Coefficient of determination $R^2$ by allocated dimension pattern and company ($n_1=31$, $n_1=26$, $n_3=6$, $n_4=13$)*

| | C1 | C2 | C3 | C4 |
|---|---|---|---|---|
| | $R^2$ $n_1$ | $R^2$ $n_2$ | $R^2$ $n_3$ | $R^2$ $n_4$ |
| Clan - Support | 0,199 | 0,082 | 0,028 | 0,010 |
| Adhocracy - Motivation | 0,073 | 0,083 | 0,184 | 0,039 |
| Market – Goal Orientation | 0,003 | 0,265 | 0,273 | 0,021 |
| Hierarchy – Time Optimization | 0,005 | 0,181 | 0,053 | 0,266 |

Nevertheless, although the direct and linear correlation could not be proofed, this does not contradict the basic association between organizational culture and leadership tasks as indicated by the Leadership task model (LTM).
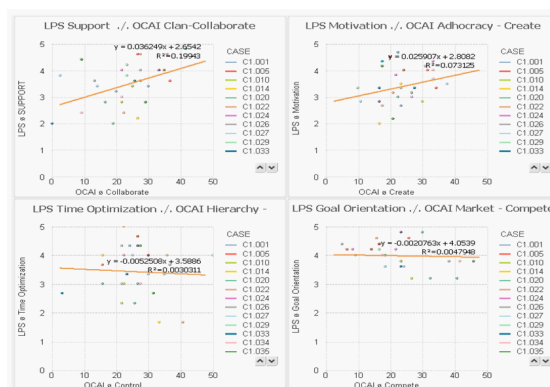


Figure 13: *Value sets Company C1, (n= 31)*

In contrary, if we recall the metaphor of the resulting forces of the 3 "solenoid", it was more likely than not that no simple linearity or at least a coining pattern relation would have been detectable. Both, leadership and organizational culture, and moreover, if embedded in the unique context of the environment of each company, seems way too complex to transform it into simple one to one correlations.

Again Einstein is worth to cite with *"Make everything as simple as possible, but not simpler"*.

In reality, the real value and benefit of surveys like the performed one lies more in the understanding of the actual as-is situation on each level and in every dimension, to determine the individual field of improvements and to become clear about the required and desired culture profile for a firm to survive in its unique environment and market. Insofar, the last but probably most important part of the results focus on the findings based on a comprehensive view on a firm from as much as possible points of view.
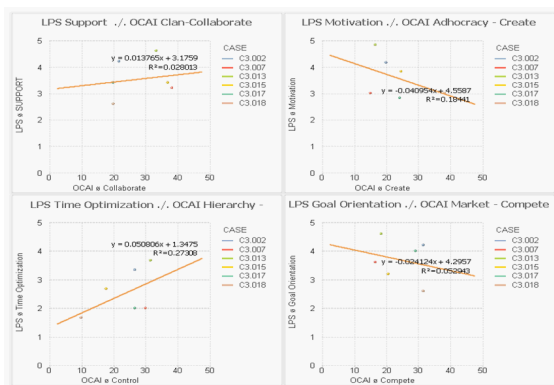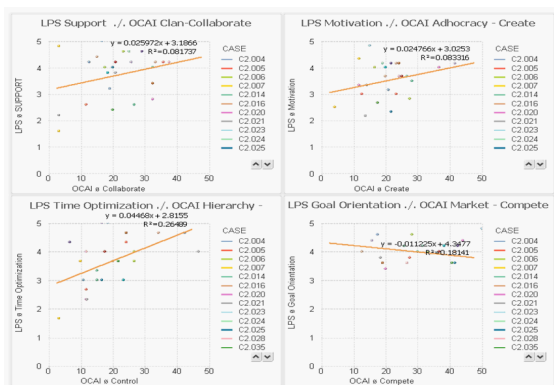


Figure 14: *Value sets Company C2 (n=26)*
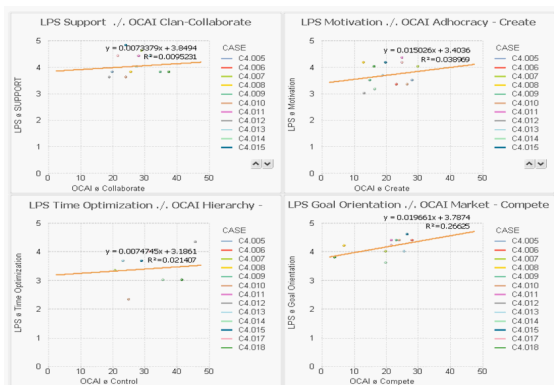


Figure 15: *Value sets Company C3 (n=6)*



Figure 16: *Value sets Company C4 (n=13)*

Finally, as an additional trial to discover eventual correlations between the LPS leadership profile (see upper part of figure 12) and organizational culture, a qualitative comparison of the 6 key sub dimension of organizational culture has been drawn in the figure 17 below.

**4.4.2.3 Comparison of OCAI sub dimensions with LPS values**

Similar to 4.4.2.1, as an additional trial to find perhaps some correlation between the overall LPS leadership dimension and organizational culture, the LPS profile have been compared to each of the 6 single OCAI sub dimensions, assuming there might be an apparent congruency with one of the single specific views:

1) Dominant Characteristic, 2) Organizational leadership, 3) Management of Employees, 4) Organizational Glue, 5) Strategic emphasis and 6) Criteria of Success.

Again here we do have for each single sub-dimensions one or more significant deviation of culture type and strength amongst the 4 companies, which also rejects any direct correlation.

Figure 17 shows the LPS Value profiles by company to be compared with the 6 main OCAI sub dimensions.

**4.4.2.4 Environmental question results**

The third part of the survey deals with work environmental questions. They are used to be able to structure the key figures and to give a deeper insight of the data sources. (Provided sufficient large sample size after selection of the partial data is given). By limiting the survey results only to special department or age group, all of above results might be examined only for special subgroups or subcultures within a firm.
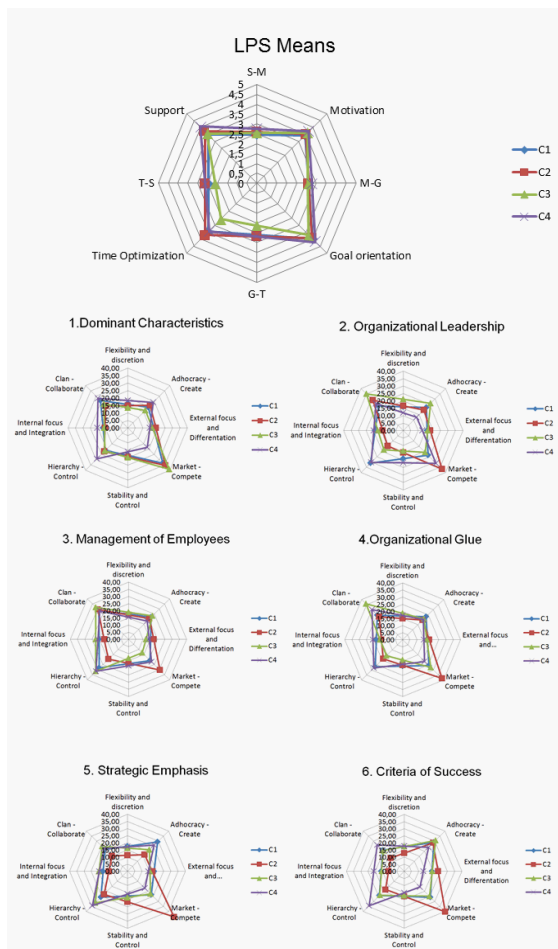
Figure 17: *OCAI overall culture profile by company and sub-dimensions (n₁=31, n₁=26, n₃=6, n₄=13)*

The present data material, collected from the participants on a voluntary basis, has most certainly some limitations in terms of completeness and/or data quality and consequently pure statistical reliability. Therefore the "images" of the 4 assessed companies might be partly "blurred"; nevertheless the basic function of the developed combination of data assessments seems to provide adequate results. Performing a mandatory assessment for a company, definitely an even greater depth of focus and higher sharpness of the image will be reached.

The data combination achieved might also be a big help for eliminating „misalignments and issues amongst company locations, or if a merger would be planned between for example company C2 and C4, to disclose potential problem areas. There is now a clear understanding just from the above analysis, that without careful preparation of such a merger, a potential and massive cultural clash would be more than obvious.

However, we must not neglect, that the final shape of the given "culture and leadership monitor" will require additional time and depth to sort out seriously all the remaining questions. But, and this is the important part, it really helps understanding the "big picture" and provides approaches on task level how to improve.

This leads to the other most important finding in reviewing the results. The real benefit can be derived in matching context relevant information with the data results.

That underlines once more the fact, that an "integral awareness" of the "reality" is crucial. To apply mature leadership, it is essential to be aware about the "analog" reality, which is never pure logical, but rather relationship based and emotional.

Insofar one major cycle is closing in terms of what Quinn and Cameron found out about high performance leaders and organizations: *"Effective managers and effective organizations are paradoxical",* and high performance leaders have developed capabilities to succeed in all quadrants balanced and simultaneously (Cameron & Quinn, 2011, p. 54)

Additionally very often the different kind of theories and trials for explanation offers knowledge, but leave many concrete questions

## 5.0    REFERENCES

Although no direct correlation could be substantiated between the OCAI organizational culture profiles and the LPS leadership dimensions according to the leadership productivity model, yet the main elements of the suggested measurements (LPS, OCAI, optional EQi) create genuine value added in assessing and understanding an organization as an integral whole.

As a big benefit of the multiple grouped values, also "visible" from different perspectives and if necessary for different subgroups (represented by the different areas of the interpolating mat with actuators) this concept can be seen as a first promising approach to get a comprehensive image of a firm.

unanswered when the point comes to "start working". And last but not least: Working on and with culture is a process that will take many years, therefore a strong will and staying power is needed to make significant progress in this field.

Hence, generally spoken, it is most important:

- First: To create a sense of urgency and understanding of the present situation regarding culture and leadership as a starting point.

- Second: To give a comprehensive picture of where one can work and improve within the organization and the daily leadership work

- Third: To accompany this long lasting effort with multiple situational development status information at certain points in time.

For all 3 demands, an "integral snapshot" of the present situation based on the developed monitor-model would be helpful at regular intervals. The discussed approach might provide this benefit with a reasonable effort.

Gary Yukl wrote in his Preface for his eighth edition of "Leadership in Organizations:

"*I believe it is important ... to understand the complexity of effective leadership, the source of knowledge about leadership in organizations and the limitations of this knowledge. Likewise, I believe it is important for academics to think more about how their theories and research can be used to improve the practice of management. Too much of our leadership research is designed to examine narrow, esoteric questions that only interest a view other scholars who publish in the same journals*" (Yukl, 2013, p. 15)

The goal of this work is to contribute to that by providing an more "integral view" combined with "practicability" in understanding and using the highly valuable knowledge of leadership culture, organizational culture and their correlations.

Combining a more "abstract" integral view on an organization with concrete leadership tasks on all levels, and utilizing a combination of reliable scientifically recognized methods to identify

substantiated hints where to start or continue working, makes things more transparent.

Dealing with and developing of organizational culture and leadership is anything but easy. This kind of comprehensive model might serve as a good starting point especially for "beginners" amongst the large number of SME´s facing increasing need for change within these days.

The target group of small and midsized companies is very likely amongst the most important ones, because more than 95% of the German firms belong to this group (Ifm-Bonn, 2010)

And, as mentioned earlier in the work, we cannot change the big picture, but initiating change at the base fundaments of our present social and economic system can make a big difference.

To summarize, in fact not the absolute values of one or more assessments and investigations are the key, but rather to give the development of single characteristics of an organization direction over time. This is the literal true and real benefit.

To use a figural language, while driving a car it is in no way important to have and exactly log of the speed at a certain point of the trip. However, it is most important to know how fast you are where an extreme curved road starts or when you are in progress of entering town area, and finally that you safely reach your destination.

John Kotter (2004) in Leading Change coined some sentences aiming exactly that subject:

"*If our time at work encourages and helps us to develop leadership skills, we will eventually realize whatever potential we have. Conversely, if time at work does little or nothing to develop those skills, we will probably never live up to our potential*" (Kotter, 2012, p. 174)

## 6.0    ABOUT THE AUTHOR

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