

**THE INFLUENCE OF PERCEIVED LEADERSHIP STYLES AND ORGANIZATIONAL  
CULTURE ON ORGANIZATIONAL INNOVATIVENESS**

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**BY**

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## DECLARATION

I hereby declare that, except for reference to some work previously undertaken by other researchers, this thesis titled *'the influence of perceived leadership styles and organisational culture on organisational innovativeness'* is my own original work and was entirely undertaken by me under supervision. I also declare that all sources of information and relevant references made in this study have been duly acknowledged. This Thesis is thus, presented to the Department of Psychology, University of Ghana, for the award of a Master of Philosophy Degree in Industrial and Organizational Psychology. I further wish to declare that this work has never in its present form, or in any other form, been presented to any other examining body.

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## DEDICATION

I dedicate this Thesis, first and foremost to the Glory of the Most High God Almighty whose divine Mercies and Grace enabled the successful completion of this work. I also dedicate this Thesis to the Memory of my beloved late Mother, Oheneba Elizabeth AkuaNana Oye Koranteng, to whom I say: *“Mama, so much of what I have become today is because of what you taught and instilled in me. Your words and works have equally remained my main source of motivation and strength, and I want you to know that you will forever live in my heart and be dearly remembered always. I Love You”*. I also dedicate this Thesis to a seasoned veteran diplomat, and a pioneering member of Ghana’s Foreign Service, Ambassador Dr. E. M. Debrah, my former boss at the Ministry of Foreign Affairs and Regional Integration. H. E., I feel very blessed and honoured to have worked under you to be moulded into such a tenacious personality. Your true leadership qualities and fatherly instincts gave me much more than the needed support and zeal to complete this work. You have nurtured me into one fine brain. Thank you. Finally, I dedicate this Thesis to my dearly beloved husband and friend, Ambassador Kwame AsamoahTenkorang, the Director of State Protocol, and Ghana’s former Ambassador to Libya and Japan, for being such a wonderful pillar of care and support throughout this arduous undertaking.

-- **CHRISTIANA KORANTENG**

**DECEMBER, 2013.**

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*CHRISTIANA KORANTENG*

*DECEMBER, 2013.*

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## ABSTRACT

*The study examined the influence of leadership styles and organizational culture on organizational innovativeness among Ghanaian organizations. One hundred and seventy five (175) respondents were conveniently sampled from six organizations in the manufacturing, telecommunication and financial sectors in Ghana for the study. All selected participants completed questionnaires on Leadership approaches, Organizational culture typologies, and Organizational innovativeness constructs. The data gathered was analyzed using linear multiple regression analysis. The results indicated that both leadership style and organizational culture significantly predicted organizational innovativeness. The results further revealed that innovative culture accounted for more variance in organizational innovativeness than competitive, community and bureaucratic cultures. Also, participative leadership style accounted for more variance in organizational innovativeness as compared to supportive and directive styles. Based on these results it was concluded that, leadership style and organizational culture significantly predicted organizational innovativeness.*

## **CHAPTER ONE**

### **INTRODUCTION**

This Chapter presents a brief background of the present study and outlines the problem statement, the purpose, the aims and objectives of the study. The chapter also presents the relevance and rationale for the study.

#### **1.1. BACKGROUND TO THE STUDY**

A firm's ability to innovate is identified as its key source of competitive advantage. In addition, innovation is considered a vital determinant of the very survival of the firm and a cushion to help any organization endure the contemporary dynamics of the business environment. Consequently, it is assessed that innovation and change, are two very important variables considered very necessary for firms to if they must withstand present day turbulent business environment. Besides, innovation also remains vital to the challenging task of the executive. Research further strongly suggests that business firms may hold a better chance to thrive in today's ever changing business arena when they are able to generate new products, services, and processes. In effect, the recommendation is that organizations may adopt innovation as a way of corporate life if they must flourish and dominate their business environment. To this end, identifying the factors that will stimulate an organization's innovativeness is suggested by research as very pertinent and thus considered central for the success of firms in their efforts to understand the concept of innovation (Ireland & Hitt, 2005).

Unfortunately, research on organizational processes indicates that documented evidence on understanding the factors that influence, promote or inhibit an organization's tendency to innovate is inadequate. In addition, literary evidence presented to this end has been relatively inconclusive. In this light, questions of why and

how organizations innovate have captured the interest of many researchers and this has cumulated in much research in recent years. As such, several studies continue to explore how various organizational, individual, and environmental factors foster or inhibit innovation (Duygulu & Ozeren, 2009; Jaskyte, 2004).

Interestingly, the concepts of leadership and culture have each been independently found to influence innovativeness and at the same time ample research findings assert that the two concepts are linked. However, empirical evidence available with regard to the inter-relationship between leadership styles and organizational culture and how they influence organizational innovativeness, is considered rather insubstantial, irrespective of the extensiveness of researches that ascertain that both concepts may influence organizational innovativeness. Besides, documented findings are divergent. While some writers suggest that a leader's style of leadership affects organizational innovativeness, others argue that certain types of cultures are linked to higher innovativeness. In addition, other research findings posit that culture and leadership are related. Hence, the precise nature and manner of interaction between these three concepts is not exclusively understood. As a result, research suggests the need for further studies to identify, explore, and clarify the nature and pattern of association between the three concepts and how each may contribute to organizational innovativeness.

## **1.2 STATEMENT OF THE PROBLEM**

Characterized by keen global competitiveness, most businesses the world over have come to acknowledge the substance of innovation for survival. As a result, several high ranking business executives unanimously agree to the urgency for innovation if their firms must survive the new wave of competition and the increasing complexity of

transacting business, as well as staying in business. A typical example is the mobilephone industry where Finish cellular phone giant, Nokia, has been remarkably overtaken and almost pushed out of business by South Korean leading cellular phone maker, Samsung. A similar story goes for the automobile industry with the South Korean Hyundai and Kia car manufacturing firms overwhelming the world automobile industry with their several innovative creations and thereby subjecting long standing automobile giants Toyota of Japan and Mercedes Benz of Germany to uncompromising competition. With a strong cultural background of competitiveness which appears tremendously embedded in every aspect of the Korean society, business firms in Korea see innovation as the only way to thrive and in order to maintain its international competitive urge over rivals in the industry.

The Ghanaian business landscape is by no means oblivious to these awakening and also to the fact that innovation is of critical relevance for their organizations' survival. What is yet to be known, however, is whether they are familiar with identifying the factors that may stimulate the needed innovativeness as has been suggested by research. The service sector, especially banking institutions, telecommunications and some manufacturing organizations in Ghana today introduce new products and services while re-packaging existing ones at such an alarming rate that little is left to the imagination of consumers what services and products these companies intend to come up with next. Within the last decade, several of these organizations have resorted to rebranding both their organizational image/identity and products, creating several new products and services in the process, as well as developing new ways of marketing their brands as an ardent strategy to either gain competitive advantage over rival firms and may be in an effort to completely out-do them.

In the telecommunication industry for instance, services provided range from simply making and receiving phone calls to complex and sophisticated services and promotions such as mobile phone banking, mobile money transfers, mobile TV, special value plans on international and local calls such as free night calls, double value offers on recharge, international roaming, among others. In the case of the banking industry, there are consistently very attractive and competitive interest rates and account plans, while the manufacturing firms rewards for customers who patronize their products have become a rather celebrated periodic events to look out for. Rewards range from special offers, additional products for the price of one, to promotional prizes of cars and even homes. Interestingly, this development appears to have grown keener in recent times, more specifically, over the last five years, with companies even poaching very promising employees and notable executives of rival business firms with mouth-watering offers and attractive incentives. Meanwhile, these activities in themselves do not appear surprising considering research assertion of the need for effective leadership and innovation as critical to the survival of organizations that must survive the present day sophisticated and dynamic external business environments. Besides, the contemporary business and global economy seem to present firms with more challenging pressure of highly competitive markets.

It can however, be suggested that present day business environments themselves seem to be directly and indirectly forcing organizations to search for new and more innovative ways of operations. Of interest, therefore, to the present study is to ascertain the extent to which the prevailing leadership and cultures in organizations individually and interactively influence the organizations' tendency to innovate. The assertion is that understanding the factors that influence, promote, or inhibit an organization's tendency to innovate is inconclusive. Thus, very few empirical evidence of the inter-relationship

between the two concepts and how they influence organizational innovativeness have been presented in spite of abundant researches establishing that both leadership and culture influence organizational innovativeness.

Hence, the importance of considering both leadership and organizational culture in assessing innovativeness for the purpose of the present study cannot be overemphasized. To this effect, the present study sought to fundamentally *investigate “the extent to which perceived leadership styles and organizational culture influence organizational innovativeness in the financial, telecommunication and manufacturing organizations of Ghana”*. Essentially, this study seeks to answer the following research questions: (1) what is the relationship between perceived leadership styles and organizational innovativeness? (2) What is the relationship between perceived leadership styles and organizational culture? (3) Does an organization’s culture mediate or moderate the relationship between an organization’s leadership approach and the organization’s tendencies to innovate? The study thus, examines the inter-relationship and linkages among perceived leadership styles, organizational culture and organizational innovativeness as it pertains to the Ghanaian Banking Institutions, Telecommunication Firms and Manufacturing Industries.

According to Sarros, Cooper and Santora (2008), reviews of the organizational innovation literature identified three emergent categories and these include the determinants of innovation, the process of intra-firm diffusion, and the inter-firm diffusion research streams. Consistent with Wolfe (1994), this study views innovation as an outcome of various antecedent organizational factors or determinants, namely, perceived leadership styles and organizational culture. This perspective supports Ahmed’s (1998, p.31) claim that *“innovation is the engine of change..... and culture is a primary determinant of innovation”*. The relevant role of these determinants is also

buttressed in the meta-analyses of innovation conducted by Damanpour (1991) and King (1990), and in Scott and Bruce's (1994) model of innovative behaviour.

### **1.3 AIM AND OBJECTIVES OF THE STUDY**

The aim of this paper is to provide empirical evidence of the interrelationship between perceived leadership styles, organizational culture typologies and organizational innovativeness. The present study seeks to achieve its aim through the examination of data from a cross-sectional Ghanaian financial, telecommunication and manufacturing companies. Therefore with regard to the foregoing and based on the research questions sought to be answered, the objectives for this study are stated as follow:

1. To examine the influence of perceived leadership styles on organizational innovativeness.
2. To find out which leadership style has more influence on organizational innovativeness.
3. To determine whether organizational culture will have a significant influence on organizational innovativeness.
4. To find out if differences exist in the amount of variance accounted for by the different types of culture with respect to organizational innovativeness.

### **1.4 RELEVANCE OF THE STUDY**

The general opinion is that organizations vary in terms of their culture, and therefore the choice of particular leadership behaviour, to a large extent, depends on the organizational situation and culture. The present study, therefore, seek to provide the

academia as well as the business community in Ghana relevant insights into the relationship between various leadership styles, some organizational culture typologies, and organizational innovativeness. In support of this assertion, Dan Ciampa, President and Chief Executive Officer (CEO) of the U.S. management consultancy, Rather and Strong, and Jeffery Miller, senior associate of the firm, noted that “leadership faces a new reality”. They argued that there is no best way to lead, and no ideal single style of leadership. In this light, the present study seeks to make a significant contribution to the current literature for analyzing and understanding the extent to which the concepts of leadership and organizational culture can influence an organization’s innovativeness. The study draws from the premise that firms with greater tendencies for innovativeness will be more successful in responding to changing business environments and developing new capacities to achieve better performance (Montes, Morerno & Fernandez, 2004). In addition, the study concurs with the claim that innovativeness is one of the most valuable assets of organizations in today’s business environment (Kaplan, 2009).

In effect, it is hoped that Ghanaian organizations that seek to improve upon their strategic innovative approaches will be able to draw from the findings of the study and emulate ideal and appropriate methods of leadership as well as adopt the suitable culture in building their organizations’ innovative pursuits. Findings of the study are thus, expected to bring to the fore more apposite leadership styles in specific organizational culture that will contribute to the desired organizational innovativeness. The study is equally expected to contribute to the existing knowledge and literature on perceived leadership styles, organizational culture, and organizational innovativeness. Finally, this study is expected to provide other researchers with the opportunity to test the validity of its findings in other contexts and under different circumstances, thus, creating prospects for further research on the subject.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

This chapter presents a developmental overview of theoretical approaches to leadership and also describes the theoretical framework upon which the present study is premised as well as presents a review of related literature that supports the purpose of the study. The chapter equally outlines the statement of hypotheses based on the review of related studies, illustrates the conceptual framework guiding the study, and provides the operational definitions of all terms employed in the study. The review of related studies presented in this paper is examined in three stages. First, studies related to the three concepts being investigated are examined. Second, a review of literature based on the relationship between leadership styles and culture, and on leadership styles and innovativeness are explored. This is followed by a review of related studies on organizational culture and organizational innovativeness. Finally, the few related studies which sought to analyze the inter-connectedness among all three concepts are then presented.

#### **2.2 THEORETICAL FRAMEWORK**

##### **2.2.1 General Overview of Leadership Theories**

Researches that theorize about leadership offer quite an appreciable literature, with new and more recent ones, tending to build on one another and with later theories using components of earlier models but often expanding on or using them in new ways. Most of the recent models of leadership, however, build on the behavioural theories of leadership (Riggio 2002). However, Fiedler and House (1988) pointed out that topics in the area of

leadership spanning the decades from the 1950s to the 1970s were mostly transactional and contingent theories.

### **2.2.1a Universalistic Theories of Leadership**

The Universalistic Theories of Leadership seek to identify the key characteristics or cluster of key characteristics held by effective leaders, arguing that leaders with these traits will be successful regardless of the situation. These theories are said and believed to represent the earliest and simplest approaches to the study of leadership. According to the theories, leaders are often suggested to possess innate personal qualities that distinguish them from others. The Universalistic approaches were criticized, particular to present rather insufficient evidence to support the Great man/Great woman theory even though some people acknowledged it (business thinkers' dictionary p 1274).

### **2.1.1b The Great Man/Woman Leadership Theory**

This theory of leadership, which is much older than any of the formal social science disciplines, reflects the adage that "great leaders are born not made.

### **2.1.1c Trait Theory**

The trait theory, one of the Universalist approaches to theorizing about leadership, emphasizes the personal attributes of leaders and accordingly, the approach posits that the possession of abstract abilities such as energy, intuition, and foresight are key to the success of a leader. The theory focuses equally on identifying certain physical characteristics, including height, appearance and energy level. In addition, characteristics such as intelligence, and personality traits like extroversion, dominance, or achievements, were associated with effective leaders. The assumption, for example, was that those who

were more intelligent, extroverted, or dominant would be more likely to do well as leaders. Unfortunately, the results of these early studies were inconclusive and showed no concrete evidence of any single trait common to all effective leaders (Hollander, 1985; Yukl, 1981). As argued by Muchinsky (2000), there exist some differences between leaders and non-leaders on selected traits, but for the most part the relationship between traits and leadership success did not reveal a particular set of universally relevant traits.

There was, however, a resurgence of interest in leadership traits during the 1980s (Kenny & Zaccaro, 1983; Lord, De Vader, & Alliger, 1986; Zaccaro, Foti & Kenny, 1991). Nevertheless, the modern research has shifted focus from a single, one-dimensional personality trait, but on more complex “constellations” of leader characteristics, such as flexibility, charisma, or social intelligence; a subsequent development in trait research that led to a change of focus from abstract personality traits to specific attributes that can be related directly to behaviours required for effective leadership in a particular situation. The development was also considered a more direct approach that revealed that some traits increase the likelihood of successful leadership, even though not one particular trait was attributed specifically to guarantee success. Meanwhile, the relative importance of different traits for leader effectiveness was argued to depend in part on the leadership situation (Kirkpatrick & Locke, 1991).

The major criticism levelled against the trait approach to leadership has to do with the issue over generality. According to critics, it is far-fetched that any trait in particular will be associated with effective leadership in all situations, especially with leaders dealing with all kinds of tasks, as well as different groups of subordinates. This argument was actually informed by the assertion that the various possible working environments, coupled with the variety of workers, works settings are much too complex and diverse for any one particular of leadership to be universally successful. On the other

hand, complex pattern of leader characteristics, such as “flexibility” or “charisma” may be related to leaders’ effectiveness, but these complex leader characteristics would often require that the leader is able to adapt his/her behaviours to the leadership situation ( Riggio, 2002).

### **2.2.2 Behavioural Theories of Leadership**

The behavioural theories of leadership was said to have emerged from the general failure of the Universalistic theories, inter alia the leadership studies at Ohio State University and the University of Michigan that took place in the 1940s. The theory basically focused on identifying behaviours common to effective leaders, (which differentiated effective leaders from ineffective leaders) rather than just making inferences about leader characteristics as postulated by earlier theories. Behavioural leadership theories equally emphasized the behaviours that were actually expected of leaders on the job and the relationship of these expected behaviours to leader effectiveness (Riggio, 2002).

Among the frameworks of this theory was a University of Iowa studies by Kurt Lewin (1939) which explored three leadership styles: Autocratic leadership style which requires that the leader dictates work methods to the employees; Democratic leadership style which involves employees in decision making and also uses feedback to coach employees; and the Laissez-faire leadership style which gave employees complete freedom. One other framework was the Ohio state Studies that also produces two dimensions of leader behaviour: (a) Initiative-structure (also called task-oriented behaviours) which focuses on work task production, and (b) Consideration structure (also known as relationship-oriented behaviours) which emphasizes interpersonal relationships among workers and the leaders. The Ohio State researchers concluded that these two

dimensions, initiative-structure and the consideration structure, were two distinct and independent dimensions, but nevertheless stressed that both categories of leader behaviour are associated with effective leadership but that they do not necessarily co-exist (Halpin & Winer, 1975). The argument for this finding was thus that, while some effective leaders are high on initiating structure alone, others display only consideration behaviours, while other effective leaders, could however, exhibit both.

Yet another framework of the behavior theories, the University of Michigan study, on the other hand focused on behaviours characteristic of effective leaders and came up with quite similar results. The University of Michigan study observed leaders in a number of large industrial organizations, and found that successful leaders tend to exhibit patterns of behaviour that were labeled task-oriented, sometimes also called production-oriented and relationship-oriented, also referred to as employee-oriented (Kahn & Katz, 1966). Likert (1967) however, pointed out that the primary difference between the Ohio State University and University Michigan studies was that the latter considered relationship-oriented leader behaviours to be more effective than task-oriented behaviours (Likert, 1967). Meanwhile, findings from one of the most famous Michigan studies which examined the behaviour of leaders in a large insurance company indicated that both task-oriented and relationship-oriented leadership behavior patterns were positively related to work group performance, even though subordinates of relationship-oriented leaders tended to be more satisfied and had lower turnover rates than employees who were managed by task-oriented leaders (Morse & Reimer, 1956).

Generally, results conducted to test the reliability of the initiating-structure and consideration dimensions show that most leader behaviours can be grouped into one of the two categories (Bass, 1981, 1990; Fleishman & Harris, 1962; Schreisheim and Kerr, 1974; Stogdill & Coons, 1957). Additional studies which looked at how the two categories are

related to the important work outcomes and job satisfaction, found initiating structure to be correlated with effective work performance but also with lower group member job satisfaction and corresponding increases in turnover (Kerr & Schriesheim, 1974; Yukl, 1971). Consideration leader behaviours on the other hand, tend to be positively related to job satisfaction but may be unrelated to or even negatively correlated with work productivity (Bass, 1981; Locke & Schweiger, 1978). Schriesheim & Murphy (1976), nevertheless, noted that the inconsistency of results with regard the effectiveness of specific leadership behaviours could probably be attributed to a number of other factors that serve as moderating variables. Meanwhile, one subsequent study found leader consideration behaviours to be positively related to work group performance even though the positive effect diminishes over time (Shea, 1999).

The Ohio State study, like the Universalist theory, was criticized for being overly-simplified. According to critics, it falls short when it comes to making firm predictions about the relationship between leader behaviours and specific work outcomes in all working situations. Nevertheless, critics acknowledge that, results of the study had positive effect in stimulating a great deal of research on effective leader behaviours (Riggio, 2002). A general evaluation of the behavioural theories of leadership indicated that the approaches had a common challenge although the initiating structure (task-orientation) and consideration (relationship-orientation) were both said to have been linked to effective management irrespective of the fact that each represented very different types of leader behaviour (Bass, 1981; Moss & Reimer, 1956).

### **2.2.3 Contingency Theories of Leadership (The Situational Approach)**

The Contingency Theories of Leadership also referred to as the situational approach examined the interaction of characteristics of the both leader and the situation, and argued that effective leadership depends on the proper match of the two. The assertion is that many of the contingency theories built on behavioural theories using the leader behaviour dichotomies, task-oriented (initiative structure) and relationship-oriented (consideration structure) as a starting point. However, the theories do not acknowledge any style leadership of one best style of leadership behaviour but rather stress that leader effectiveness depends on, or is contingent upon, the interaction of the leader behaviour and the situation.

#### **2.2.3a Fiedler's Contingent Theory- Fred Fielder, (1967)**

Proposed by Fred Fiedler, and often referred to as the contingency theory, this situational approach to theorizing about leadership argues that effective leadership depends on a match between a leader's behaviour style and the degree to which the work situation gives control and influence to the leader (Riggio, 2002). Fiedler's contingency leadership model was one of the first detailed theories of leadership which makes predictions about the situations in which certain types of leaders will be effective and the theory was acknowledged as being a straightforward and widely used intervention for improving leader effectiveness (Ayman, Chemers, & Fiedler, 1995).

According to Fiedler, certain leaders may be primarily concerned with getting the job done (task-oriented), although they would equally be concerned with maintaining good group relations. Other leaders may, however, give priority concern to the task to the neglect of relationships. In other words, leaders differ on which motivation takes precedence in most situations. This theory uses a self-report measure referred to as the

LPC (Least Preferred Coworker) measure, developed by Fiedler, to measure leadership effectiveness. The LPC requires leaders to rate the person with whom they had worked least well using bipolar adjective rating scales, such as pleasant/unpleasant and friendly/unfriendly; and it is scored by summing the ratings on the scales. This total score indicates whether a person is a task-oriented or relationship-oriented leader.

Individuals, who score relatively low on LPC measure, giving their least preferred coworkers very harsh ratings, are said to be task-oriented leaders. On the other hand, persons who rate their least preferred coworkers somewhat leniently, leading to relatively high LPC scores, are considered to be relationship-oriented. The rationale behind the scoring system is that task-oriented leaders are often expected to be very critical of a poor worker because they value task success. Relationship-oriented leaders, on the other hand, value interpersonal relationships and are likely to rate the least preferred coworker more leniently (Rice, 1978). Fiedler (1967), indicated that task-oriented leaders with low LPC scores often associated a worker's performance with undesirable personality characteristics while relationship-oriented leaders with high LPC scores can separate the least preferred coworker's personality from the individual work performance.

Fiedler (1967) thus purported that task-oriented leaders with low LPC scores are successful in very unfavourable situations whereas relationship-oriented leaders are more successful when their situational control and influence are neither high nor low (or moderately favourable). Contrary to this, research have also indicated that task-oriented leaders with low LPC scores are most effective in situations that are either highly favourable or highly unfavourable whereas relationship-oriented leaders are more effective in "middle situations" in which the leader's control and influence are neither low nor high, (Peters, Hartke, & Pohlmann, 1985; Strube & Garcia, 1981; Peters, Hartke, & Pohlmann, 1985). Fiedler further argued that high LPC leaders may be more cognitively

complex, or better able to deal with complex situations. Although some studies failed to find the predictions made by Fiedler's theory, (Vecchio, 1977), others (Peters, Hartke, & Pohlmann, 1985; Strube & Garcia, 1981), generally supported the model. The predictions were, however, said to be more of the case in laboratory studies than in studies conducted in actual work settings (Peters, Hartke, & Pohlmann, 1985).

Meanwhile, Fiedler's leadership model was criticized for focusing primarily on the use of LPC measures. Critics argued that what the exact measures of the LPC were unclear because the LPC only infers a leader's orientation from feelings about a co-worker or a subordinate instead of directly assessing task, and relationship orientation (Ashour, 1973; Schreisheim, Bannister, & Money, 1979). Furthermore, based on findings from his research, Kennedy (1982) argued that the middle-LPC leaders seemed to be effective in a range of situations when the LPC ratings were divided into high, low, and middle scores, stirred the criticism of individuals who score near the middle of the LPC scale.

Another criticism of Fiedler's theorization concerned the assessment of situations, where the clarity of how actual work situations would break down in respect to the suitability of the leader was questioned. In other words, critics argued that not enough clarity was provided with regard to how real-world situations would be favourable or very unfavourable for the leader to exhibit task-oriented or relationship-oriented leadership. Besides, the theory failed to demonstrate the situations that could moderately be favourable for the leader or what distinctions there are between moderately favourable situations (e.g., are there 'low moderate' and 'high moderate' favourable situations).

In spite of the criticisms, Fiedler's contingency theory is said to be important for many reasons. To begin with, literature notes the theory as the first highly visible leadership theory to present the contingency approach, giving detailed attention to the situation thereby emphasizing the importance of both situation and leader characteristics

in determining leader effectiveness (Yukl and Van Fleet, 1992). Fiedler's theory has also been said to have stimulated a great deal of research, including tests of its predictions amidst attempts to improve upon the model, and also inspiring the formulation of alternative contingency theories (Muchinsky, 2000; Riggio, 2002). Finally, the theory was said to have led to the development of a programme by Fiedler and his colleagues (Fiedler & Chemers, 1984) who applied Fiedler's theory to leadership situations, a programme known as the Leader Match which consists of a working book containing an LPC measure, leadership problems that the leader must analyze and solve, directions on how to assess elements of the leader's situation, guidelines for changing elements of the situation, and suggestions for helping subordinates improve performance. Accordingly, the Leader Match has been estimated to be used by over 40,000 managers and although the program has been shown to be quite successful in increasing managers' leadership effectiveness (Leister, Borden, & Fiedler, 1977), it is not without its critics, who argue that sometimes Leader Match does not follow the predictions made by the theory (Jago & Ragan, 1986; Kabanoff, 1981).

### **2.2.3b Path-Goal theory of Leadership**

One other prominent contingency theory of leadership is the Path-Goal theory originally proposed by House (1971). According to House (1971) and House and Mitchell, (1974) the path-goal theory hypothesizes that a leader's job is to help his followers or work groups attain the goals they desire. The leader, therefore, chooses a style that will fundamentally achieve that objective. The path-goal theory, hence, portrayed the leader as a facilitator, or a guide, who helps his subordinates or a group of people he supervises to overcome the various difficulties and obstructions they may encounter in their quest to achieving their goals. Generally, the theory emphasized

increased worker motivation in order to achieve increased worker satisfaction in job performance. The leader will thus seek to motivate higher performance in the subordinates (House, 1971). The theory, therefore, emphasized worker motivation, and draws from the expectancy theory of motivation as its foundation (Yukl, 1998; Riggio, 2010).

The Path-Goal theory further asserts that a leader must be able to manifest four different styles of behaviour, (derived from previous research on work behaviour). The theory also assumes that a leader can display any of or all of the behaviours depending on the type of work (task), characteristics of the followers (subordinates) and the situation at hand. These behaviours include: *Participative Behaviour, Supportive Behaviour, Directive Behaviour, and Achievement-Oriented Behaviour*. These four types of leader behavior are thus, asserted to offer a more detailed breakdown of the initiating structure (also known as task-oriented) and consideration (equally known as relationship-oriented) behaviours. Directive and achievement-oriented behaviours are said to comprise the initiating structure behaviour, while supportive and participative behaviours constitute the consideration behaviours (Pedrajas, Rodriquez & Rodriquez, 2006).

House (1996), however, noted the results of research on the path-goal theory are varied. The path goal's theory's general approach and the theory's inability to make specific and precise predictions in actual work settings has been criticized (Schriesheim & Kerr, 1977; Yukl, 1989), even though there has been some support for the model (Downey, Sheridan, & Slocum, 1976; House & Desler 1974; Wofford & Liska, 1993). Miner (1983) argued that the theory provides no specific type of intervention to be employed on the job even though it presents some ideas of how leaders must change

their behaviour to fit the situation. On a positive note, however, research also indicates that the theory offers a detailed assessment of the situation in an effort to relate the leader's behaviour to the characteristics of a specific situation, just as proposed by Fiedler's contingency model (Yukl, 1998; Riggio, 2000).

#### **2.2.4 Decision Model Theory**

The Decision Model Theory of leadership is based on the premise that leaders are basically decision makers; and the theory is considered unique in that it does not only make predictions about suitable leader behaviour in making decisions but also gives "prescriptions" for the decision maker to follow (Riggio, 2000). The decision-making theory therefore, holds that a leader can make work decisions using a number of strategies, ranging from acting alone (purely autocratic decision making) to arriving at a decision on the basis of group consensus, (completely participative decision making), where the leader is seen as just another group member.

According to Vroom and Yetton (1973), the decision making theory uses five decision making styles which are:

(a) Autocratic decision I where the leader makes the decision alone, using information available only to the leader;

(b) Autocratic decision II where the leader obtains information from subordinates and then makes the decision alone;

(c) Consultative decision I where the leader shares the problem with relevant subordinates and gets their ideas and input individually, but makes the decision alone.

(d) Consultative decision II where the leader shares the problem with subordinates as a group, gets their collective input, but makes the decision alone; and

(e) Group decision where the leader shares the problem with subordinates as a group and together they make a consensus decision.

Research has largely supported the decision-making model (Field, 1982; Field, & Andrews, 1998; Margerison & Glube, 1979; Paul & Ebadi, 1989). For example, results from a study that examined the effective strategies used by actual managers to solve important work-related decisions found consistencies with the theories prescriptions ((Vroom & Jago, 1978). The theory is also described as being normative in nature, an attribute stemming from the fact that the model uniquely combines theory with application. Besides, the theory's effectiveness is compared to that of a contingency model because it considers how a leader's individual behaviour fits with the dynamics a specific situation. Moreover, the theory is said to provide a very detailed definition of the situation. The major problem, however, with the model concerned its complexity, which according to critics, make the theory difficult for managers to understand and learn to use with revisions made to the theory, thus making the model a rather complex (Vroom & Jago, 1995).

### **2.2.5 The Leader-Member Exchange Model (LMX), (Graen, Novak, & Sommerkamp, 1982)**

According to the Leader-Member Exchange Model of leadership, the quality of the interaction between the leader and particular work group members determines how effective a leadership approach would be (Katz and Kahn's 1966; Dansereau, Graen, & Haga, 1975; Graen, 1976; Graen & Uhl-Bien, 1995). The leader-member exchange theory of leadership focuses on the two-way relationship (dyadic relationships) between supervisors and subordinates. The theory asserts that leaders develop an exchange with each of their subordinates, and that the quality of these leader-member exchange (LMX)

relationships influences such variables as performance, decision making, subordinates' responsibility and access to resources.

Basically, the model (which was formerly called the Vertical Dyad Linkage Model, Dansereau, Cashman & Graen, 1973) states that the types of one-on-one, or dyadic, relationships between the leader and each follower will be somewhat different. And as purported by the model, the leader tends to develop better relationship with a few subordinates (often called the in-group) while the rest (referred to as the out group) who receives less attention or concern from the leader as a result tend to be less motivated or less competent in comparison to the in-group.

The in-group members are usually more willing to offer profound efforts. They are also more committed to task objectives, as well as share and participate in more administrative duties. In addition, leaders often spend more time working with members of the in-group, make more resources available to them, and give precedence to their ideas over those of the out-group members. Hence, in-group members are said to be more likely to report high satisfaction with their role in the group, often less likely to leave the group, and are more likely to get promoted than others. Consequently, in-group members are often to be completely loyal and committed to the leader.

Subordinates in the out-group, on the other hand, are presented with much less options and influence, often contribute less to the group, and offering to do exactly what are only very essential in the task given. As a result, they are less likely to be presented with opportunities to further develop or improve, and are often offered with less challenging tasks than their colleagues in the in-group. Hence, the out-group tends to be less supportive of and less loyal towards the leader (Graen, 1976; Graen & Uhl-Bien, 1995).

The LMX has generated a considerable amount of research and is quite popular. The theory has equally witnessed quite a number of improvements, including improvements in measuring in-group/out-group membership and the quality of leader-member exchanges (Duchon, Green, & Taber, 1986; Fairhurst, 1993; Graen & Scandura, 1985; Liden & Maslyn, 1998; Phillips & Bedeian, 1994). Research evidence suggests that LMX is a two-way street, with the quality of relationships being influenced by the effort and the energy put into relationships by both the leader and the follower (Maslyn & Uhl-Bien, 2001).

The LMX model, like other theories, is nonetheless without criticisms. The differences in the character of the leader-member exchange (which can range from low quality, in which the leader has a negative image of the subordinate and the subordinate does not respect or trust the leader, to high quality, in which the leader has a positive view of the worker and the worker feels that the leader is supportive and provides encouragement), affect important outcomes such as work performance, employee loyalty and attendance, and job satisfaction (Gerstner & Day, 1997; Graen, Novak, & Sommerkamp, 1982; Howell & Hall-Merenda, 1999; Klein & Kim, 1998; Kozlowsky & Doherty, 1989; Wayne & Ferris, 1990).

Despite its challenges, empirical research conducted on the theory of LMX demonstrates that the model can be useful in understanding group processes. According to Bass (1990) there is usually the natural tendency for groups to develop into subgroups and create factions of in-groups versus and out-groups. And according to research, in-group members often have the tendency to behave in ways that are beneficial for the group such as being supportive and providing help for other group members, (Ilies, Nahrgang & Motegeson, 2007). The authors of LMX claim that their approach is an improvement over other leadership theories and previous models which assume that leaders act in a relatively

uniform way toward all subordinates. Instead, a focus on specific leader-member relations will lead to better predictions of the effect of that leader behavior on work outcomes and not looking only at typical, or average, leader behavior as well as ignoring the non-typical behavior displayed in very good or very poor leader-member exchanges -as done by the previous models and theories- (Dansereau et al., 1975; Vecchio, 1982).

### **2.2.6 Additional Leadership Theories**

While contingency theories of leadership focus on the interaction between a leader's behaviour or style and elements of the situation, other leadership theories have focused on the truly "exceptional" leaders who are said to do more than simply adapting their behaviour to the situation and who seem to have the ability to inspire or "energize" followers toward organizational goals. These leaders are also often able to "transform" groups of workers into highly effective teams, and in effect inspire followers to become leaders themselves. Among the best known of these exceptional types of leadership theories are Transformational Leadership and Charismatic Leadership Theories.

#### **2.2.6a Transformational Leadership (Burns, 1978)**

Bass (1998) defined transformational leadership in terms of the leader's effects on the followers. According to him, transformational leadership involves the leader changing the values, beliefs and attitudes of followers and inspiring followers by providing a vision of where the group is heading. The leader is equally able to develop a work culture that stimulates high-performance activities among subordinates (Bass, 1990). Thus, leaders transform followers by making them more aware of the importance and value of task outcomes, by activating their higher-order needs as stipulated by Maslow and by inducing them to transcend self-interest for the sake of the organization. As a result of this

influence, followers exercise trust and respect towards the leader, and they are motivated to do more than are originally expected of them (Hater & Bass, 1988).

According to Yukl (2006), transformational leadership theory emphasizes longer-term and vision-based motivational processes. Yukl noted that transformational leadership often tries to deal with the emotional and symbolic aspects of leadership, and it helps researchers to understand how leaders influence followers and motivate them to make self-sacrifices, by putting the needs or the mission of the organization above materialistic self-interests. To an extent therefore, contingent and transformational leadership theories are said to possess some element of leader characteristics or behaviour as well as a measure of the leadership situations. Eisenbach, Watson, & Pillai, (1999), posited that transformational leadership may be particularly important for leading organizations through significant change processes. Transformational are also said to do more with colleagues and followers than set up simple exchanges or agreements and behave in ways to achieve superior results by employing one or two of the following four components of transformational leadership (Bass,1998):

(i) Idealized influence depicts instances where transformational leaders behave in ways that make them role models for their followers. The leaders are admired, respected, and trusted. Followers identify with the leaders and want to emulate them; leaders are endowed by their followers with extraordinary capabilities, persistence, and determination.

(ii) Inspirational motivation happens when transformational leaders behave in ways that motivate and inspire those around them by providing meaning and challenge to their followers' work. Leaders get followers involved in envisioning attractive future states; they create clearly communicated expectation that followers want to meet.

(iii) Intellectual stimulation occurs when transformational leaders stimulate their followers' efforts to be innovative and creative by questioning assumptions, reframing

problems, and approaching old situations in new ways. New ideas and creative problems solutions are solicited from followers, who are included in the process of addressing problems and finding solutions.

(iv.) Individualized consideration takes place when transformational leaders pay special attention to each individual follower's needs for advancement and growth by acting as a coach or mentor. Followers and colleagues are developed to successively higher levels of potential. Individual differences of needs and desires are recognized, and the leader's own behavior demonstrates acceptance of these differences.

Bass and Avolio (1997) argued that research on transformational leadership has grown because of the development of an instrument (the Multifactor Leadership Questionnaire - MLQ) that measures and assesses these components of transformational leadership. In addition to MLQ, alternative measures of transformational leadership have also been developed (Alimo-Metcalfe & Alban-Metcalfe, 2001). Research also supports the construct validity of these components and reveals that transformational leadership is strongly associated with work unit effectiveness. In particular, the idealized influence component is most strongly related to overall effectiveness (Lowe, Kroeck, & Sivasubramaniam, 1996). Bass (1997) asserted that these four components of transformational leadership transcend organisational and national boundaries and speak to the "universality of leadership".

### **2.2.6b Charismatic Leadership**

Charismatic Leadership theory states that leaders possess some exceptional characteristics that cause followers to be loyal and inspired. According to House (1977), charismatic leaders have the ability to communicate shared group goals, and they convey confidence in their own abilities as well as those of their followers. Elements of the

situation also come into play, however, because charismatic leaders are said to be often most effective in situations where goals are unclear and environmental conditions are uncertain or unstable. The assumption for this assertion is that charismatic leaders are able to provide some vision of where the group should be headed (House & Singh, 1987). The “exceptional” characteristics or qualities of charismatic leaders are said to relate to the possession of exceptionally high social skills, and an ability to relate to (and inspire) followers at a deep emotional level (Hogan, Raskin, & Fazzini, 1990; Riggio 1987).

Accordingly, Conger and Kanungo (1987, 1998) proposed that the key characteristics of charismatic leaders include sensitivity to followers and the situation /environment, ability to inspire, and the desire to change the status quo. It has also been suggested that follower characteristics, such as identification with the leader, susceptibility to the leader’s emotional messages, and a willingness to follow, are components of charismatic leadership. Consequently, Riggio (2000) argues that charismatic leadership is indeed an interaction of leader, follower, and situation.

A myriad of research interest has been recorded in both charismatic and transformational leadership. For instance, a meta-analysis of more than twenty studies found that transformational leadership was superior to other leadership styles in fostering work group effectiveness (Lowe, Kroeck, & Sivasubramaniam, 1996). Moreover, the positive effects of transformational leadership on group performance is said to hold for groups as varied as student leaders in laboratory experiments (Kirkpatrick & Locke, 1996; Sosik, Avolio, & Kahai, 1997), the military (Bass, 1998), nursing supervisors (Bycio, Hackett, & Allen, 1995), and German bank managers (Geyer & Steyrer, 1998).

For the purpose of this present study, the Path-Goal Theory, first developed by Robert House (1971) will serve as the guiding theoretical framework. Besides, three (3) - participative, supportive, and directive - out of the four leadership behaviours identified by

House (1971) is adopted and investigated. These three styles of leadership are considered because they are said to offer a global vision of the different aspects of leadership that may influence organizational processes (Pedraja et al, 2006). The study presents below the four leadership behaviours identified by House.

Robbins (1996) described a participative leadership style as one in which the subordinates are able to influence decisions about their work situation to a large degree. This type of leadership style is related to participative management in which subordinates share a significant degree of decision-making power with their supervisors or leaders (Robbins, 1996). Hence, in an organizational context, a participative leader consults with subordinates, implores their suggestions, and considers these suggestions in making decisions on the development of organizational-wide policies and procedures. Research posits that, allowing subordinates to participate actively in organizational decision-making is likely to increase their knowledge on what is expected of them in terms of their performance as well as the rewards and support that might be accomplished from going the extra mile in work output. In addition, they may be motivated to resolve problems they are confronted with. Besides, various studies in organizational behaviour and sales management found that allowing subordinates to participate in decision-making leads to increased worker motivation (Kohli, 1985; Tyagi, 1985).

Daft (1988) and Gibson, Ivancevich and Donnelly (1988) on the other hand assert that supportive leadership style is one in which the leader creates a working environment that promotes psychological support, mutual trust and respect, helpfulness, and friendliness. In essence, a leader that exhibits supportive leadership considers the needs and shows concern for the well-being of other people with whom he works. The supportive leader also creates a pleasant atmosphere for interaction, highlights the

accomplishments of others, looks out for their welfare, endeavours to establish mutual interest, and builds a climate for teamwork.

A directive leadership style as noted by Gibson et al., (1988), House and Dessler (1974) and House and Mitchell (1974) is one in which the leader provides specific directions to subordinates' work activity by organizing and defining the task environment. The leader assigns the necessary functions to be performed, specify the rules, regulations, and procedures by which the prescribed tasks are to be accomplished. In addition, the leader clarifies the expectations, and schedule of work to be done, establishes communication networks, and evaluates the performance of the work group. A directive leader consistently communicates the objectives, rules and regulations of tasks to the subordinates. Furthermore, a directive leader manages the procedures to be followed in the performance of distribution tasks and functions. Accordingly, directive leadership style is often considered an effective means to plan, organize, coordinate, and maintain control over the work activities of subordinates (Dwyer & Oh, 1987).

As posited by Pedrajas et al (2006), each of the early mentioned leadership approaches reflects the various degrees of behaviours often exhibited by leaders when managing activities of subordinates and co-workers. Consequently, a leader using a particular leadership style (e.g. participative) may manifest a certain degree of that style. On the other hand, a leader may also exhibit varying degrees of each any of the above mentioned leadership styles concurrently or have a greater propensity for using one style over the other two. It is thus, not out of place to concur with the assertion on leadership style discussion which suggests that participative, supportive, and directive leadership styles are conceptually distinct and independent constructs, even though they may be displayed simultaneously.

Meanwhile, research equally asserts the various leadership styles might be empirically linked. The argument is that linkages among participative, supportive, and directive leadership styles and leader motivation are positive but moderated by differences in organizational management. The suggestion is that motivation may be a determinant of leader performance. Hence, a participative environment that encourages leaders to influence decisions that affect their status in the organization may produce a highly innovative organization (Pedrajas et al, 2006). Based on the foregoing, it will be argued in this study that a type of leadership style demonstrated may be a determining factor in influencing an organization's innovative tendencies.

### **2.2.7 Some Organizational Culture Framework**

Having examined the leadership framework guiding this study, it would be equally reasonable to examine Quinn and his colleagues' (Quinn, 1988; Quinn & Hall, 1983; Quinn & McGrath, 1985) organizational culture framework since this framework is also closely related to different leadership roles and may throw more light on the organizational typologies employed in this study. Quinn and his colleagues classified organizational cultures based on two basic dimensions (internal/external orientation, and flexibility/control orientation). They developed a typology that identified four organizational cultures (group, developmental, hierarchical, and rational). According to them, group cultures are internal and flexible in their orientation, and projects a tendency for people orientation within the organization. They noted the core values of this culture typology as loyalty and the protection of the existing group.

Developmental cultures, as indicated Quinn and his colleagues are external and flexible in their nature but also characterized by dynamic creativity and adaptability. This culture typology also recognizes the importance of external clients. Quinn and

colleagues further describe hierarchical cultures as internal and control oriented, that are inclined to promote values such as formality, rules, clear roles and tasks, and documentation. Finally, Quinn and his colleagues explain rational cultures as external and control oriented, with focus on production and emphasis on values such as goals and task accomplishment (Skogstad & Einarsen, 1999).

Quinn and his colleagues, however, maintained that each of this culture typology is considered to be associated with different leadership roles. For instance, Duygulu and Ozeren (2009) noted that the description of leaders in developmental cultures corresponds to a high degree with the change-centered leadership style described by Ekvall (1991), and Ekvall and Arvonen (1991). Leaders in developmental cultures are considered entrepreneurial, who have the willingness to take risks, and who are able to develop a vision for the future. Hence, it is assumed that individuals with developmental culture background, with its external and flexible orientation, are likely to demonstrate significant higher levels of change centered leadership when compared to those in a hierarchical culture, which strongly emphasize formality and rules (Skogstad & Einarsen, 1999).

Cameron and Quinn (1999) also developed an organizational culture framework built upon a theoretical model called the "Competing Values Framework." This framework is based on six organizational culture dimensions and four dominant culture types namely clan, adhocracy, market, and hierarchy. Accordingly, clan culture is described as a very friendly place to work and where people share a lot with themselves. It connotes an extended family, where an organization is held together by loyalty or tradition. The culture environment emits a high level of commitment, sensitivity to customers, and concern for people, that defines the organization's success. Within such an organizational culture, premium is placed on teamwork, participation, and consensus.

The adhocracy culture environment is characterized by dynamism, entrepreneurship and creativity, and leaders are considered innovators and risk takers. Such an organizational environment is often built on commitment to experimentation and innovation. An organization informed by this orientation defines success based on how much gains are made on unique and new products or services. This type of organizational environment also encourages individual initiative and freedom.

For an organizational environment based on the hierarchy culture, a very formalized and structured working environment where procedures govern what people do is promoted. Besides, placing emphasis on maintaining a smooth-running organization is most critical. In addition, formal rules and policies hold the organization together and there is focus on long term concern for stability and performance with efficient, smooth operations. Finally, the market culture is typified as a results oriented organization whose major concern is with getting the job done and where workers are competitive and goal oriented. Leaders with this orientation are hard drivers and competitors and the organization is sustained together by an emphasis on winning. The long term focus is on competitive actions and achievement of measurable goals and targets. The organizational style is hard-driving competitiveness (Cameron & Quinn, 1999).

## **2.3 REVIEW OF RELATED STUDIES**

### **2.3.1 Reviewing the Argument for Leadership: The Essence of Leadership**

Researches dating as far back as the early 1980s have persistently held one position in common, and this is the assertion that leadership instead of management, would be required to cope with change in the contemporary business environment. This position is also based on the argument that the success or failure of any particular

workgroup or work organization is largely dependent on the leader and type of leadership being demonstrated (Kotter, 1990, p.17). In a similar vein, theoretical arguments as well as empirical both assert that the behaviours of leaders can and do have an impact on other group members and make these group members more or less productive. In addition, leadership is argued to have the capacity to make a difference though it does not always do so (House & Baetz, 1979; Weiner & Mahoney, 1981).

According to Bass (1990), the acclaimed significance of leadership to work processes and organizations could be responsible for organizations' alarming annual expenditure of millions in efforts to recruit managerial personnel who possess the qualities necessary to be more effective leaders of their workgroups and organizations. In addition, even bigger expenditures seem to have characterized the training of employees, an act often aimed at producing well-tailored and effective leaders in as much as helping them develop important leadership characteristics (Bass, 1990). Even more contemporary senior executives indisputably acknowledge the importance of leadership at enhancing the success of businesses. They equally recognize that the quality and maturity of an organization's leader can foretell the difference between a good and a great leader. In this regard, senior executives have emphasized leadership development as an extremely high priority when they were asked to identify the most important items on their agenda, arguing that effective leadership does indeed generate multiplier effect (Thomas and Cheese, 2002).

As indicated by Metcalfe & Metcalfe (2001), the term leadership was really not conceived until the first half of the nineteenth century and the empirical study of the concept formally began only in the early 1930's. Meanwhile, it is asserted that the area of leadership has been comprehensively studied more than almost any other aspect of human behaviour in more recent times. Research also argues that leadership represents

an important factor in the determination of the success or failure of organizations. Hence, this importance placed on leadership has made it a major topic in politics, the military, work organizations and other spheres of human endeavours (Riggio, 2000).

Meanwhile, the pursuit to satisfactorily define the term leadership since the concept gained research attention has become increasingly overwhelming (Mullins, 2007). And just like most other concepts in social sciences and particularly I/O psychology, leadership is said to have no single or unique definition and thus it has attracted different definitions from by different authors (Youssef, 1998). Accordingly, Barnard (1938) noted that leadership is a term that can be defined in several ways. However, an outstanding revelation posited by the various definitions is the characteristic nature of the concept in influencing people, in motivating them to serve a common purpose, and in fulfilling the functions necessary for successful group action.

For instance, Mullins (1996) defines leadership as a relationship through which one person influence the behavior or actions of other people. Mullins further asserts that leadership is a dynamic process that could be employed in engineering a particular philosophy leadership styles as have been proposed in literature. Lussier (2000, p. 452) also defines leadership as “the process of influencing employees to work toward the achievement of objectives”. Robbins (2003, p. 314) on the other hand believes leadership is “the ability to influence a group toward the achievement of goals”. Yukl and Van Fleet’s (1992) in a similar vein define leadership as the ability to guide a group toward the achievement of goals. And according to “Business, The Ultimate Resource’s Dictionary “Leadership is the capacity to establish direction and to influence and align others towards a common aim, motivating them to action and making them responsible for their performance”. All these definitions, however, have a common theme of

directing a group towards a goal. For the purpose of this research, Robbins's (2003) definition is adopted.

### **2.3.2 *The New Face of Leadership***

Early studies on leadership (often referred to as 'trait' studies on leadership) were said to have focused on classifying the personality traits which distinguished successful leaders. In addition, the studies basically assumed that successful leaders are 'born' and they have certain innate qualities which distinguish them from non-leaders. However, the difficulty in categorizing and validating these characteristics led to widespread criticism of the trait approach, resulting in the emergence of 'style' and 'behavioural' approaches to leadership. Style and behavioural theorists shifted the emphasis away from the characteristics of the leader to the behaviour and style adopted by the leader. The principal conclusion of these studies was that leaders who adopt democratic or participative styles are more successful. In addition, the early studies were focused on discovering the 'one best way of leading' (Duygulu & Ozeren, 2009).

Similarly to trait theories, the behavioural theories disregarded the important role played by situational factors in shaping the effectiveness of individual leaders (Mullins, 1999). This was considered a major weakness that gave rise to the 'situational' and 'contingency' theories of leadership. The situational and contingency theories deemphasized 'the one best way to lead' to context-sensitive leadership. Although either of these two leadership theories highlighted the importance of different factors, they both built on the premise that leadership effectiveness is dependent on the leader's decision and understanding of situational factors, and then by the adoption of the appropriate style to deal with each situation.

According to literature, organizations and researchers have been obsessed over the last four decades with leadership in an attempt to reconstruct the concept of leadership into a universal set of measures (Kets De Vries, 1993; Goffee and Jones, 2000; Higgs, 2003; Conger and Toegel, 2000). Besides, a review of the development on how the nature of effective leadership have been perceived from a “sense making” point of view rather than research (Weick, 1995), demonstrates an emerging pattern of research suggests that effective leaders are differentiated from other leaders through the exercise of a relatively small range of skill and competence areas (Kouzes and Posner, 1998; Goffee and Jones, 2000; Higgs and Rowland, 2001; Hogan and Hogan, 2001). The general assumption is that these skills and competences remains the function of the underlying personality of the leader, even though the way and manner that leaders exercised them were not indicated (Hogan, 2000; Hogan and Hogan, 2001).

This argument could indeed be inferred from the statement by Goffee and Jones (2000) which implied that effective leadership requires “being yourself with skill”. The statement of Goffe and Jones is equally assumed to have significant implications for the way in which leadership is generally viewed, although not all perspectives are affected (Hogan and Hogan, 2001; Collins, 2001). Collingwood (2001) also pointed out that the personal nature of the concept of leadership is increasingly becoming evident. Concurring, Higgs (2003) argued that the personality of the leader plays an important part in the exercise of leadership. Hence, the areas of effectiveness (the “skills”) need to be exercised in a way that is congruent with the underlying personality of the leader (Higgs, 2003).

Despite the fact that leadership styles have been classified in different ways in research literatures, much of the research on the concept concentrate on employee perceived styles of leadership. Interestingly, early behavioural researchers such as Arygris, (1966) and Likert (1967) in their works maintained that perceived democratic style would

lead to benefits such as increased job satisfaction, lower labour turnover, and increased productivity (Pedrajas et al., 2006).

Yet another argument that has been put forward in justifying the need for a new and more suitable leadership bothers on the issue of strategic alliances among international channel partners that have become the norm in the area of marketing channels in a fiercely competitive global economy (Anderson et al., 1990). Hence, inter-firm influence strategies – such as different leadership styles – remained significant to channel captain to motivate international channel partners in becoming increasingly important. For instance, the assertion is that in administering a firm's marketing channels, participative, supportive, and directive leadership styles, may be effective in eliciting channel partners to exert higher levels of motivation, which, in turn, may be associated with higher levels of performance.

In effect, an empirical investigation of the USA, Finland and Poland was conducted. In the study, the linkages among the three leadership styles, motivation, and performance were empirically examined on data drawn from a sample of automobile distributors. The study equally asserted that a leader using a particular leadership style (e.g. participative) will manifest a certain degree of that style and or may exhibit varying degrees of two or more leadership styles concurrently or have a greater propensity for using one style over the other two. This, admittedly, suggests that any one, two, or three leadership styles are conceptually distinct, independent constructs; because they can be displayed contemporaneously, though, they might be empirically linked as well.

There are some scholars who also assert that the convergence cultures and, thus, the transferability of management theories via standardized management practices across national markets call for certain form of leadership approach (Harpaz, 1990; Misawa, 1987; Ralston et al., 1992). Their argument is that globalization and change in technology

is leading to standardization, increasingly similar cultures, and universal management practices. And that if globalization is “shrinking the world”, as Levitt (1983) contends, then using uniform managerial practices – such as leadership styles – may be viable. Several studies have also suggested that strategies for effective channel management in different countries may well require the usage of contrasting leadership styles (Wadinambiratchi, 1965; Hall et al., 1972; Guirdham, 1972; Galbraith and Holton, 1955; Baker, 1965; Shimaguchi and Rosenberg, 1979; Kaikati, 1993).

In line with the above discussions, Moore & Rudd (2006) noted that a new paradigm of leadership have taken center stage in the past 20 years, and this new leadership focus digress from the traditional, or transactional, models of leadership toward the study of transformational leadership.

### **2.3.3 The Case for Leadership Styles, Factors Determining Choice of Leadership Styles, and Leadership Style Effectiveness**

Undoubtedly, most studies on leadership concur with the asserted impact of leadership styles on organizational processes. And as argued by Moore and Rudd (2006), leadership styles remains one aspect of leadership that has been extensively studied and well documented in leadership literature. The reason for this, they noted, stems from the contribution it makes to an organization’s success. Moore and Rudd argued that leadership style represents an important aspect of leadership and refers to the characteristic manner in which an individual leads others. In fact, many researchers assert that leadership styles do indeed have an impact on organizational processes outcomes. For example, Gebert and Steinkamp (1991) argue that there is a close relationship between the economic success of an organization and leadership style employed. McDonough and Barczak (1991) also noted that leadership style influences the speed of product development.

Likewise, Pedraja and Rodriguez (2004) posited that leadership styles influence effectiveness in public organizations. Leadership style is also suggested to have a significant impact on organizational commitment (Savery, 1994; Wilson, 1995; Zeffane, 1994), on job satisfaction (Page & Wiseman, 1993; Savery, 1994), and on performance (Swanson & Johnson, 1975), Rahman, (2001). According to DuBrin (2001, p.121) leadership style is the 'relatively consistent pattern of behaviour that characterizes a leader'. Chemers (1997) also hold that leadership style concerns how a leader secures the compliance of his other colleagues. Earlier perceptions of leadership styles are identified as autocratic, democratic or laissez faire leadership approach. In the late 1960s, however, Hersey and Blanchard identified four leadership styles through their work on the situational approach to leadership. A newer version of Hersey and Blanchard's situational leadership model created nevertheless, categorizes leadership styles as directing, coaching, supporting, or delegating.

A review of literature on leadership and leadership styles, nevertheless, reveals disagreement among researchers with regard to what make leaders choose certain leadership styles over others. Several factors were pointed out by previous studies as key determinates for the appropriate leadership style. For instance, Tannenbaum and Schmidt (1958) have long maintained that three forces affect the choice of the appropriate leadership style. These are forces in the leader himself, those in the subordinates and those in the situation. Yukl (1981, 1994) lists the following factors as determinants of leadership style: level in the authority hierarchy, function of the organizational unit, size of the organizational unit, task characteristics and technology, lateral interdependence, crises situation, stages in the organization life cycle and, finally, subordinates' competence and performance. On the other hand, Herbert (1981) argues that leadership style is a function of the need for participation, the result of commitment, and closeness of supervision

required. Maheshwari (1980) argues that style of decision making in an organization is the result of a complex interaction of several factors, including the context and characteristics of the organization, the nature of the decisions and the attributes and preferences of the decision makers. Blanchard and Wakin (1991) point out that the degree of difficulty of the task plays a significant role in determining the right leadership style. Whyte (1988) argues that the choice of leadership style depends on the nature of the task, the power available to the leader, the experience of the subordinates, the culture of the organization, the preferred style of the leader, the style preferred by subordinates and time available for task completion.

Though an opposing view maintains that environmental forces and aspects of group or organisational functioning are so dominant that leadership style does not matter much and that the group will function the same with one leader as with another (Miner, 1992), research has exhibited that what a leader does, although mediated by a host of intervening variables, does have a causal effect on group performance (Clarke & Clarke, 1990). Importantly, Robbins (1993) suggests that national culture plays an important role in determining the effectiveness of leadership style. Similarly, Adler (1991), Badawy (1980) and Bass et al. (1979) have all argued that national boundaries make considerable differences in leadership style. Bass (1990) also concludes that culture does influence leadership. According to Ali (1989b), leadership decision style differs significantly by country. Al-Faleh (1987) points out that Arab culture has certain distinctive characteristics that dominate managerial thinking and behavior. Evans et al. (1989) also argued that leadership style is a function of the level of industrialization, but cultural characteristics play a significant role in tempering its effects. Likewise, Morris and Pavett (1992) examined the differences in management style between a Mexican maquiladora operation and its US parent plant. They noted significant differences in management styles between

the two nations. Such differences were attributed to differences in national cultures. Similarly, Aram and Piraino (1978), Burger and Bass (1979), Kras (1989) and Wright (1981) contended that management styles vary from culture to culture. Campbell et al. (1993) noted that leadership style itself and task outcome had a strong impact on perceptions of appropriateness of leadership style, whereas gender and organizational setting had not substantive impact. Buckham (1990) argued that the type of industry sector (private or public) and an organization's size play important roles in the determination of the effectiveness of management style.

In effect, as opined by Masebo (2005), styles of leadership vary considerably, and necessarily so, different types of leadership are better suited to certain situations than to others. In this regard, a particularly style of leadership that is successful in a circumstance may be most unsuitable in another setting. To this end, Nahavandi (2002) pointed out that different leadership styles may affect organizational effectiveness or performance. Hence, the relationship between the approach of leaders/their leadership style and the context in which they operate is considered highly important. Accordingly, the argument is that even though multiple leadership styles have been researched, studied and applied, no one style is recognized as the 'all in all' of leadership styles. Subsequently, leaders will employ varying styles to adapt to differing situations, and hence a situational leadership often becomes preferable.

As such leaders tend to apply specific leadership styles based on who they are and how they intend to lead (Arrington, 2010). Similarly, Yun, Cox, and Sims (2006) noted that most managers believe there is no single universal style of leadership applicable in all situations and noted for instance, that a task-oriented leadership style may be most appropriate where a job involves psychologically immature or inexperienced workers; whereas, a relations-oriented leadership style may be most appropriate where workers are

highly experienced and can be trusted to work autonomously. Research, however, pointed out several factors account for the choice of a perceived appropriate leadership style.

Pedraja et al., (2006, pp. 501) concur with Vroom's (2000) assertion that defining leadership style in any specific decision requires the analysis of several factors, which may include the relevance of decision being made, the importance of commitment, the probability that the style may be successful, leader and group experience, the extent of group support for the achievement of goal, and the competence of the team being led. Tannenbaum and Schmidt (1958) also noted three forces as underlying the choice of the appropriate leadership style and include forces in the leader himself, those in the subordinates and those in the situation. Yukl (1994) on the other hand identified the level in the authority hierarchy, function of the organizational unit, size of the organizational unit, task characteristics and technology, lateral interdependence, crises situation, stages in the organization life cycle and, finally, subordinates' competence and performance as bases for choice of a leadership style.

Similarly, Maheshwari (1980) argued that style of decision making in an organization is the result of a complex interaction of several factors, and which includes the context and characteristics of the organization, the nature of the decisions and the attributes and preferences of the decision makers. Blanchard and Wakin (1991) pointed out that the degree of difficulty of the task plays a significant role in determining the right leadership style. Whyte (1988) also argued that the choice of leadership style depends on the nature of the task, the power available to the leader, the experience of the subordinates, the culture of the organization, the preferred style of the leader, the style preferred by subordinates and time available for task completion.

The above arguments reveal an emerging consensus from leadership literatures affirming the fact that, the choice of leadership styles varies, dependent on the

consideration of many factors, as well as its perceived suitability. As such, there is no single prescription for effective performance or successful leadership and an increasing focus on the efficacy of different leadership behaviours in differing contexts of change. As noted by Higgs & Rowland (2003), this submission is rooted in the contingency theory, seemingly old theory.

Yet another bone of contention is the wide disagreement among scholars on which leadership style is considered effective or the most effective leadership style. Many researchers, thus, point out that, in spite of the many studies, rather insufficient knowledge exists about the defining characteristics that may account for effective leadership. Hence, for well over a century now, there has been obsession with issues bothering on leadership and leaders, and with identifying the characteristics required for effective leadership (Goffee & Jones, 2000; Hogan & Hogan, 2001). In addition, several researchers have emphasized that it is appropriate to recognize that whilst different leadership styles exist, it is difficult to establish the supremacy of one specific leadership style over another (Lowe, Kroeck, & Sivasubramaniam, 1996).

For instance, Brozik (1994) argues that no one type of management style is best in all situations and that the leader, the subordinates and the environment or the task determines the effectiveness or ineffectiveness of each style. Kur (1995) on the other hand believes that effectiveness in leading is directly related to the leader's way of thinking about himself, his subordinates, as well as the organization and environment. Likert and Likert (1976) argued that the participative style of leadership is more productive in any culture. In their study, Al-Jafary and Hollingworth (1993) found a significant correlation between the facets of the management system (e.g. support, team building, goal emphasis, help with work, involvement) and that of the measures of organizations' effectiveness. Buckham (1990) also argued that the type of industry

sector (private or public) and an organization's size play important roles in the determination of the effectiveness of management style.

Hence, another emerging consensus is that there is no single prescription for the effective performance or successful leadership (Goffee and Jones, 2000; Gill, 2001; Higgs, 2003; Higgs and Rowland, 2003). The relationship between the approach of leaders (or their leadership style) and the context in which they operate is, thus considered important. This knowledge nevertheless has long existed, being rooted in the contingency theory (Fiedler, 1964; Hersey and Blanchard, 1969, 1993). Besides, the contextualization implied by the Transformational school (Bass and Avolio, 1996) has moved from a largely internal leader-follower focus to a broader and often external one (Higgs and Rowland, 2003). In particular, there is an increasing focus on the efficacy of different leadership behaviours in differing contexts of change (Wheatley, 2000; Jaworski, 2001; Senge, 1997; Higgs and Rowland, 2003). In particular, there is an increasing focus on the efficacy of different leadership behaviours in differing contexts of change (Wheatley, 2000; Jaworski, 2001; Senge, 1997; Higgs and Rowland, 2003).

### ***2.3.2 Organizational Culture***

Khan, Ur Rehman and Fatima (2009), indicated that organizational culture has been extensively researched. Besides, several studies have proven the important role played by organizational culture in the performance and efficiency of an organization (for instance, Cullen, 2002; Ogbonna & Harris, 2004). Ogbonna and Harris (2000) argue that culture is an important determinant of effective organizations and impact to a great extent the attitudes, behaviours, as well as the functions within these organizations. Cameron and Quinn (1999) equally posited that effective organizations are influenced by culture. However, as noted by Mullins (2007), culture like leadership, continues to be an elusive concept, even though it is an important aspect of organizations. Besides, there

exit no consensus as regard its definition. For example, Denison (1996, p. 624) noted that culture is “the deep structure of organizations, which is rooted in the values, beliefs and assumptions held by organizational members”. James, Choi, Ko, McNeil, Minton, Wright et al. (2007, p.21) described culture as “the normative beliefs (which refer to system values) and shared behavioural expectations (which refer to system norms) in an organization”. Sackman (1991, p.34) identified culture as a “set of commonly held cognitions that are held with some emotional investment and integrated into a logical system or cognitive map that contains cognitions about descriptions, operations, prescriptions, and causes which influences perception, thinking, feeling, and action”. Geertz (1973) describes culture as a system of shared symbols.

Schein’s (1973) definition of culture, however, provides a detailed description of the concept as representing a pattern of basic assumptions that is learned by a group as it solves its problems of external adaptation and internal integration, that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to these problems. Deal and Kennedy (1988, p.13) maintains that culture refers to “the way we do things around here”. Cameron and Quinn (1999), however, noted the abstract nature of culture constitute a difficulty in conducting research on the concept. In fact, numerous researchers argue that culture should include the total environmental qualities within an organization. Others also maintain that culture should be measured by objective or perceptual measures, a stance based on the argument that perception depends upon previous experiences, needs and values of those studied (Tharp, 2009). Meanwhile, literature on organizational culture reveals that scholars and leaders did not actually realize the importance of culture on organizations until the beginning of the 1980’s. As indicated by Mullins (2007, p. 6), “culture was totally ignored”, an act which Cameron & Quinn (1999) argued was to the

lack of knowledge and understanding pertaining to the impact culture has on organizations and individuals consisted in them. As a result, researchers and scholars only attempted to explain it using old, obsolete models. This lack of understanding of the impact culture has on organizations, is believed could be attributed to the failure of numerous organizations in the past several decades. Several studies similarly refer to the failure of organizations to review their cultural tenets as an explanation for their ill-fate (Ogbonna & Harris, 2000).

Interestingly, issues concerned with organizational culture seem to be gaining increasing focus and continued to be considered as a source of a strategic competitive advantage for most organizations. The belief is that there appears to be an awakening to the fact that change is inevitable, hence the need for constant appraisal and re-institutionalization of organizational principles that would stay abreast with contemporary trends. As such the inception of research into organizational culture is asserted to have been informed by the idea that effective organizations may have certain distinct characteristics that probably distinguishes them from ill-mannered organizations. The values, underlying assumptions, expectations, collective memories, and definitions of an organization were thus considered critical components to the effectiveness of organizations. Prior to this time, researchers merely focused on documenting, explaining, and building upon pre-existing management models (Martins & Martins, 2002). In this light, Schein (1985, p.9) argued that “organizational culture is even more important in recent times than it was in the past since increased competition, globalization, mergers, acquisitions, alliances, and various workforce developments have created a greater need for issues such as product innovation, strategy innovation and process innovation, and also the ability to successfully introduce new technologies, like information technology”.

In their definition, Deal and Kennedy (1982) referred to organizational culture as the way things are done in an organization, and which considers a set of meanings created within the organization but influenced by broader social and historical processes. According to Ball and Asbury (1989); Schein, (1984) organizational culture in its most basic form refers to a system of shared norms, beliefs, values and assumptions that bind people together (Du Plessis & Hoole, 2006). Desphande and Webster (1989, p. 4), define organizational culture as “a set of shared values that help organizational members to understand organizational functioning and thus guide their thinking and behaviour. Sathe (1985, p.2) defined it as “a set of common understandings for organizing action and language and other symbolic vehicles for expressing these common understandings”. Schein (1985, p.9) indicated that organizational culture “represents the collective, shared meaning of existence in the organization and how life in this setting is to precede, a pattern of basic assumptions invented or developed by a given group as it learns to cope with its problems of external adaptation and internal integration”.

According to Barney (1986) organizational culture can be defined as a set of shared values, beliefs, assumptions and symbols that direct the way in which a firm runs its business. Schein (1985) referred to organizational culture as a set of beliefs, values and assumptions shared by members of an organization; and argued that these underlying values influence the behaviour of organizational members and guide their behaviours toward organizational goals. Sarros, Gray and Densten (2001) defined organizational culture as the collective rules by which an organization operates. These rules, they noted, are formed by shared behaviours, values and beliefs, pointing out that an organization’s culture forms the basis for how individuals operate within the context of the organization. Sarros et al. (2001) further argued that the way a group or individual behaves, defines what is “normal” and sanctions what is not normal, is determined by

their culture. Accordingly, they maintained that culture can be defined either by a set of observable behaviours or by the underlying values that drive behavior. They noted that vision statements, mission statements, and statements of values of large organizations' often describe formally their culture.

In conclusion, organizational culture seems to concentrate on the shared behavioural expectations and normative beliefs in work units and is an aggregation of individual perceptions of the work environment (Glisson & James, 2002). Thus, organizational culture refers to the meanings inherent in the actions, procedures, and protocols of organizational commerce and discourse (Sarros, Cooper, & Santora 2008). In other words, organizational culture is considered specific to an organization, remains relatively constant, and has the potential to influence inter-organizational relations. For these reasons, organizational culture is widely viewed as a source of sustained competitive advantage to businesses (Miron, Erez, & Naheh, 2004). In summation, research presents certain fundamental perceptions about the concept of organizational culture. The first deals with the view which considers culture as "the glue that holds the organization together". The second perception connotes the concept as a central part of the process of change. Research further indicates that organizational changes usually promote and intensify competitiveness, in that they require dramatic changes in strategy, technology, working systems and management style, among others. In addition, these changes are said to require an in-depth analysis of values, beliefs and behaviour patterns that guide day-to-day organizational performance, highlight the significant role played by creativity and innovation in the change process. There are, however, previous studies that considered organizational culture as a control mechanism in managing staff. In addition, based on resource-based view, some researchers demonstrated that organizational culture has the capability to create a source of sustained competitive

advantage for firms, since it is a firm-level resource which is valuable, rare and difficult to imitate (Denison, 2001).

In view of the above, the importance of being aware of an organization's culture at all levels since culture can define appropriate and inappropriate behaviour cannot be over-emphasized. In some cultures, for example, creativity is stressed whereas in others, the status quo is often maintained and idolized. And whereas some cultures are more socially oriented, others are task-oriented, with emphasis on a strictly business environment. There are also firms where teamwork is emphasized and others that encourage and place value on individual achievement. An organization's culture is also said to determine the way in which employees are rewarded. In this case, management tends to focus on a dominant source of motivation, such as pay, status, or opportunity for personal growth and achievement. In addition, the accessibility of management and the ways in which decisions are made also reflect the culture of an organization (Khan, 2010).

### ***2.3.3 Organizational Innovativeness***

Of all three organizational processes considered in this study, innovation is a concept perceived as a rather complex process (Janssen, Van de Ven & West, 2004). Research indicates that the concept of innovation was for the first time considered by Schumpeter (1934) who recognized it by describing it as a process of creating new brand, new products, new services, and new processes and its impact on economic development. Han, Kim, and Srivastava (1998) also argued that the conventional meaning of term "innovation" mostly refers to new product-related breakthroughs. Nevertheless, literature on innovation identifies two main approaches known as object-based, which focuses on innovation itself, and subject-based, which focuses on issues

pertaining to countries, industries, organizations, and groups, which initiate and implement innovation (De Jong, 2006).

As defined by Dess and Lumpkin (2005) innovativeness referred to an organizational wide tendency to introduce newness and novelty through experimentation and research at development of new products, services, and new processes. They noted that innovativeness involves a transformation process of an old and original idea into a new product or service which has a commercial value in the market place. According to Gopalakrishnan and Damanpour (2000), organizational innovativeness is the number of innovations an organization adopts over a period of time. Hurley and Hult (1998, p.44) asserted that innovativeness is “the notion of openness to new ideas as an aspect of a firm’s culture.” Hage (1999) posited that innovativeness has long been acknowledged as one of the most valuable assets of organizations. He argued that the astonishing pace of new technologies, changes in consumer demands and preferences, and fierce competition requires businesses to stay innovative to survive and grow in the market. Hage noted that research has proven the ability of innovativeness to promote the survival of firms, and concurrently, improve as well as create wealth. Chen and Ho (2002) also noted that the importance of innovation has been described in a multitude of ways in recent years as either having displaced quality as the standard for differentiation or for being the only sustainable competitive advantage or being a necessity for the continual survival of organizations. Irrespective of how the concept has been described, contemporary business populace acknowledges its critical role for the success of any organization. Essentially, therefore, the concept remains widely viewed as an important tool in the unstable business environment (Subramaniam & Youndt, 2005). Besides, innovation, for a long time, has equally been considered an essential factor for the survival of organizations (Khan et al., 2009).

According to Calantone, Cavusgil, and Zhao (2002) innovation in itself is defined as the generation, acceptance, and implementation of new ideas, processes, products or services and noted that the innovation process includes the acquisition, dissemination and use of new knowledge; as well as successful implementation of creative ideas within an organization. Rogers (1995, p. 35) defined an innovation as “an idea or object that is perceived as new by an individual or an agency” while Tyler (2001) noted that an innovation consists of certain technical knowledge about how things can be done better than the existing state of the art. Robertson and Yu (2001) also described innovation as the perceived newness of the idea from an individual’s point of view that determines his or her reaction to it, and indicated that the notion of innovation is established once that idea seems new to the individual. According to Neely, Oke, Stafylarakis, Munshi, Puranam, Towells and Moslein (2001) organizational innovation refers to the introduction of new approaches to managing or organizing the firm. Suranyi-Unger (1994) also referred to organizational innovation as the introduction of any new product, process, or system into an organization. Weerawardena and O’Cass (2004, p.421) defined innovation as “application of ideas that are new to the firm to create added value, either directly for the enterprise or indirectly for the customers, regardless of whether the newness and the added value are embodied in products, processes, work organization or management, or marketing systems”.

All the above definitions affirm the assertion that organizational innovation, no matter how it has been described, has been consistently referred to as the adoption of an idea or behaviour that is new to the organization, and the consensus thus remains that innovation is associated with novelty, in other words, something which is considered or perceived as newly introduced or created. Innovation, however, may be a new product, a new service, a new technology, or a new administrative practice (Wineman, Kabo &

Davis (2009). For the purposes of this study, innovation is discussed from an organizational point of view, taking into account both technological and administrative criteria of the concept and to this end Gopalakrishnan and Damanpour (2000) definition is adopted.

While its definition has remained somewhat consistent, the features of innovation that have been examined have shifted across time and this includes the kinds of problems about the concept that have interested people. In fact, Damanpour and Gopalakrishnan (1998) pointed out that innovation has been classified in various ways, depending on the perspective from which it was studied. They noted that several of these classifications stress the role of technological innovation. Hence, most of the researches on innovation tend to have highlighted technological innovation even though research has demonstrated that innovation may not be completely technologically based. For these reasons, recent studies have focused on administrative innovation that relates to basic business operation activities of an organization (Jaskyte, 2004). Essentially, technology versus administration aspects of innovation is been suggested to have been given equal emphasis. Further to this, Damanpour (1991) distinguished technical innovation from administrative innovation on the basis of the dual-core model. Tushman and Nadler (1986), however, argued that most innovations originated from conceptual accumulation and technological improvement. And as noted by Jaskyte (2004) technical innovation includes new technologies, product and services, and administrative innovation comprises new procedures, policies and organizational issues.

Duygulu and Ozeren (2009) in their attempt to explain firms desire to innovate indicate that organizations may innovate, either in business models, products, services, processes and channels, either to maintain or capture markets, to outdistance competitors, or to assure their long term-growth and survival, especially in highly

complex and turbulent business environments. These reasons for innovations are all considered necessary for organizational overall strategy in as much as they may also enhance the strategic value of the organization. This assertion is further affirmed in Vakola and Rezgui (2000) definition of innovation as “an idea, a product or process, a system, or device that is perceived to be new to an individual, a group of people, or firms, an industrial sector or a society as whole.” The changing nature of innovation is also commented on by Gary Banks, Chairman of the Productivity Commission:

*“...innovation models are evolving. Gone are the days when most business innovation was conducted within the walls of the company seeking to improve its production processes or bring a new product to the market. New technologies, as distinct from their specific applications, are increasingly being bought and sold, leading to new forms of pricing knowledge. Also, potential users of innovation are much more likely to involve themselves in its development rather than wait for it to be brought to market...” (Banks 2008, p. 14).*

Innovation, depending on its nature, has also either been termed radical or incremental. Radical innovation, used mostly in the 1980s and 1990s and often in the private sector organizations, refers to fundamental changes in the activities of the organization from existing practices. On the other hand, incremental innovation, which was predominant in the public sector organizations during the 1960s and 1970s, refers to lesser degree of changes. Incremental innovations are considered market-pull innovations often coming from firms that are good at gathering, disseminating and responding to intelligence from the marketplace. In contrast, radical innovations are technology-push oriented, and also tend to be risky, often requiring different

management practices. However, radical innovations may change existing market structures and create new opportunities (Jaskyte, 2006).

As opined by Coffman (2005), innovation has attracted much more attention recently as one of the core processes that every organization must nurture in order to retain its viability. He posited that innovation in an organization goes beyond just simply responding to change but creating change in the environment that other organizations must respond to. Consequently, it may generate a sustainable competitive advantage. Brown and Eisenhardt, (1995) indicated that those organizations with innovative capacity are able to respond to environmental change more aptly and perform better than organizations that are non-innovative, particularly in an increasingly complex and highly dynamic environment. Assumptions of the resource-based perception, however, suggest that firms are often able to implement value creating strategies which are not easily duplicated by competing firms in instances when they possess rather limited incomparable and non-substitutable valuable resources. As noted by critics, this effort connotes an intention to develop an idea, carry it out, react to it and modify it whenever necessary (Prahalad, 1996).

Despite the fact that creative and dynamic organizations are lauded, the topic of organizational innovativeness is yet to gain appreciable recognition in either organizational or management theory and research. Nevertheless, the argument is that innovations reflect a critical way in which organizations respond to either technological or market challenges, especially now that technological advancement is increasingly considered the basis of interstate competition. Besides, researches on innovation have often focused on rates of innovation and not on single innovations. An exceptional case may however be cited in the instance of diffusion studies where the speed of adoption is an issue. For instance, in a meta-analysis by Damanpour (1991), he argued that the

greater the number of innovations considered in a study, the more consistent the findings. The conclusion thus was that, the focus on the rates of a phenomenon will produce more consistent results than the analysis of a single event, a conclusion which is considered very important (Hage, 1999).

### **2.3.4 Leadership and Culture**

Research suggests that leadership and culture are recognized as concepts critically related to the effective functioning of organizations. Besides, the two concepts are also extensively believed to be linked in the process of change, hence, suggested to be strongly correlated with each other. For example, an early pioneer in the field of cultural research, Schein (1992) illustrated this inter-connection by looking at the relationship between leadership and culture in the context of the organizational life cycle. In his assertion, Schein acknowledged that leaders have a major impact on the formation of organizational culture. He argued that the most important function of a leader is the ability to create and mold organizational cultures. He also noted that the beliefs, values, and assumptions of leaders to a large extent establish the foundations of an organization's culture into which incoming members are indoctrinated. He further posited that leaders can transmit and embed organizational culture through calculated teaching, coaching, role modeling, reward allocation, recruitment, selection, promotion, and other mechanisms.

Put differently, the founders of companies tend to create an organization which reflects their values and beliefs during the process of organizational formation. Subsequently, the organizational cultural traits tend to follow from the founders' perception. In a similar manner, leadership behavior and ways of doing things are also influenced by the created organizational values and the prevailing organizational culture.

Thus, the organizational culture created by leader in effect shapes the leader. This connection between leadership and organizational culture implies that the leader does have the ability to influence culture and the culture equally influences the organization's leadership. In other words, a leader is capable of transforming an organization and change a culture, while a culture equally possesses the ability to determine how the leader leads (Ogbonna & Harris, 2000). The study by Peters and Waterman (1982) further served a typical example of the significance of examining the relationship between leadership and organizational culture, particularly the development and change in cultural ideology. The study revealed that well-managed companies have strong cultures and that these strong cultures were usually an outcome of the leaders who created sets of cultural beliefs within the organization (Mullins, 2006).

Bass (1985) on the other hand argued that personalities and talents of leaders are reflected in the organization and culture that is established. He noted the capacity of the leader to comprehend the cultural indicators such as values and conventions, and also make deliberate efforts to transform the culture through leadership in order to be successful. Bass (1985) demonstrated this relationship between leadership and culture by examining the impact of different styles of leadership on culture. He argued that transactional leaders tend to operate within the confines and limits of the existing culture, while transformational leaders frequently work towards changing the organizational culture in line with the leader's vision. Brown (1992) claimed that good leaders often develop the expertise that enables them to revise aspects of their culture in order to improve their organizational performance, buttress the above assertion (Mullins, 2006). However, in explaining one way of unveiling the relationship between culture and leadership, research posits the need to examine how culture has been conceptualized in organizational theory. In this regard, two approaches are identified as been employed

in the study of the concept of culture in organizations. The first approach describes culture as an organizational variable or as a functionalist orientation. This approach asserts that leaders are the architects of cultural change either through substantive, visible actions or through the symbolic roles they play. The second approach, known as the anthropological view and which questions the ability of leadership to genuinely create culture and based on the premise that leaders are part of culture, not apart from it holds that culture is a construct that can be manipulated, noting that the nature, direction, and impact of such manipulation are dependent on the skills and abilities of the leader. These perceptions of culture seem to have been extensively substantiated by the majority of literature that expresses extensive advocacy for transformational leadership. Meanwhile, Ogbonna and Harris (2000), asserted that the thoughts, feelings, and responses of leaders tend to be shaped by the organizations' culture when culture is considered an integral part of the organizations.

As promulgated by Hofstede (1980), the relationship between leadership and motivation/performance may be influenced by the cultural milieu. Subsequent work in that area also suggests that the use of alternative leadership styles is contingent upon a given cultural setting (Francesco and Gold, 1998; Hofstede and Bond, 1988; Kreitner, 1995; Rodrigues, 1990). This assertion concurs with suggestions of earlier studies that culture needs to be taken into consideration when channel member behaviours and sentiments are being investigated in multiple nations. More specifically, channel leaders need to match leadership styles with a particular culture and know the relative effectiveness of the various leadership styles for stimulating channel partner motivation under various cultural conditions (Frazier et al., 1989; Johnson et al., 1993, 1996).

Drawing from this assertion, earlier studies hypothesized that the linkages among the three leadership styles (participative, supportive, and directive) are channel partner

motivation are positive but may be moderated by national culture (Frazier et al., 1989; Johnson et al., 1993, 1996). In addition, a leader using a particular leadership style (e.g. participative) will manifest a certain degree of that style. Moreover, a leader may exhibit varying degrees of different leadership styles concurrently or have a greater propensity for using one style over the other (Anderson et al., 1999). Findings from a study in the USA suggest that all three leadership styles investigated (Participative, Supportive, and Directive) have a significant, positive impact on channel partner motivation - though at varying degrees - which in turn is associated with high performance (as expected). Collectively, these leadership styles explain 68.7 percent of the variation in motivation (F-value= 125.1,  $p < 0.000$ ). The beta coefficients reveal that a participative leadership style is most strongly associated with motivation, followed by a supportive leadership style and then a directive leadership style. A directive style, however, was posited as having the strongest association with motivation, and the other two styles were presumed to have weaker relationships with motivation.

The results for the study conducted in Finland indicated that participative, but not directive nor supportive leadership style is significantly and positively associated with channel member motivation. The independent variables explain 9.2 percent of the variance in motivation (F-value= 2.78,  $p < 0.05$ ). Thus, the beta coefficients indicate that participative leadership style has the only significant effect on channel member motivation. With respect to a similar study carried out in Poland, the three leadership styles- collectively- are unrelated to channel member motivation, as overall F- value of 1.33 is not significant ( $p > 0.05$ ). Thus, there is no empirical support for the relationship between leadership styles and motivation in Poland as hypothesized.

Zhong-Ming WANG and Takao Satow (1994) also examined the patterns of leadership styles in Chinese-Japanese joint venture with leadership as a management

function. In this study, leadership styles were measured by a scale developed on the basis of the concepts of a Japanese leadership survey instrument by Recruit Co. Ltd (1984). The scale has 40 items in four functional leadership dimensions: expectancy, sentiments, informativeness, and trustworthiness. Altogether, 151 managers from top and middle management in 72 companies comprising of 14 Chinese-Japanese joint ventures, 3 Japanese ventures, 32 Chinese state-owned companies, 23 other joint ventures were studied. In addition, 88 middle level managers were interviewed in terms of human resource practices in joint venture companies. Comparisons were made between leadership styles in Japanese joint ventures and styles in other joint ventures and Chinese state-owned companies and special attention was paid to the way the leadership styles affect organizational effectiveness in joint ventures with different structural features.

Result from the study reveals that leadership in the Chinese-Japanese joint ventures were a much more positive in comparison to average levels of the whole sample and much higher than average levels on the leadership styles studied. Furthermore, significant differences were found in leadership styles among joint ventures with different partnerships, as perceived by managers. In general, Chinese-Japanese joint ventures revealed the most positive leadership styles, (especially in the leadership functions of sentiment and informativeness), whereas Taiwan and Hong Kong joint ventures also had positive leadership styles. Chinese companies had similar leadership patterns as in Chinese-American joint ventures.

On the other hand, the leadership styles of Chinese-Japanese joint ventures and wholly Japanese ventures revealed no significant difference. Under different ownership (joint venture vs. Chinese companies), the results indicated significant differences in two leadership styles (expectancy and trustworthiness), while no significant differences

were found between two other (sentiment and informativeness functions). The study also found the overall organizational effectiveness in Chinese-Japanese joint ventures is significantly higher than that of other companies. Analysis further indicates that of the leadership functions, expectancy, sentiment and informative styles have a close relationship with organizational effectiveness, whereas trustworthiness has a weak correlation with performance.

Furthermore, a survey conducted in Nigeria to determine whether psychological variables like Leadership styles and reward could enhance TQM practice (Total Quality Management), an emergent management technique from dissatisfaction with other existing techniques which focused on customers' satisfaction, continuous improvement, teamwork, and strong aspiration to self actualization (Deming, 1989, and Juran, 1986). The inventors of TQM focused less attention on tools, techniques and training but gave more attention to the human aspect of production. In essence, they recognized that tools alone cannot automatically produce TQM instead the power of the human mind to identify and correct problems more efficiently than all the quality tools invested (Williams, 1994).

The hypotheses of the research were tested with a 2x2x2 analysis of variance (ANOVA), to determine the main and interaction effects of perceived leadership styles- which were in two forms of performance and maintenance with each at two levels of high and low- and reward- which was also at two levels of high and low- on practice of TQM. Results shows significant effect of performance leadership style on practice of TQM  $F(1, 99) = 9.72; p < 0.01$ . Employees who perceived their leaders as low in performance leadership style ( $X = 80.68$ ) were significantly higher in practice of TQM than those who perceived their leaders as high ( $X = 70.74$ ). There was, however, no

significant difference between employees who perceived their leaders as high or low in maintenance leadership style  $F(1, 99) = 0.88$ ;  $p$  ns.

The result of a two way interaction effects showed that performance leadership style and perceived reward did not show significant interaction in determining the practice of TQM  $F(1, 99) = 3.00$   $p$  ns. A three –way interaction effect was also not significant  $F(1, 99) = 3.77$ ;  $p$  ns. There was, however, a significant interaction effect of maintenance leadership style and perceived reward in the practice of TQM  $F(1, 99) = 19.82$ ;  $p < 0.01$ . A post hoc analysis, carried out to examine the direction of the significance and the results, using Scheffe analysis further shows that employees who perceived their leaders as high in maintenance leadership style and perceived low reward in the organization significantly scored highest on practice of TQM ( $X = 89.50$ ) when compared to others.

For the interaction effects of maintenance leadership style and reward on TQM practice, results further indicates that with high maintenance leadership style, TQM is practiced better when reward is low ( $X = 89.50$ ) than when it is high ( $X = 70.02$ ). On the other hand, TQM is practiced better with high reward ( $X = 80.39$ ) than with low reward ( $X = 79.98$ ) with low maintenance style. ANOVA results further shows that there was significant interaction effect between maintenance and performance leadership styles in practice of TQM. Possible direction of the significance using Scheffe's post hoc analysis indicates that TQM is best practiced under leaders perceived as exhibiting low performance and high maintenance leadership styles ( $X = 85.0$ ) when compared to all other combinations.

Results further show that the two leadership styles interact significantly in such a manner that high performance leadership style combines with low maintenance style to enhance practice of TQM, while low performance leadership style combines with high

maintenance style to positively affect practice of TQM. Finally, multiple t- test for independent groups was used to compare the TQM and non- TQM organizations on perceived leadership styles and reward. Results show that employees in the TQM and non- TQM organizations perceived their leaders differently on performance leadership  $t(394) = 3.47; p < 0.001$ , with the former perceiving significantly higher level ( $X = 44.16$ ) than the latter ( $X = 42.11$ ). Maintenance leadership was also perceived differently  $t(305) = 4.57; p < 0.001$  and the employees in the TQM organizations were significantly higher ( $X = 43.49$ ) than their counterparts in non- TQM organizations ( $X = 39.91$ ). Results further showed that differences existed between the employees in TQM organizations and those in the non- TQM organizations  $t(316) = 4.83; p < 0.001$  in the perception of their leaders' leadership styles. The TQM employees also perceived higher reward ( $X = 26.39$ ) than the non- TQM employees ( $X = 23.37$ ).

Similarly, a number of previous studies have examined leadership style in a non-Western setting (1995). For example, Ali et al. (1995) investigated the decision-making styles of UAE national managers and Arab and foreign expatriates. The results suggest that the consultative style was predominant. Ali (1993) also examined the decision styles of Arab Gulf executives and the results also point to a strong preference for the consultative style. Furthermore, Ali (1989b); Al-Jafary and Hollingsworth (1983) and Muna (1980) examined the decision making styles of Arab executives. They report those Arab executives are highly committed to the consultative style. Dahhan (1988) studied the decision styles of Jordanian top managers. She found that Jordanian top managers follow an authoritative management style, a finding that is also reported by Badawy (1980) for Mideastern managers. However, Kaur (1993) reports that the autocratic style prevails among Indian managers.

The extent to which organizational values are shared among employees (cultural consensus) is another important point worth noting when examining the relationship between leadership and organizational culture. To this end, it is suggested that the degree to which the leader's culture-related messages are acknowledged determines the homogeneity or heterogeneity of organizational culture. According to King and Anderson (1990), employees will be more likely to be committed to and identify with the leader if the leader's vision is based on the values and moral justifications that are acceptable to the employees. On the other hand, opposing subcultures may arise in the organization, if employees do not support the leader's stance. Nonetheless, the body of evidence is highly in favour of the functionalist perspective, in which leaders are in a position to shape the organization's culture. As such, it is generally asserted that organizational managers and executives "make" the environment and not the other way round (Waldman & Yammarino, 1999).

Transformational leadership has also on several occasions been revealed by researchers as often needed to change culture. The assertion, however, is that a great deal of energy and commitment is required if change must be achieved (Sarros, Cooper, & Thomas, 2008). And to this end, Bass (1999) suggested that top management often define the changes that are required for an organizational culture as rather transformational. Accordingly, the created organizational culture acknowledged as been born out of the behaviours of the top-level leaders. This statement supports research claims that the top echelons of leaders are in a position to significantly influence cultural identity and change (Barlow, Jordan, & Hendrix, 2003). In summary, various assertions on the links between organizational culture and leadership concur with the suggestion that the relationship between the two concepts represents an ongoing interplay in which the leader shapes the culture and the resulting culture in turn shapes the leader, and

hence, both concepts must be considered in an attempt to investigate the relevance of either concept to the process of organizational innovation.

### ***2.3.5 Leadership and Organizational Innovativeness***

As posited by literature, leadership may influence the work environments that contribute to innovation to a large extent. In this sense, leadership could define and shape the organizations' innovativeness. Research also affirms the existence of evidence that establish individual leadership style as an important determinant of innovation. In their efforts to classify leadership styles appropriate for fostering innovation and understand the relationship between leadership and innovation, Dess & Picken (2000) noted supportive, participative, vision setter, democratic and collaborative leadership styles as effective in encouraging innovation. In addition, Ogbonna and Harris (2000) asserted that participative leadership is associated with cultures of innovation and high-performing companies. According to Zahra (1999, p.38) "participation in the emerging global economy requires - in fact, demands innovation and entrepreneurial risk taking".

Research further posits that the top management of an organization might influence employee creativity and organizational innovation in a number of ways. First, top managers are often able to shape the work contexts within which employees interact by defining goals, problems, and solutions. Second, leaders are said to have the ability to direct individual and joint efforts of employees towards innovative work processes and outcomes by communicating and emphasizing long-term rather than short-term business outcomes; for example, growth and value rather than quarterly profits. In addition, leaders are considered capable of significantly boosting organizational creativity by creating and sustaining an organizational climate and culture that nurtures creative efforts and facilitates diffusion of learning. Finally, leaders have the capability to develop and maintain a system that values and rewards creative performance through

compensation and other human resource related policies. In this regard, Jung (2001) indicates that firms provide intrinsic and extrinsic rewards for efforts to acquire new skills and to experiment with creative work approaches, employees' aspiration to engage in creative endeavours is constantly reinforced (Jung, Chow, & Wu, 2003).

Other studies which examined the links between leadership and innovativeness coincide with the re-emergence of the 'one best way to lead' debate. Particularly, the renewed interest on charismatic leadership often referred to as transformational leadership. To this end, several researchers theorize that transformational leadership is linked to organizational effectiveness. Research thus argued that the visionary and inspirational skills of transformational leaders motivate followers to deliver superior performance. Research also indicates that transformational leadership supports and promotes innovation, which in turn ensures the long-term survival of organizations. In addition, transformational leadership is recognized as the ideal style for promoting innovation (Jaskyte, 2004). Scott and Bruce (1994) equally asserted that the role expectations of a supervisor have a positive influence on subordinates' innovative behaviour. Tierney, Farmer, and Graen (1999) examining the quality of leader-follower relationship based on leader-member exchange theory maintained that the quality of leader-follower relationship was positively related to employee creative performance. Further evidence suggests that employees produce more creative work when they were supervised in a supportive, non-controlling manner. Nevertheless, the empirical investigation of the relationship between leadership and innovation has received little attention (Jaskyte, 2004).

### **2.3.6 *Organizational Culture and Innovativeness***

The literature on organizational culture, to a very large extent, is rich and diverse and much of this richness is premised on research assertion that culture is linked to organizational innovativeness (Ogbonna & Harris, 2002). Surprisingly, however, literature reveals that very few empirical studies on the impact of organizational culture on organizational innovation exist. Besides, most of the studies that have investigated the relationship between the two concepts focused on large organizations mainly in developed economies. Even though some theorists do not concur to general consensus that suggests an inter-relation between culture and innovativeness, considerably sufficient evidence exist to confirm that organizational culture is associated with organizational innovativeness (Sarros, Gray & Densten, 2001).

The assertion is that, cultural values and norms are a powerful means to stimulate innovation and that successful innovation, could somewhat depend on organizational cultural norms developed by groups and the extent to which the groups' cultural orientation aligns with, and also the extent to which it correlates with the general orientation of the organization. Hence, research emphasizes that organizational culture is centrally placed in the process of organizational innovation and, and in fact the former may affect the extent to which creative solutions are encouraged, supported and implemented in organizations (Poskiene, 2006).

According to Martins and Terblanche (2003), a culture that supports creativity encourages innovative ways of representing problems and finding solutions. They noted that unlike processes that are characterized by formalized and pre-specified activities, innovation is an activity not done in any particular manner, and hence possesses a considerable amount of uncertainty around the tasks to be performed. Martins and Terblanche argued that an organizational culture without acknowledged rules and tenets

could either discourage creativity or encourage innovation. Research, however, maintains that culture supports innovation by creating an organizational climate that establishes innovation as an important activity. Furthermore, a supportive culture may promote and sustain the complex, interactive process of social exchange required to ensure that innovation thrives in an organization when organizational efforts are geared towards the appropriate innovative processes. In effect, several authors suggest that organizational culture is one of the critical factors that enhance innovativeness. For example, Jaworski and Kohli (1993) posited that market-orientation (a culture typology) is one of the key antecedents of innovativeness, in that a market-oriented business essentially provides the target audience with innovative products. Other researchers however, suggest learning-orientation as being critical to an innovative organizational climate (Slater & Narver, 1995). Research, nevertheless, indicates that other cultural factors may exist that directly influence innovativeness, and name such processes as participative decision making, level of collaboration, power sharing, openness of communication channels, attitude towards risk taking and tolerance for conflict (Kaplan, 2009). The importance of a “pro-innovation” culture is equally stressed in literature considering the fact that not all dominant cultures in an organization could facilitate innovation process and thereby may be unable to build innovative competency within the organization.

Contrary to this view is, however, the argument that innovative organizations often have strong cultures, even though there are counter claims suggesting that strong cultures may even inhibit innovation (Jaskyte, 2003). The preceding statement thus goes to support the argument by Poskiene (2006) that the success of an innovative initiative may depend on the extent to which it aligns organizational members’ orientation and supported by the overall organization’s cultural norms.

### ***2.3.7 Leadership Styles, Organizational Culture, and Innovativeness***

Literature on research that examines the relationship between leader approaches, organizational culture, and innovativeness suggests that leaders can create and manage an organizational culture that promotes innovation. There is also research evidence suggesting that leaders can spearhead the introduction of products or serve as heroic innovators who support innovation throughout the implementation process of innovative initiative. In addition, leaders may be able to create an organizational structure needed to support innovativeness. In addition, leaders are noted as possessing the capability to improve organizational capacity to innovate by directing resources and energy toward implementing new programs and by focusing their efforts on innovative activities. Research further suggests that leaders can help develop, shape, and maintain a desired organizational culture and they may also affect organizational innovativeness by creating new sets of shared values (Jaskyte, 2004). In view of the afore-mentioned evidence, research suggests that a firm's tendency to innovate may only be completely explained and understood with the joint investigation and assessment of the concepts of leadership, organizational culture, and innovativeness. The underlying idea for this assumption holds that each concept investigated independently partially explains the nature of the concept in relation to the process of innovation. Meanwhile, a joint assessment of the three concepts is likely to increase the understanding of how each relates to the other and how the three interact in the process of organizational innovation. Research thus, suggests that organizational culture typologies and leadership styles should be analyzed together in order to understand the absolute determinants of innovativeness in organizations (Duygulu & Özeren, 2009).

In an empirical study that investigated the joint impact of different perceived leadership styles (participative, supportive and directive leadership) and organizational

culture typologies (market, hierarchy, adhocracy, clan) on firm's innovativeness within the Turkish business context, Duygulu and Özeren (2009) found adhocracy culture as a common variable for all firms within the study sample in explaining innovativeness. They noted that on firm level analysis, market culture was found favorable for construction and chemical firms. On the other hand, employee oriented leadership was found to be ideal for steel and iron firm. In addition, hierarchy and change centered leadership seem to work well for pharmaceutical firm whereas for aviation firm adhocracy culture was found to explain firm's innovativeness. In the case of a departmental analysis, hierarchy and change centered leadership seem ideal for production department, and for marketing department adhocracy culture are determined as common variables in explaining innovativeness within the firm.

Elenkov and Manev's (2005) study of 270 top managers' influence on innovation in 12 European countries found that socio-cultural context was important in leadership-innovation relationship and confirmed that leaders and top managers positively influence innovation processes in organizations, findings which were consistent with other researches (see Henry, 2001; Howell & Higgins, 1990; West, Borrill, Dawson, Brodbeck, Shapiro, & Haward, 2003). In another research conducted by Bass and Avolio (1994), it was found that in the presence of an organizational climate that supports innovation within the leader's unit, a positive relationship was found between the intellectual stimulation provided by the leader and unit performance. However, when support for innovation was absent, the positive relationship became insignificant.

Jung, Chow, and Wu (2003) in their study that investigated 32 Taiwanese companies, found that transformational leadership had significant and positive relationships with organizational innovation when mediated by "an organizational

culture in which employees are encouraged to freely discuss and try out innovative ideas and approaches". However, their study did not identify specific transformational behaviours and their effects on organizational innovation, although their findings suggest that intellectual stimulation and the capacity to constantly challenge workers encourage innovation. Research further holds that leaders can encourage employee commitment to innovation by stressing core values and promoting group loyalty. Leaders are also said to be able to set the tone and atmosphere for innovation through the use of organizational symbols, logos, slogans, and other cultural expressions. As a result, leaders may motivate employees to pursue goals that may not have otherwise been attempted, modify employees' values through changes in the psychological contracts (unwritten commitments made between employees and employers), and encourage the need for change (Rousseau, 1996; Schein, 1985; Trice & Beyer, 1993).

In fact, a number of authors suggest that the leader's values for change and innovation influence the organization's level of innovativeness, and by upholding values that support risk taking and innovation, leaders encourage their acceptance by other members of an organization, a situation which contributes extensively to shaping the organization's level of innovativeness (Jung & Avolio, 2000).

#### **2.4 RATIONALE FOR THE STUDY**

Literature in the field of organizational processes has consistently noted leadership styles, organizational culture, and organizational innovativeness as some of the key elements central to organization theory. Research further indicates that of particular relevance is the relationship between leadership and organizational innovativeness and the inter-relationship between culture, leadership, and organizational innovativeness are equally issues that are undeniable of interest to researchers of

organizational processes. In addition, the literature on leadership, organizational culture, and organizational innovativeness suggests that exploring the relationships among these variables might contribute to a better understanding of the processes that influence innovativeness (Jaskyte, 2004).

Literature on leadership also suggests that the capacity to understand and work within a culture is a precondition for effective leadership (Hennessey, 1998). However, despite the fact that leadership and culture have been inherently and unambiguously linked in countless organizational theorization, particularly to innovativeness, very limited research focus has been concentrated on the relationship between the two concepts and the impact that such an association might have on organizational innovation. In other words, given the numerous arguments that emphasize the importance of the concepts of leadership and organizational culture to organizational processes, especially in influencing organizational innovativeness, substantial research is yet to investigate the innovative implications of the inter-relationships between organizational culture and leadership. This, according to research, is unexpected (Fiedler, 1996; Schein, 1992).

The suggestion over the years has therefore been the need for studies that will further provide empirical evidence that substantiates the interrelationships between leadership styles, organizational culture, and organizational innovativeness. The present study, thus, sought to investigate the relationship between leadership styles, organizational culture, and organizational innovativeness, in an attempt to establish the intervening effect of each of the former two in determining the latter. The study also sought to investigate how the concept of organizational culture affects the choice of different leadership styles in influencing organizational innovativeness. In addition, while researchers have offered a wide range of studies that have basically focused on the

relationship between particular leadership styles such as transformational leadership and organization's innovative orientation, this, study, examines leadership behaviours employed in influencing organizational innovativeness from a situational approach perspective and not necessarily labeling a particular leadership style as bestsuited to all organizational environments. Finally, all three concepts being investigated in this study are examined from a multi-dimensional point of view, for instance organizational culture are investigated based on the typologies, and leadership in terms of different styles. Also various dimensions of organizational innovation are considered.

## **2.5 *Summary and Conclusion of the Reviewed Literature***

In reference to the above review, the relationship between leadership and culture is unarguably established. Literature on leadership and culture also suggests the role of leaders in 'creating' and 'maintaining' particular types of culture, and on the other hand the ability of the created culture to in turn shape leadership behaviour. Furthermore, the review of literature provides evidence in support of the volume of empirical research demonstrating the relationship between leadership and innovativeness on one hand, and organizational culture and innovativeness on the other. In addition, the few studies carried out that have established the relationship between leadership and innovativeness only examined a directed link between particular leadership styles and organizational innovativeness. In addition, the implicit and explicit interrelationship between leadership and culture in organizational theorizing notwithstanding, little critical research attention has been devoted to understanding the interaction between the two concepts and the impact that such an association might have on organizational innovativeness. As such, researchers suggest the need for this relationship to be

examined in the light of a more wholly understanding of the relationship between these two concepts and organizational innovation.

## **2.6 STATEMENT OF HYPOTHESES**

Given the aim and objectives of this study and the above reviewed literature, the following hypotheses will be tested:

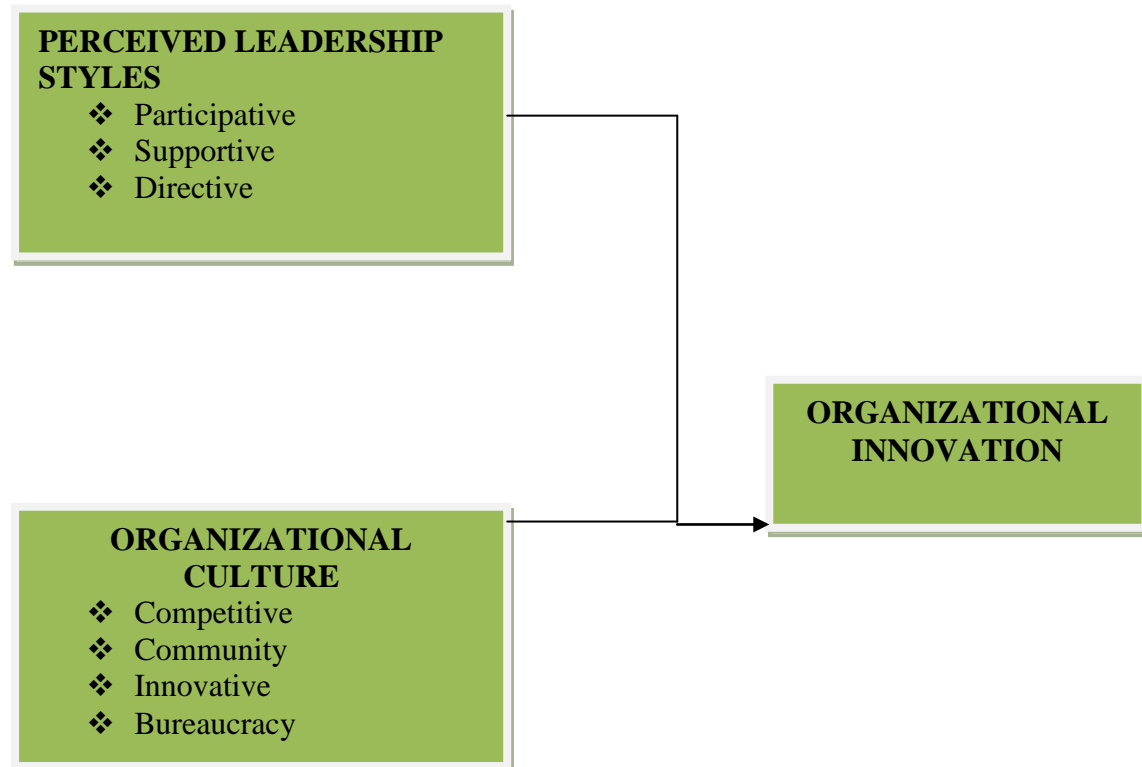
**H1:** Perceived leadership styles will significantly predict organizational innovativeness.

**H2:** Organizational culture will have a significant influence on organizational innovativeness.

**H3:** Participative leadership style will account for more variance in organizational innovativeness than supportive and directive leadership.

**H4:** Innovative culture will account for more variance in organizational innovativeness than competitive, bureaucratic, and community cultures.

## 2.7 CONCEPTUAL FRAMEWORK



*Figure 1: The hypothesized relationships between the independent variables and the dependent variable.*

## 2.8 OPERATIONAL DEFINITION OF TERMS

**Leadership:** “The ability to influence a group of people toward the achievement of goals”.

**Leadership Styles (IV):** “The traits, behavioural tendencies and characteristic methods of a person in a leadership position”.

**Participative Leadership:** “style of leadership in which the leader permits subordinates to take part in decision making and also give them a considerable degree of autonomy in completing routine work activities”.

**Supportive Leadership:** style of leadership which focuses on establishing good relations with subordinates and satisfying their needs, while showing concern for the well-being

and needs of employees, being friendly and approachable, and treating workers as equals.

***Directive Leadership:*** style of leadership that focuses on providing subordinates with specific guidance and establishing work schedules and rules.

***Organizational Culture (IV):*** a set of shared values that help organizational members understand organizational functioning and thus guide their thinking and behaviour.

***Competitive Culture:*** an organizational culture that focuses on external maintenance with a need for stability and control.

***Community Culture:*** an organizational culture that concentrates on internal maintenance with flexibility, concern for people, and sensitivity for customers.

***Innovative Culture:*** an organizational culture that concentrates on external positioning with a high degree of flexibility and individuality.

***Bureaucracy Culture:*** an organizational culture that focuses on internal maintenance with a need for stability and control.

***Innovation:*** the implementation of an idea, process, procedure, system, structure, or product that is new to the prevailing organizational practice.

***Organizational Innovativeness (DV):*** the number of innovations, an organization adopts over a period of 3 years.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 INTRODUCTION**

The study examined the influence of perceived leadership styles and organizational culture on organizational innovativeness. This chapter presents a description of the target population for the study, sample size and sampling techniques, as well as the research designs employed in the study. In addition, the chapter provides an account of the instruments used to collect data, describes how the data was scored, and presents a narrative of the pilot study preceding the actual study. In addition, the data collection procedure is described. Finally, the ethical considerations pertaining to the collection of data and how the researcher observed them are also discussed.

#### **3.2 ORGANIZATIONAL CONTEXT**

The study was conducted using the manufacturing, telecommunication and financial service (Banking) oriented organizations in the Accra and Tema Metropolis. The Accra and Tema Metropolis were deemed appropriate for this research because most of the manufacturing, telecommunications, and financial services (banking) oriented organizations is concentrated in these two cities. More so, the Tema and Accra Metropolis comprise a large number of these organizations in terms of the number of offices and staff. Thus, the Accra and Tema Metropolis represents the majority segment of organizations' population in the country and this makes the two Metropolises fairly representative of the largest organizational population in Ghana.

The type of organizations, that is the manufacturing, telecommunication, and the financial services (banking) oriented were purposively selected because these organizations in recent years are known to engage in quite a number of innovative inventions, with considerable number of new and very interesting services and products being introduced unto the business market at very short intervals. In addition, the banking and telecommunication firms in particular have, in recent years, adopted the introduction of “new products” ‘new services’, and ‘new promotional’ approaches in their quest to compete for customers and consumers with rivalry firms offering similar services and products. Besides, most of these organizations have undergone several and series of transformations and expansions in order to gain competitive advantage over their competitors and rival companies over the past few years. The organizations that actually participated in the present study were selected from a group of similar organizations using the simple random sampling technique (i.e. Societe General Ghana, Agricultural Development Bank, Ghana Commercial Bank, were randomly selected from a number of several banks; MTN, EXPRESSO, VODAFONE, were also randomly selected from a number of telecommunication firms, etc).

### **3.3 SAMPLE AND SAMPLING TECHNIQUES**

The simple random technique was used to select the number of the specific organizations that participated in the research. The convenience sampling technique was, however, used to select the actual organizations that participated in the study. In effect, nearby branches of the organizations that granted their approval to partake in the study were selected for the simple reason of proximity and easy access for the collection of data. The sample was made up of one hundred and seventy five (175) participants. The sample size was deemed appropriate for the study based on the

recommendations of Tabachnick and Fidell (1996) which stipulates that for an appropriate sample size for studies involving the use of multiple regression, the sample size (N) should be  $(N > 50 + 8M)$  where M is the total number of independent variables. Since there are two independent variables in the study, the minimum sample size required for this study was sixty six (66) [i.e.,  $50 + 8(2) = 66$ ]. Therefore, the sample size of 175 respondents more than satisfies the recommended sample size for the purpose of the present study.

### **3.4 DESCRIPTION OF PARTICIPANTS' CHARACTERISTICS**

The characteristics of participants of the study are described in this section. It is subdivided into institutional distribution, gender distribution, age distribution, marital status distribution, employment distribution, managerial position distribution and education distribution. A summary of the characteristics of the participants is presented in Table 1 below.

**Table 1: Demographic characteristics of the Sample**

| <i>Variable</i>       | <i>Frequency</i> | <i>Percent</i> |
|-----------------------|------------------|----------------|
| <b>Institution</b>    |                  |                |
| Banking               | 77               | 44.0           |
| Telecommunication     | 60               | 34.3           |
| Manufacturing         | 26               | 14.9           |
| <b>Gender</b>         |                  |                |
| Male                  | 107              | 64.1           |
| Female                | 60               | 35.9           |
| <b>Age</b>            |                  |                |
| 18-25 yrs             | 26               | 14.9           |
| 26-35 yrs             | 92               | 52.6           |
| 36-45 yrs             | 38               | 21.7           |
| 46-55 yrs             | 18               | 10.3           |
| 56-65 yrs             | 1                | .6             |
| <b>Marital Status</b> |                  |                |
| Divorced              | 4                | 2.3            |
| Married               | 101              | 58.4           |
| Single                | 68               | 39.3           |
| <b>Education</b>      |                  |                |
| SHS                   | 2                | 1.2            |
| O Level               | 2                | 1.2            |
| A Level               | 2                | 1.2            |
| Diploma/HND           | 24               | 14.3           |
| Bachelor's Degree     | 89               | 53.0           |
| Post graduate degree  | 49               | 29.2           |

***Institutional Distribution***

Seventy seven (77) respondents, representing 44% of the total sample of 175 were selected from the banking organizations, sixty (60) respondents, representing 34.3% of the sample were from the telecommunication organizations, and twenty (26) respondents, representing 14.9% of the total sample were selected from the manufacturing organizations.

### ***Gender Distribution***

One hundred and seven (107) respondents, representing 64.1% of the total sample were males and sixty (60) respondents, representing 35.9% of the sample were females.

### ***Age Distribution***

Twenty-six (26) respondents, which represented 14.9% of the total sample were below 25 years of age, ninety-two (92) respondents, representing 52.6% of the sample were between the ages of 26-35, thirty-eight (38) respondents, representing 21.7% of the sample were between the ages 36-45, eighteen (18) respondents, representing 10.3% of the sample were between the ages of 46-55 and one (1) person, representing .6% was above 56 years.

### ***Marital Status Distribution***

One hundred and one (101) respondents, representing 58.4% of the total sample size are married, sixty-eight (68) respondents, representing 39.3%, of the sample are single and four (4) respondents, representing 2.3% of the sample are divorced.

### ***Employment Distribution***

Organizational tenure ranged between 4 months and 30 years with a mean of 6.03 years ( $SD = 5.57$ ).

### ***Managerial Position Distribution***

One hundred and seven (107) respondents, which represented 61.1% of the total sample, are not in managerial positions, whereas sixty-eight (68) respondents, representing 38.9% the sample are in managerial positions.

### ***Educational Distribution***

Thirty (30) respondents, representing 17.9% of the sample hold a diploma or less, eighty-nine (89) respondents, 53% of the sample hold a bachelor degree, while forty-nine (49) respondents, representing 29.2% of the sample hold a post graduate degree.

### **3.5 RESEARCH DESIGN**

The research objectives form the basis of the research design. The present study adopted the predictive correlational (cross-sectional) survey design. This design was employed because the study sought to investigate the relationship between 2 predictor variables and a criterion variable. Multiple Linear Regression Model design was also adopted in the study. The design was used because the study equally sought to investigate which of the two predictor variables – leadership styles and organizational culture - (i.e. the two independent variables) more accurately predict the criterion variable – organizational innovativeness (i.e. the dependent variable).

### **3.6 INSTRUMENTS/MEASURES**

Data on the variables for the study were collected via self-administered questionnaire that was categorized in three (3) sections A, B, and C. Specifically, data were gathered on the following variables: perceived leadership styles and organizational culture (*independent variables*); and organizational innovativeness (*dependent variable*).

### ***Demographics***

This section contained the demographic characteristics on respondents and it gathered information on the type of institution, gender, age, marital status, tenure and managerial position.

### ***Perceived Leadership Styles***

Leadership Styles was measured using a scale developed by House and Dessler (1974). This scale measures 3 dimensions of leadership styles (Participative, Supportive, and Directive/Instrumental) and it is a 13 item scale which asks respondents to indicate the extent to which statements are true of their leaders. It is measured on a 7 point Likert type scale respectively anchored by 1 (Strongly Agree) - 7 (Strongly Disagree) and 1 (Very True) - 7 (Very False). The 13 items are divided among the 3 leadership dimensions with Participative, Supportive and Directive adapting 5 items (items 1, 2, 3, 4, 5), 4 items (items 6, 7, 8, 9), and 4 items (items 10, 11, 12, 13) respectively. Scores ranged between 7 and 35, 7 and 28, and 7 and 28 for Participative, Supportive and Directive leadership styles respectively. Low scores on each of the subscales mean that the leader is low on that style and high scores mean the leader is high on that style. That is, low scores mean the leader is low on Participative Leadership Style, Supportive Leadership Style and Directive Leadership Style and vice versa.

Ogbonna and Harris (2000) reported the following reliability (cronbach alpha) and validity co-efficient (inter-item relationship) for the three dimensions: *Participative* – (reliability) = 0.93; validity = 0.84, *Supportive* – (reliability) = 0.77; validity = 0.68 and *Directive/Instrumental* - (reliability) = 0.67; validity = 0.53. Pedraja Rodriguez and Rodriguez (2006) also reported the following cronbach alpha co-efficient for the three dimensions: Participative - 0.72, Supportive – 0.71 and Directive/Instrumental- 0.77. The

reliability coefficients for the present study are as follows; Participative = .91, Supportive = .88 and Directive/Instrumental = .83.

### ***Organizational Culture***

Organizational Culture was measured using the Organizational Culture Scale by Deshpande, Farley and Webster (1993). The scale is largely based on the earlier works of Campbell and Freeman (1991) and Quinn (1988). The instrument is a 16 item scale which consists of four items each for the 4 dimensions of culture (originally identified as market, adhocracy, clan, and hierarchy cultures, but altered respectively to) – competitive culture (items 4, 5, 6, 14), innovative culture (items 1, 2, 3, 13), community culture (items 10, 11, 12, 37) and bureaucratic culture (7, 8, 9, 15) by Ogbonna and Harris (2000). These labels are consistent with the suggestions of a number of organizational theorists (for example, Ouchi, 1980; Mintzberg, 1979; Campbell and Freeman, 1991; Quinn, 1984).

The scale has a seven-point response format ranging from not at all (1) – to a very great extent (7) for all items except items 3, 5, 9 and 13 which have responses anchored on a seven point response ranging from (1) very false to (7) very true. Some sample items on the scale include, *'This company emphasizes growth and acquiring new resources and the readiness to meet new challenges'* and *'To what extent does your company place high priority on commitment, loyalty and tradition'*. Scores ranged between 7 and 28 for each of the dimensions of the scale. Low scores indicated low competitive culture, low innovative culture, low community culture and low bureaucratic culture. High scores on the other hand mean high competitive culture, high innovative culture, high community culture and high bureaucratic culture.

Ogbonna and Harris (2000) reported cronbach alpha coefficient values of 0.77 for competitive culture, 0.76 for innovative culture, 0.70 for community culture and 0.67 for bureaucratic culture. This study had the following reliability coefficients; competitive culture, .76, innovative culture, .81, community culture, .82 and .76 for bureaucratic culture.

### ***Organizational Innovativeness***

Organizational Innovativeness was measured using Jaskyte (2004) Innovativeness Scale developed based on Perri (1993) and Damonpour's (1987) 13 item typologies of innovation scale which measures three dimensions of innovation – administrative innovation, technological product innovation, and technological process innovation. In designing this instrument, Jaskyte (2004) sought to describe innovations pertaining to all parts of the organizations and all aspects of its operation. This was done to obtain the most accurate estimate of all innovations that organizations might have implemented and are implementing as well as help respondents with their answers. For each of the items describing different types of innovations, the leader will be asked to indicate the number of innovations implemented as well as to specify these innovations. The sum of all implemented innovations will constitute the measure of organizational innovativeness. Some sample items on the scale include: *'The creation of a new performance evaluation system; the production of a new product; and the creation of a new way of service delivery'*. The scale was scored as follows: Never = 1; Rarely = 2; Seldom = 3; Sometimes = 4; often = 5; Very often = 6; and finally Always = 7. The range of scores here was between 13 and 91 with higher scores indicating more innovativeness and vice versa.

Jaskyte, (2004) reported cronbach alpha coefficient values of 0.71 for Administrative Innovation; 0.74 for Technological Product Innovation; and 0.77 for technological Process Innovation. Numerous studies have used these typologies in operationalization organizational innovativeness (Schin&McClomb, 1998; Gopalakrishnan&Damanpour, 2000). The cronbach alpha for the present study was 0.96.

### **3.7 DATA COLLECTION PROCEDURE**

Data collection for this study was carried out in two distinct stages, the Pilot Study, and then followed by the Main Study.

#### **3.7.1 Pilot Study**

As suggested in social science research, the present study was preceded by a pilot study to fundamentally assess the feasibility of a full-scale study as has proposed to be undertaken (see Baker, 1994; Polit, Beck &Hungler, 2001). The pilot study also sought to test the adequacy of research instruments to be employed, and where necessary amend to suit research or develop appropriate ones, design a research protocol that guided the study and assess whether the research protocol is realistic and workable. In addition the pilot study was conducted to establish the effectiveness of the sampling frame and techniques employed in the study, identify logistical problems which might occur using the proposed methods, estimate variability in outcomes to help determinesample size, collect preliminary data, determine what resources (financially) are needed for the main study, assess the proposed data analysis techniques to uncover potential problems, confirm with a research question and research plan and develop an alternative where necessary.

Of essence, however, is the need to be able to generalize the findings of the present study. And so in conducting the pilot project, the Cronbach Alpha was used to determine the reliability of all the subscales employed in the analysis of the various constructs that were investigated. A sample frame of 129 participants comprising all the sectors under consideration in the study population was used for the pilot study. The various coefficient alpha obtained for the various scales has a high level of reliability since a score of 0.6 and above is considered good and acceptable in research.

***Table 2: Presented below is a summary table of the reliability statistics obtained for the various scales:***

| Scale             | Number of Items | Coefficient Value |
|-------------------|-----------------|-------------------|
| Perceived         | 13              | .903              |
| Leadership Styles |                 |                   |
| Organizational    | 16              | .918              |
| Culture           |                 |                   |
| Organizational    | 13              | .954              |
| Innovativeness    |                 |                   |
| Organizational    | 4               | .695              |
| Innovativeness    |                 |                   |

The entire pilot study duration was three (3) months, with data collection alone lasting 10 weeks, and spanning from March to May, 2011.

### ***3.7.2 Main Study***

Permission, in the form of a verbal pre-survey consent, was initially sought from the organizations that were selected for the study through their Head Offices' Human

Resources Departments to announce the intention of using their organization for the study and also ask for their assistance and cooperation. After the organizations granted their consent to be used as part of the population sample in the study, formal introductory letters were obtained from the Department of Psychology, University of Ghana. The introductory letters were attached to sample questionnaires and sent to the selected organizations for formal and documented approval. These approved letters together with the questionnaires that were administered to gather the required data were subsequently sent to the Corporate Affairs Units of the selected branches of the participating organizations. The questionnaires were administered to employees who expressed willingness to participate in the study. In order to ensure a satisfactory response rate of the survey, the following steps were adopted in this study:

First, a bi weekly follow-up was made to specifically retrieve completed questionnaires from participating employees. Secondly, a follow-up was also made once a week to replace missing or misplaced questionnaires. The questionnaires distribution and retrieval period lasted four (4) months as there were several instances where additional questionnaires were redistributed to replace missing or misplaced ones in order to achieve the targeted sample frame. Finally, respondents were required to put completed questionnaires in envelopes that accompanied the questionnaires and seal it to ensure confidentiality. Completed questionnaires were submitted to the corporate affairs units as the researcher was unable to access the respondents individually. The distribution and retrieval of questionnaires were thus coordinated by the corporate affairs units on behalf of the researcher as specified by the organizations' regulations. The data collection process lasted about sixteen (16) weeks. Specifically, data were gathered on the following variables: *perceived leadership styles, organizational culture and organizational innovativeness.*

### **3.8 ETHICAL CONSIDERATIONS**

In line with the American Psychological Association (APA, 2002) Ethical Code, certain ethical considerations were deemed necessary and therefore were included in this study in accordance with the ethical principles governing the use of human participants for research purpose. The Ethical Code as stipulated by APA is intended to provide specific standards to cover most situations encountered by psychologists. The main purpose of the Ethical Code is to ensure the welfare and protection of individuals and groups with whom psychologists work and to educate members of the association, students, and the public regarding the ethical standards of the discipline.

As indicated in the APA's Ethical Code, when obtaining informed consent as required in Standard 3.10, psychologists should inform participants among others about the purpose of the research, expected duration, and procedures adopted in the research, as well as their right to decline to participate and to withdraw from the research even in the course of the research and limits of confidentiality. In accordance with the above ethical principles, certain steps were taken in this study to ensure that these principles were duly observed. In the first place, what was expected of participants was explained to them both in words and in writing and their consent respectfully sought. Specific instructions regarding the purpose of the study, voluntary participation in the research were explicitly stated on the questionnaire. In addition, it was explained to participants that there was no foreseeable risk, discomfort or adverse effect should they consent to participate or decline to participate in this research.

To ensure confidentiality and anonymity of responses, participants were requested not to write their names on the questionnaires or mark the questionnaire in

ways that would reveal their identity. In addition, each participant was given an envelope into which he or she was to put and seal the completed questionnaire when returning it. Lastly, information was provided on researcher's contact information (email address and phone numbers) on the questionnaire so that participants could contact the researcher should they have any question(s) regarding the study or any participating concerns.

## CHAPTER FOUR

### RESULTS

#### 4.1 INTRODUCTION

This chapter presents results from the data analysis and their interpretations which includes the descriptive data (standard deviation, mean, etc.), and the inferential, which constitute the testing of the research hypotheses. The present study examined the influence of perceived leadership styles and the prevailing organizational culture on organizations' innovativeness. Four hypotheses were stated and tested using parametric statistical tests which included Multiple Regression Analysis and the Pearson Product-Moment Correlation Coefficient ( $r$ ). Several factors informed the choice of these parametric tests. For instance, the dependent variable on which the hypotheses were tested was measured on interval scale and the fact that the distribution of scores was normal. By employing the Multiple Linear Regression Model in the analysis of the data, the effects of different predictor variables such as leadership style and organizational culture, can be determined by estimating the unique variance each predictor accounts for. In essence, the MLR Model accounts for the amount as well as the strength of variance a particular set of predictor variables in a phenomenon or in a criterion variable. In addition, since the predictor variables in this study have several other levels, the use of the MLR also accounts for how much each dimension contributes to the criterion variable (see Brace, Kemp & Snelgar, 2003; Punch, 2005).

In addition, Multiple Regression Analysis makes it possible to investigate the predictive validity of the independent variable(s) on the dependent variable (organizational innovativeness). The Pearson Product-Moment Correlation Coefficient ( $r$ ) employed also allowed for the relationship among the variables of interest in relation with the dependent variable to be tested. Data was analyzed using the Statistical Package

for the Social Sciences (SPSS) version 17.0 and this was done in two main stages; the first was the preliminary analysis and second involved testing the hypotheses of the study.

#### **4.2 Preliminary Analysis**

The preliminary analysis was done in three steps. These included the analysis of the normal distribution of the variables, descriptive statistics analysis, reliability analysis and computing the Pearson correlations among the variables of the study. In the first place, the normality of the data obtained for the study was verified. This was done by checking the Skewness and kurtosis of the data obtained. Regarding issues of normality, all the variables were normally distributed (see Table 3). Normality was accepted when Skewness and Kurtosis were between -1 and +1 (Tabachnick & Fidell, 2001). All the variables were accordingly used in the parametric statistical tests, specifically regression analysis. The next step involved the computing of the descriptive statistics of the demographic data. This included summary of the raw data obtained in terms of its demographic characteristic. Results from this analysis are presented in Table 1.

Coefficient of internal consistency (Cronbach's  $\alpha$ ) was also computed to establish the reliability of each of the scales in the questionnaire. Measures had satisfactory reliabilities, with alpha values ranging from .76 to .96 (Table 3). Nunnally (1978) suggests that the coefficient alpha should be equal or higher than .70 if a set of items can constitute a reliable scale.

**Table 3: Descriptive statistics and Reliability indices of the study variables (N = 175)**

|                               | <i>Mean</i> | <i>Std. Deviation</i> | <i>Skewness</i> | <i>Kurtosis</i> | <i>Alpha</i> |
|-------------------------------|-------------|-----------------------|-----------------|-----------------|--------------|
| Participative Leadership      | 27.21       | 5.89                  | -.55            | .57             | .91          |
| Supportive Leadership         | 21.79       | 4.73                  | -.04            | .96             | .88          |
| Directive Leadership          | 22.55       | 4.00                  | -.31            | .67             | .83          |
| Leadership Styles             | 71.57       | 11.66                 | -.82            | .47             | .90          |
| Innovative Culture            | 21.30       | 3.92                  | -.82            | .92             | .81          |
| Competitive Culture           | 21.31       | 3.79                  | -.32            | -.20            | .76          |
| Bureaucratic Culture          | 22.17       | 3.32                  | -.47            | -.04            | .76          |
| Community Culture             | 21.25       | 4.42                  | -.72            | .04             | .82          |
| Organizational Culture        | 86.21       | 12.76                 | -.35            | -.11            | .90          |
| Organizational Innovativeness | 65.11       | 15.62                 | -.68            | .13             | .96          |

Finally, as part of the preliminary analyses, the Pearson correlations among all the variables under study as well as the demographic variables were also computed and the summary of the results are detailed in Table 4.

**Table 4: Pearson correlations among the demographic, independent and dependent variables**

|                                   | 1      | 2       | 3      | 4      | 5      | 6      | 7      | 8      | 9      | 10     | 11     | 12 |
|-----------------------------------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----|
| 1. Age                            | -      |         |        |        |        |        |        |        |        |        |        |    |
| 2. Tenure                         | .655** | -       |        |        |        |        |        |        |        |        |        |    |
| 3. Participative Leadership       | -.162* | -.216** | -      |        |        |        |        |        |        |        |        |    |
| 4. Supportive Leadership          | -.088  | -.182*  | .797** | -      |        |        |        |        |        |        |        |    |
| 5. Directive Leadership           | .021   | .028    | .220** | .197** | -      |        |        |        |        |        |        |    |
| 6. Leadership Styles              | -.114  | -.179*  | .907** | .880** | .532** | -      |        |        |        |        |        |    |
| 7. Innovative Culture             | -.092  | -.182*  | .455** | .466** | .389** | .553** | -      |        |        |        |        |    |
| 8. Competitive Culture            | -.014  | -.044   | .345** | .397** | .451** | .494** | .696** | -      |        |        |        |    |
| 9. Bureaucratic Culture           | .122   | .063    | .244** | .339** | .476** | .425** | .550** | .534** | -      |        |        |    |
| 10. Community Culture             | -.020  | -.083   | .438** | .539** | .290** | .546** | .653** | .564** | .531** | -      |        |    |
| 11. Organizational Culture        | .025   | -.018   | .389** | .487** | .486** | .572** | .867** | .838** | .770** | .838** | -      |    |
| 12. Organizational Innovativeness | -.135  | -.211** | .555** | .571** | .150*  | .575** | .736** | .576** | .538** | .705** | .759** | -  |
| **p                               | <      | .01;    | *p     | <      | .05,   | N      | =      |        |        |        |        |    |

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### 4.3 HYPOTHESES TESTING

The main statistical tests used were standard and hierarchical Multiple Regression. The Multiple Regression Analysis is a statistical technique that allows a subject's score on a variable to be predicted on the basis of other scores on several other variables.

#### 4.3.1 HYPOTHESES ONE AND TWO

The first and second hypotheses examined the influence of Perceived Leadership styles and organizational culture on Organizational Innovativeness. The hypotheses were stated as follows:

*H1: Perceived Leadership Styles will significantly predict organizational innovativeness.*

*H2: Organizational Culture will have a significant influence on Organizational Innovativeness.*

Standard multiple regression was used to test the two hypotheses. The results are presented in Table 5 below:

***Table 5: Results of Standard Multiple Regression Analysis for Perceived Leadership style and Organizational culture as predictors of Organizational Innovativeness***

| Model |                        | <i>b</i> | <i>Std. Error</i> | $\beta$ | <i>p</i> |
|-------|------------------------|----------|-------------------|---------|----------|
| 1     | (Constant)             | -16.58   | 6.20              |         | .008     |
|       | Leadership Styles      | .33      | .08               | .27***  | .000     |
|       | Organizational Culture | .67      | .08               | .55***  | .000     |

$R^2 = .513$ , \*\*\* $p < .001$

Prior to examining the influence of perceived leadership style and organizational culture on organizational innovativeness, the relationships among these variables were tested. Results after the Pearson  $r$  test indicated that both Perceived leadership style ( $r = .575, p < .001$ ) and Organizational culture ( $r = .759, p < .001$ ) were both significantly and positively related to Organizational innovativeness (see Table 3). Result from the standard multiple regression analysis indicated that both Perceived Leadership Style and Organizational culture significantly predicted Organizational Innovativeness [ $F(1, 168) = 88.45, p < .001$ ]. They both accounted for 51.3% of the variance in Organizational Innovativeness scores. Looking at the variables individually, Organizational culture ( $\beta = .55, p < .001$ ) had more influence on Innovativeness as compared to Leadership styles ( $\beta = .27, p < .001$ ). In view of this, hypothesis one stated as '*Perceived Leadership Styles will significantly predict organizational innovativeness*' and hypothesis two stated as '*Organizational Culture will have a significant influence on Organizational Innovativeness*' were both supported.

#### **4.3.2 HYPOTHESIS THREE**

*Participative Leadership will account for more variance in organizational innovativeness than Supportive and Directive Leadership.* Hierarchical regression analysis was used to test this hypothesis. The results are presented in Table 6 :

**Table 6: Results of Hierarchical Multiple Regression Analyses for the predictive effect of leadership styles on organizational innovativeness**

| Model |                          | <i>b</i> | <i>Std. Error</i> | $\beta$ | <i>p</i> |
|-------|--------------------------|----------|-------------------|---------|----------|
| 1     | (Constant)               | 30.78    | 4.44              |         | .000     |
|       | Participative Leadership | 1.26     | .16               | .52***  | .000     |
| 2     | (Constant)               | 25.85    | 4.51              |         | .000     |
|       | Participative Leadership | .55      | .25               | .23*    | .031     |
|       | Supportive Leadership    | 1.12     | .31               | .37***  | .000     |
| 3     | (Constant)               | 24.53    | 6.20              |         | .000     |
|       | Participative Leadership | .54      | .26               | .22*    | .035     |
|       | Supportive Leadership    | 1.11     | .32               | .37***  | .001     |
|       | Directive Leadership     | .07      | .23               | .02     | .756     |

$R^2 = .268, .319$  and  $.319$  for steps 1, 2 and 3 respectively.  $\Delta R^2 = .051$  and  $.000$  (no change) for steps 2 and 3 respectively \* $p < .05$ , \*\*\* $p < .001$

Participative Leadership ( $\beta = .52, p < .05$ ) and Supportive Leadership ( $\beta = .37, p < .05$ ) were found to positively influence Organizational Innovativeness. Directive Leadership ( $\beta = .02, p > .05$ ) however did not significantly predict Organizational Innovativeness. Participative Leadership accounted for 26.8% of the variance in Organizational Innovativeness while Supportive Leadership explained only 5.1% of the variance in organizational innovativeness. Directive leadership however did not have any

influence on innovativeness. Therefore, the hypothesis that *Participative Leadership will account for more variance in organizational innovativeness than Supportive and Directive Leadership* was supported.

### 4.3.3 HYPOTHESIS FOUR

*Innovative culture will account for more variance in organizational innovativeness than competitive, bureaucratic and community cultures.*

Hierarchical regression analysis was used to test this hypothesis. The results are presented in Table 7 below:

**Table 7: Results of Hierarchical Multiple Regression Analyses for the predictive effect of leadership styles on organizational innovativeness**

| Model |                     | <i>b</i> | <i>Std. Error</i> | $\beta$ | <i>p</i> |
|-------|---------------------|----------|-------------------|---------|----------|
| 1     | (Constant)          | 10.19    | 4.52              |         | .025     |
|       | Innovative Culture  | 2.58     | .21               | .69***  | .000     |
| 2     | (Constant)          | 6.33     | 5.04              |         | .211     |
|       | Innovative Culture  | 2.27     | .28               | .61***  | .000     |
|       | Competitive Culture | .49      | .29               | .13     | .094     |
| 3     | (Constant)          | .44      | 4.79              |         | .927     |
|       | Innovative Culture  | 1.61     | .29               | .43***  | .000     |
|       | Competitive Culture | .190     | .28               | .05     | .496     |
|       | Community Culture   | 1.24     | .23               | .36***  | .000     |
| 4     | (Constant)          | -3.53    | 5.58              |         | .528     |

|                      |      |     |        |      |
|----------------------|------|-----|--------|------|
| Innovative Culture   | 1.54 | .29 | .41*** | .000 |
| Competitive Culture  | .10  | .28 | .03    | .717 |
| Community Culture    | 1.17 | .24 | .34*** | .000 |
| Bureaucratic Culture | .40  | .29 | .09    | .173 |

$R^2 = .481, .490, .567$  and  $.573$  for steps 1, 2, 3 and 4 respectively.  $\Delta R^2 = .009, .077$  and  $.005$  for steps 2, 3 and 4 respectively,  $*p < .05$ ,  $**p < .01$ ,  $***p < .001$

Summary of the results indicated that Innovative Culture ( $\beta = .69, p < .05$ ) and Community Culture ( $\beta = .36, p < .05$ ) both positively influenced Organizational Innovativeness. Both Bureaucratic Culture ( $\beta = .09, p > .05$ ) and Competitive culture ( $\beta = .13, p > .05$ ) however did not significantly predict Organizational Innovativeness. Innovative Culture accounted for the greatest variance in Organizational Innovativeness explaining 48.1% of its variance. It was followed by Community Culture which explained only 7.7% of the variance in organizational innovativeness. Bureaucratic Culture and Competitive culture accounted for only .5% and .9% respectively. As such, the hypothesis that *Innovative culture will account for more variance in organizational innovativeness than competitive, bureaucratic and community cultures* was supported.

#### 4.4 SUMMARY OF RESULTS

The main findings of the present study indicated as follows:

1. Perceived leadership style was found to significantly predict organizational innovativeness.
2. Organizational culture also had a significant influence on organizational innovativeness

3. Participative leadership accounted for more variance in organizational innovativeness than supportive and directive leadership.
4. Innovative culture also accounted for more variance in organizational innovativeness than competitive, bureaucratic and community cultures.

## CHAPTER FIVE

### DISCUSSION

#### 5.1 INTRODUCTION

The study examined the influence of perceived leadership styles and organizational culture on organisational innovativeness. It also sought to find out which among the three leadership styles, employed by this study, suggested by the path-goal theory first developed by House, (1971); House and Mitchell, (1974) has more influence on organizational innovativeness. The study further sought to find out if differences exist in the amount of variance accounted for by the different types of culture with respect to organizational innovativeness. The results provided evidence to support the proposition that perceived leadership styles significantly predict organizational innovativeness. The results also revealed that organizational culture also had a significant influence on organizational innovativeness. Moreover, participative leadership accounted for more variance in organizational innovativeness than supportive and directive leadership. Finally, Innovative culture was found to account for more variance in organizational innovativeness as compared to competitive, bureaucratic and community cultures. Since all the hypothesized relationships were supported, the conceptual framework for the study (Fig. 1) was not revised.

These findings are discussed under the main headings in line with the objectives and hypotheses of the study. The headings include *leadership style and organizational innovativeness*, *organizational culture and organizational innovativeness*, *types of leadership styles and organizational innovativeness* and finally *types of organizational culture and organizational innovativeness*. This is followed by a discussion of the

limitations of the study, recommendation for practice and future research and finally the conclusion.

## **5.2 Leadership Style and Organizational Innovativeness**

The first hypothesis investigated the influence of leadership styles on organizational innovativeness. The hypothesis was stated as '*Perceived Leadership Styles will significantly predict organizational innovativeness*'. As mentioned earlier, this hypothesis was supported indicating that perceived leadership style had a significant influence on the innovativeness of an organization. This finding is in congruence with literature and findings from research on leadership styles and organizational innovativeness. As indicated by Dessand Picken(2000), empirical evidence that establishes individual leadership style as an important determinant of innovation is affirmed by research. Accordingly, supportive, participative, vision setter, democratic, and collaborative leadership styles are named as effective in encouraging innovation in efforts to classify leadership styles appropriate for fostering innovation and understand the relationship between leadership and innovation (Dess &Picken, 2000). In addition,

Ogbonnaand Harris (2000) also found that participative leadership is associated with cultures of innovation in high-performing companies. Research further indicates that the role expectations of a supervisor were found to have a positive influence on subordinates' innovative behaviour. Tierney, Farmer, and Graen (1999) in a study that focused on the quality of leader-follower relationship based on the leader-member exchange theory, found a positive relationship to employee creative performance. They also found evidence to support the assumption that employees produce more creative work when they were supervised in a supportive, non-controlling manner.

The finding that leadership style significantly predicts organizational innovativeness is not surprising as there is evidence in the literature that suggests that leaders of organizations help define and shape work contexts that contribute to organizational innovation. Research posits that top management or leaders of an organization might influence employee creativity and organizational innovation in a number of ways. First, top managers define and shape the work contexts within which employees interact to define goals, problems, and solutions.

Second, leaders have the ability to direct employees' individual and joint effort towards innovative work processes and outcomes by communicating a vision that emphasizes long-term over short-term business outcomes. In addition, leaders are able to significantly boost organizational creativity through creating and sustaining an organizational climate and culture that nurtures creative efforts and facilitates diffusion of learning. Finally, leaders can develop and maintain a system that values and rewards creative performance through compensation and other human resource related policies. In this regard firms provide intrinsic and extrinsic rewards for efforts to acquire new skills and to experiment with creative work approaches, consequently, employees' aspiration to engage in creative endeavours is constantly reinforced (Jung, Chow & Wu, 2003).

Other studies which have also examined the links between leadership and innovativeness coincide with the re-emergence of the 'one best way to lead' debate. Of particular relevance is the resurgence of interest into charismatic leadership, which is frequently referred to as transformational leadership. To this end, several researchers theorize that transformational leadership is linked to organizational effectiveness. Conceptually, it is argued that the visionary and inspirational skills of transformational leaders motivate followers to deliver superior performance. Research also shows that transformational leadership supports and promotes innovation, which in turn ensures the

long-term survival of organizations. In addition, transformational leadership is recognized as the ideal style for promoting innovation (Jaskyte, 2004).

### **5.3 *Organizational Culture and Organizational Innovativeness***

Hypothesis two examined the influence of organizational culture on organizational innovativeness. The hypothesis was thus stated as: '*Organizational Culture will have a significant influence on Organizational Innovativeness.*' This hypothesis was supported and confirms that the culture of an organization significantly influenced their innovative behaviour. This finding is also largely consistent with related findings by other researchers. As Ogbonna and Harris (2002) rightly stated, the literature on organizational culture is rich and diverse and much of this richness is premised on research assertion that culture is linked to organizational innovativeness. And even though some theorists do not opine to general consensus that culture and innovativeness are linked, there is ample evidence to suggest that organizational culture is associated with organizational innovativeness (Sarros, Gray & Densten, 2001).

In addition Martins and Terblanche (2003) asserts that a culture that supports creativity encourages innovative ways of representing problems and finding solutions. They noted that unlike operations where the activities are formalized and pre-specified, innovation is a non-routine activity where there is a fair amount of uncertainty around the tasks to be performed. He argued that organizational culture in absence of laid down rules of the game, can both hinder creativity as well as stimulate innovation. Jaworski and Kohli (1993) also found that market-orientation (a culture typology) is one of the key antecedents of innovativeness, as a market-oriented business essentially provides the target audience with innovative products. For other researchers, learning-orientation is also critical to an innovative organizational climate (Slater & Narver, 1995). Research

nevertheless indicated that there are other cultural factors that directly influence innovativeness. These include participative decision making, level of collaboration, power sharing, openness of communication channels, attitude towards risk taking and tolerance for conflict (Kaplan, 2009).

Research explains that culture supports innovation by creating an organizational climate which institutionalizes innovation as an important activity and further. A supportive culture helps to motivate and sustain the complex, interactive process of social exchanges necessary for successful innovation. Cultural values and norms are a powerful means of stimulating innovation and that successful innovation, may depend on organizational cultural norms that allows groups to develop and the extent to which the group's cultural orientation aligns with, and is supported by the organization's overall orientation. Hence, research asserts that organizational culture lies at the heart of organizational innovation and organizational culture affects the extent to which creative solutions are encouraged, supported and implemented (Poskiene, 2006). In effect, several authors concur to the notion that organizational culture is one of the critical factors that enhance innovativeness.

Literature equally stresses the importance of a "pro-innovation" culture, in that not all the cultures prevailing in the organization would facilitate innovation process and thereby build innovative competency within the organization. In support of this assertion, some authors argue that innovative organizations have strong cultures, while others suggest that strong cultures inhibit innovation (Jaskyte, 2003). As mentioned earlier successful innovation may therefore depend on organizational cultural norms that allows for group development and the extent to which the groups' orientation aligns with, and is supported by the organization's overall orientation.

#### **5.4 *Types of Leadership Style and Organizational Innovativeness***

The third hypothesis was '*Participative Leadership will account for more variance in organizational innovativeness than Supportive and Directive Leadership*' and sought to examine the impact of the different leadership styles on organizational innovativeness. This hypothesis was also supported meaning that participative leadership style had more impact on organizational innovativeness as compared to the other two styles. This finding is also consistent with the literature on leadership styles and innovativeness. According to Masebo (2005), styles of leadership vary considerably. Different types of leadership are better suited to certain situations than to others and so; a particularly successful style of leadership in one set of circumstances may be most unsuccessful in another setting. In this light, Nahavandi (2002) pointed out that different leadership styles may affect organizational effectiveness or performance differently. Hence, the relationship between the approach of leaders/their leadership style and the context in which they operate is seen to be very important. It is therefore plausible to posit that there are differences in the amount of impact each leadership style has on organizational effectiveness.

A participative leadership style is one in which subordinates are able to influence decisions about their work situation to a large degree. This type of leadership style is related to participative management in which subordinates share a significant degree of decision-making power with their supervisors or leaders (Robbins, 1996). And so in an organizational context, a participative leader consults with subordinates, solicits their suggestions, and considers these suggestions in making decisions on the development of organizational-wide policies and procedures. Allowing subordinates to participate actively in organizational decision making is likely to increase their knowledge on what is expected of them in terms of their performance as well as the rewards and support that might be

accomplished from going the extra mile in work output. In addition, they may be motivated to resolve problems that confront them. In fact, various studies in organizational behaviour and sales management found that allowing subordinates to participate in decision-making leads to increased worker motivation (Kohli, 1985). It is therefore not surprising that this leadership style accounted for more variance in organizational innovativeness since this style encourages the active participation of subordinates in the organization's decision making process. The participative leader also creates a pleasant atmosphere for interaction, highlights the accomplishments of others, looks out for their welfare, endeavours to establish mutual interest, and builds a climate for teamwork.

Research asserts that the various leadership styles might be empirically linked. The argument is that linkages among participative, supportive, and directive leadership styles and leader motivation are positive but moderated by differences in organizational management or culture. This suggests that motivation is a determinant of leader performance. Hence, a participative environment that encourages leaders to influence decisions that affect their status in the organization may produce a highly innovative organization (Pedrajas, Rodriquez &Rodriquez, 2006).

### ***5.5 Types of Organizational Culture and Organizational Innovativeness***

To find out if innovative culture had more influence on organizational culture as compared to the other types of culture, the final hypothesis was stated as '*Innovative culture will account for more variance in organizational innovativeness than competitive, bureaucratic and community cultures.*' This hypothesis was also supported. Thus, organizational innovativeness is likely to be high in organizations where innovative culture is also high. This finding is also consistent with other related findings and literature on organizational innovativeness. As Dobni (2008) rightly put it, for innovative

behaviour to be encouraged, the organisation must first demonstrate that they value innovative shared values, systems and beliefs (i.e. innovative culture). If employees perceive the organisation to value such behaviour, they are more likely to strive to be innovative. Innovative cultures emphasize a dynamic and entrepreneurial environment. They are led by entrepreneurs or innovators, and employees found in these cultures are committed to innovation and development. This stresses growth and acquisition of new resources and there is emphasis on innovation, entrepreneurship, flexibility and growth. This type of culture is typical of the information age. It is fast to adapt to and individualistic in nature. A major goal of an innovative culture is to foster adaptability, flexibility and creativity where uncertainty, ambiguity and/or information-overload are typical.

Unlike community or bureaucratic cultures, innovative cultures do not have centralized power or authority relationships. Instead, power flows from individual to individual or from task team to task team depending on what problem is being addressed at the time. In community culture, there is a high emphasis on individuality, risk taking and anticipating the future becomes involved with production, clients, research and development, to mention but a few (Cameron & Quinn, 1999). As stated by Hartmann (2006), culture can stimulate innovative behaviour among the members of an organization since it can lead them to accept innovation as a basic value of the organization and can foster commitment to it. According to Tesluk, Faar and Klein (1997) the basic elements of culture have a twofold effect on innovation – from the perspectives of socialization and of co-ordination. Through socialization, individuals can know whether creative and innovative behaviours are part of the path the business treads. At the same time, the business can, through activities, policies and procedures, generate values, which support creativity and innovation, and its innovative capacity will subsequently improve.

The exhibition of innovative behaviour somehow depends on whether the organisation develops a supportive culture; such a culture is required to support innovative behaviour. A good organisational culture can impact positively on organisational functions; however, a poor organisational culture can have the opposite effect and severely reduce the effectiveness of the organisation (Martins & Terblanche, 2003). It is important that employees are rewarded for innovative behaviour encouraging employees to continually seek knowledge to aid the development of innovative solutions.

## **5.6 LIMITATIONS OF THE STUDY**

A possible limitation of the study has to do with the scales adopted for the study. All the scales were constructed and standardized on western samples. Although the reliability and suitability of these scales were found to be appropriate before they were used, scales constructed and standardized on a Ghanaian sample would have been better because the content of the scale would have taken into consideration the work culture and leadership approaches in the Ghanaian context. Moreover, the researcher hoped to use a larger sample size than what was used since this would have increased the statistical power of the study. However, this was not the case due to apathy on the part of some of the potential participants and organizations towards responding to questionnaires. However, based on the recommendations of Tabachnick and Fidell (1996) and Stevens (1996), the sample size used was enough to get a reliable equation.

Finally, the study is a correlational one and also a survey and thus was limited with regards to establishing cause and effect relationships. A general limitation of a survey is that, though it can establish whether or not a relationship exists between two variables, is not sufficient to determine the direction of causality. In spite of this limitation, the present study provides benchmark data on which future studies can be conducted to establish a cause and effect relationship using experimentation or any other method of investigation. This study did not employ the use of experimentation because,

though it allows the direction of causal relationships to be identified, often, this is achieved by sacrificing ‘external validity’, that is, applicability of findings to real life situations. More importantly, the nature of the study was such that, adopting experimental techniques such as random assignment, manipulation of variables, holding conditions constant and carefully controlling the research setting among others was practically difficult. Moreover, because of time and financial constraints, this could not be done.

## **5.7 RECOMMENDATIONS FOR PRACTICE AND FUTURE RESEARCH**

Findings from this study have both theoretical and practical or organizational implications. By way of theoretical significance, the study should provide benchmark data and add to existing literature on organizational innovativeness especially in Ghana since there is a paucity of literature and data in this area. Findings from this study should further allow for a cross-cultural comparison of the findings from other research settings as current findings and earlier empirical research evidence presented in the reviewed literature give a strong indication that organizational culture and leadership styles are very important as far as organizational innovativeness is concerned. And empirical evidence presented in the reviewed literature also having pointed to the fact that national culture does indeed influence the choice of leadership style by a leader. A critical assessment and subsequent adoption of the most favourable and best suited leadership styles within the Ghanaian business context should thus produce highly significant and desired organization outcomes. It is, therefore, strongly suggested that Ghanaian organizations take concrete steps to promote researches of culture, leadership and innovation. This suggestion also follows from earlier evidence that supported the findings presented in the argument of Peters and Waterman (1982) that leaders can create and manage an organizational culture that promotes innovation, be product champions or heroic

innovators who support innovation throughout the process of its implementation, and create an organizational structure needed to support innovativeness. The above assertion also concurs with Hasenfeld (1983) argument that leaders can enhance organizational capacity to innovate by directing resources and energy toward implementing new programs and by lending power and legitimacy to innovative activities.

Further support for the significant role of leadership to organizational culture that promotes innovativeness is noted Trice & Beyer (1993) which posited that leaders can help develop, shape, and maintain a desired organizational culture and may affect organizational innovativeness by creating new sets of shared values. In addition, holds that leaders can generate employee commitment to innovation by stressing core values and promoting group loyalty, and able to set the tone and atmosphere for innovation through the use of organizational symbols, logos, slogans, and other cultural expressions. In addition, leaders have also been noted to motivate employees to pursue goals that may not have otherwise been attempted, alter employees' values through changes in the psychological contracts (unwritten commitments made between employees and employers), and encourage the need for change (Rousseau, 1996).

Many more research evidence of the leader's ability to influence the organization processes are presented; and as stated by Chatman and Cha (2003) leaders are able to encourage other members of an organization to accept the changes in sustaining values that support risk taking and innovation, thereby shaping the organization's level of innovativeness. It is thus obvious from the ongoing that, leaders' ability to create a favourable culture within an organization is critical to improving and ensuring the success of other organizational processes such as the culture of innovation within their organizations. Therefore, with the increasing complexity of today's business environment, with emerging cutting edge spirit of competitiveness and rivalry overtaking,

business firms may continue to search for effective leadership that tends to create an enabling organizational culture that will ensure their survival.

As such, the ability to create a sustainable culture of innovation may become a strongly considered feature in today's leader characteristics, in that organizational innovativeness is now considered a top priority for most business firms in order to stay in business and grow. Of equal importance, however, is the need for organizations to understand the organizational process that may promote or inhibit innovation. To this end, further research is also suggested, especially, in investigating the effects as well as the interactions effects of other organizational processes that may contribute to innovativeness. In other words, future research may therefore focus on other factors besides leadership style and organizational culture that may predict organizational innovativeness.

## **5.8 CONCLUSION**

The need for innovation in contemporary business environment is indisputably universally established, but beyond their enthusiasm for bright ideas, most leaders now acknowledge that to be successful over the long term, they equally have to develop a strong culture of innovation as. Such a culture can be recognized as an organization that is known externally in the marketplace as a genuine innovator, and equally that it is known internally among the people in the organization as a dynamic and an innovation friendly work environment that does not only innovate to maximize organizational gains, but also in promoting an ideal culture that challenges the creative ability of its workers who equally identify with and support the initiative. Organizations that have attained this culture produce innovations of all types - breakthroughs, useful incremental changes, and even radically new ways of doing business, often placing them a step ahead of their competitors

and surviving in rather turbulent business environments where many similar organizations tend to fail.

The present study sought to find out if leadership style and organizational culture influence an organization's innovativeness; drawing from the premise that firms with greater tendencies for innovativeness will be more successful in responding to changing business environments and developing new capacities to achieve better performance (Montes, Morerno & Fernandez, 2004). The propositions made for the study were supported indicating that both leadership style and culture were key factors that affected innovativeness, in as much as culture could also influence the choice of leadership style employed.

In conclusion it is hoped that Ghanaian organizations that seek to improve upon their strategic innovative approaches will be able to draw from the findings of the study and emulate the ideal, appropriate, and the most suitable methods of leadership in any given organizational culture in their efforts to build and advance their organizations' innovative strategies. Findings of the study are thus, expected to bring to the fore the need to employ more apposite leadership styles in specific organizational culture. Finally, this study is expected to provide other researchers with the opportunity to test the validity of its findings in other contexts and under different circumstances, thereby, presenting an opportunity for further research to ascertain the validity of the findings in the future.

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*Appendix 1****QUESTIONNAIRE*****PERCEIVED LEADERSHIP STYLES, ORGANISATIONAL CULTURE, AND ORGANISATIONAL INNOVATIVENESS QUESTIONNAIRE**

*Dear Survey Participant,*

My name is Christiana Koranteng, a student of the School of Research and Graduate Studies, University of Ghana, Legon, pursuing a study leading to the award of a Master of Philosophy in Industrial and Organizational Psychology. I am conducting a research in partial fulfillment of this award and your responses will assist in the accomplishment of this study. Your participation will be greatly appreciated.

As an ethical consideration, your participation in this study is **STRICTLY VOLUNTARY**.

May I, however, assure you that your responses to the questions asked herein will be used for academic purposes only and therefore will be kept completely confidential. The questionnaire will require 15 to 20 minutes to complete. Please complete all the sections of the questionnaire to make your participation in this study meaningful. All completed questionnaires will be collected personally by me. If you have any questions or concerns, please feel free to contact me on [0244793562](tel:0244793562) / [0208337622](tel:0208337622) or you may email me at: [aofosua2000@hotmail.com](mailto:aofosua2000@hotmail.com) Summary of the study results will be available upon request.

**THANK YOU FOR YOUR COOPERATION AND PARTICIPATION IN THIS STUDY!!!**

### **OPERATIONAL EXPLANATIONS OF CONCEPTS**

- **Leadership Style:** “The traits, behavioural tendencies and characteristic methods of a person in a leadership position”.
- **Organizational Culture:** “a set of shared values that help organisational members understand organisational functioning and thus guide their thinking and behaviour”.
- **Innovation:** “the implementation of an idea, process, procedure, system, structure, or product that is new to the prevailing organisational practice”.
- **Organizational Innovativeness:** “the number of innovations an organisation adopts over a period of 3years”.

**INSTRUCTIONS:***Below are a number of questions/statements to which you are required to choose an option depending on your personal evaluation. Please complete the questionnaire by ticking/circling a response to each of the question/statement from the corresponding options provided.*

### **SECTION A**

This section seeks information about participants’ demographics. Please tick the responses that apply to apply to you or specify in writing where appropriate.

**1. Please indicate which institution you belong to?**

- a) Banking [  ]    (b) Telecommunication [  ]    (c)Manufacturing [  ]    (d) Other

**(Please Specify)** \_\_\_\_\_

**2. Please indicate your gender: Male [  ]      Female [  ]**

**3. Please indicate your age by ticking the appropriate group in which you fall.**

(a) 18 – 25 [ ] (b) 26 – 35 [ ] (c) 36 – 45 [ ] (d) 46 – 55 [ ] (e) 56 – 65 [ ]

(f) 66 and more [ ]

**4. Please indicate your marital status:** Married [ ]; Single [ ]; Divorced [ ]; other (Please Specify) \_\_\_\_\_

**5. Please indicate how many years you have worked as a full time worker in your organisation?**  
\_\_\_\_\_

**6. Please indicate whether you hold any managerial position in your organisation.**

a) (If yes, please indicate exact position) \_\_\_\_\_

b) No, I do not.

**7. Which of the following best describes your level of education?**

a) Senior Secondary School Certificate [ ] (b) Ordinary Level Certificate [ ]

(c) Advanced Level Certificate [ ] (d) Diploma/ Higher National Diploma – HND [ ]

e) Bachelors Degree [ ] (f) Post Graduate Degree [ ] (g) Doctorate Degree [ ]

(h) Other (Please Specify) \_\_\_\_\_

## **SECTION B**

### **PERCEIVED LEADERSHIP STYLES**

*Below are a number of statements, describing how you or members of your organization feel about the leadership style of your superiors. Please indicate the extent to which you agree or*

*disagree with the following statements by ticking one of the response categories that appears against each statement. In the decision making process, the leader:*

| <b>STATEMENT</b>  | <b>Strongly Disagree</b> | <b>Disagree</b> | <b>Slightly Disagree</b> | <b>I am not sure</b> | <b>Slightly Agree</b> | <b>Agree</b> | <b>Strongly Agree</b> |
|---|--------------------------|-----------------|--------------------------|----------------------|-----------------------|--------------|-----------------------|
| 8) Considers the opinions of team members/subordinates                            | 1                        | 2               | 3                        | 4                    | 5                     | 6            | 7                     |
| 9) <b>asks/consults</b> with team members/subordinates for their opinions         | 1                        | 2               | 3                        | 4                    | 5                     | 6            | 7                     |
| 10) When faced with a problem, considers suggestions of subordinates/team members | 1                        | 2               | 3                        | 4                    | 5                     | 6            | 7                     |
| 11) Considers ideas, differences and opinions of subordinates/team members        | 1                        | 2               | 3                        | 4                    | 5                     | 6            | 7                     |
| 12) Asks all subordinates/ team members for their point of view                   | 1                        | 2               | 3                        | 4                    | 5                     | 6            | 7                     |
| 13) Is willing to continually collaborate with subordinates/team members          | 1                        | 2               | 3                        | 4                    | 5                     | 6            | 7                     |
| 14) Consider the personal welfare/well-being of                                   | 1                        | 2               | 3                        | 4                    | 5                     | 6            | 7                     |

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| subordinates/team members   |   |   |   |   |   |   |   |
| 15) Treats team members/subordinates fairly/as equals                                 | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 16) Provides a comfortable environment and work climate for subordinates/team members | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 17) Decides what each subordinate/team members should do                              | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 18) Decides how things should be done within the team                                 | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 19) Decides the standards to be achieved by the team                                  | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 20) Decides the outline of work to be performed by subordinates or team members       | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

- **Participative Leadership:** “style of leadership in which the leader permits subordinates to take part in decision making and also give them a considerable degree of autonomy in completing routine work activities”.
- **Supportive Leadership Style:** style of leadership which focuses on establishing good relations with subordinates and satisfying their needs, while showing concern for the

well-being and needs of employees, being friendly and approachable, and treating workers as equals.

- **Directive Leadership Style:** “style of leadership that focuses on providing subordinates with specific guidance and establishing work schedules and rules.

**21) With regard to the above descriptions, please indicate the leadership style(s) practiced by your head of department/leader:**

- a) Participative [ ]  
 b) Supportive [ ]  
 c) Directive [ ]

**Please indicate the extent to which the following statements are true about your organization.**

**ORGANIZATIONAL CULTURE**

| STATEMENT   | To a very lesser extent | To a lesser extent | Rarely | Sometimes | To an extent | To a great extent | To a very great extent |
|---|-------------------------|--------------------|--------|-----------|--------------|-------------------|------------------------|
| 22) Emphasizes growth, and acquiring new resources and readiness to meet new challenges are important | 1                       | 2                  | 3      | 4         | 5            | 6                 | 7                      |
| 23) Place a high priority on company dynamism and employees' entrepreneurial                          | 1                       | 2                  | 3      | 4         | 5            | 6                 | 7                      |

|  |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|
| willingness to take risk   |   |   |   |   |   |   |   |
| 24) There is an emphasis on being entrepreneurs, innovators or risk takers   | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 25) Emphasis on competitive actions, achievement and measurable goals are important  | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 26) Best managers are considered to be producers, technicians or hard-drivers  | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 27) Place a high priority on production oriented, the major concern is with getting the job done, and People aren't very personally involved | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 28) Very formalized and structured and established procedures generally govern what people do  | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 29) Considers best managers as coordinators, organizers or administrators  | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 30) Emphasizes permanence  | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

|   |                   |              |                       |                               |                      |             |                  |
|---|-------------------|--------------|-----------------------|-------------------------------|----------------------|-------------|------------------|
| and stability and stresses importance for efficient and smooth operations                   |                   |              |                       |                               |                      |             |                  |
| 31) Emphasizes personal relationships and family orientedness                               | 1                 | 2            | 3                     | 4                             | 5                    | 6           | 7                |
| 32) Emphasizes human resources and place importance on high cohesion and morale in the firm | 1                 | 2            | 3                     | 4                             | 5                    | 6           | 7                |
| 33) Considers best managers as mentors, sages or fathers/mothers figures                    | 1                 | 2            | 3                     | 4                             | 5                    | 6           | 7                |
| <b>STATEMENT</b>  | <b>Very false</b> | <b>false</b> | <b>Slightly false</b> | <b>Neither true nor false</b> | <b>Slightly true</b> | <b>True</b> | <b>Very True</b> |
| 34) Emphasizes commitment to innovation and development                                     | 1                 | 2            | 3                     | 4                             | 5                    | 6           | 7                |
| 35) Emphasizes tasks and goal accomplishment; and production orientation is shared          | 1                 | 2            | 3                     | 4                             | 5                    | 6           | 7                |
| 36) Emphasizes formal rules and policies and stress the                                     | 1                 | 2            | 3                     | 4                             | 5                    | 6           | 7                |

|  |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|
| maintenance of a smooth-running company                        |   |   |   |   |   |   |   |
| 37) Plays a high priority on commitment, loyalty and tradition | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

### **SECTION C**

*In this section, you are please required to indicate how often your organization engages in the behaviours narrated below:*

#### **ORGANISATIONAL INNOVATIVENESS**

| <b>STATEMENT</b>   | Never | Rarely | Seldom | Sometimes | Often | Very Often | Always |
|--|-------|--------|--------|-----------|-------|------------|--------|
| 38) Creation of a new performance evaluation system        | 1     | 2      | 3      | 4         | 5     | 6          | 7      |
| 39) Introduction of a new training programme for employees | 1     | 2      | 3      | 4         | 5     | 6          | 7      |
| 40) Creation of a new recruitment system                   | 1     | 2      | 3      | 4         | 5     | 6          | 7      |
| 41) Creation of a new performance evaluation system        | 1     | 2      | 3      | 4         | 5     | 6          | 7      |
| 42) Creation of a new employee incentive reward system     | 1     | 2      | 3      | 4         | 5     | 6          | 7      |

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 43) Creation of a new organizational structure or shape   | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 44) Introduction of new services or programs  | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 45) Significant change in existing services or programs   | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 46) Extension of the services to new groups of clients previously not served by the organization                | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 47) Production of a new product   | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 48) Introduction of a new activity, or event for clients  | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 49) Redesign of a product already being produced into something new and significantly different                 | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 50) Creation of a new way of service delivery and significant conversion of an existing way of service delivery | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

***51) Please indicate the number or an approximate number of administrative, product, service, and technological innovations your organization has come up within the last two years.***



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**THANK YOU FOR COMPLETING THIS SURVEY!!!**