Ekonomi

The role of leadership in creating an organizational culture

a***Sabina Sehić – Kršlak**

aUniversity of Travnik, Faculty of Management and Business Economics, Azapovići, 439 Kiseljak, Bosnia and Herzegovina

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ABSTRACT

BiH, as a transition country, ie in development, is currently facing the challenges of transforming outdated forms of management styles in organizations into modern forms of leadership. Most organizations have already implemented certain elements of leadership in their processes. However, there are few organizations that have fully implemented the concept of modern leadership in their business. Communication between leaders and associates, empowerment and organizational commitment of employees are variables that are intensively researched and improved in developed countries. Many studies have provided evidence that communication between leaders and associates is related to commitment, however none of this research has provided data on the deeper nature and characteristics of this connection. Even in developed countries, there has not been enough research to fully substantiate the basic claim of connectivity in different work environments. The aim of this paper is to contribute to a better understanding of the mutual influence of communication between leaders and associates, empowerment and organizational commitment of employees in environments in transition, and the development of theory and practice of these variables within organizational behavior.

I. Introduction

Leadership in modern organizations is seen as a different approach to the functioning of organizations, whose purpose is to initiate revolutionary changes in the organization, with the ultimate goal of improving the performance of the organization. Unlike developed countries, where a significant number of surveys of leadership and employee commitment have been conducted, research in these areas is very rare in BiH. Academic engagement in these areas is also very rare. The consequence of the lack of adequate research is that in BIH the basic characteristics of not only leadership and commitment in organizations, but also most other variables related to leadership and organizational behavior of employees are not known at all or to a sufficient extent.

A significant problem is that the influential variables and their characteristics are not known, as well as the effects that certain categories of organizational behavior produce. The characteristics of people, culture, values, business and work environment vary more or less from country to country.

Different economic and cultural conditions can reveal different facts about the nature of important organizational variables, and it is irresponsible to stick entirely to results from developed countries and base academic and applied theory development on them in BiH and other developing countries where research is lacking (Isik et al., 2019a,b; Işık et al., 2019; Işık et al., 2018).

The subject of this paper is to examine and provide quality data on a small part of the extremely broad phenomenon of leadership and its impact on the organizational commitment of employees, one of the basic variables for the successful functioning of modern organizations.

Communication between leaders and associates, empowerment and organizational commitment of employees are variables that are intensively researched and improved in developed countries based on research results. Many studies have provided evidence that communication between leaders and associates is related to commitment (Ardts, 2011; Kang, Stewart, & Kim, 2011; Joo, 2010; Lee, 2005; Gerstner & Day, 1997), however, none of these studies provided data on the deeper nature and characteristics of this association. Even in developed countries, there has not been enough research to fully substantiate the basic claim of connectivity in different work environments.

2. Theoretical settings of leadership

Northouse (2012) singled out the four most common traits that characterize almost all definitions of leadership. According to him, leadership can be seen as:

- process;
- leadership is a tool for making an impact;
- which appears in the context of the group;
- leadership presupposes the achievement of goals.

In general, leadership can be defined as the process of influencing others to understand and agree with what needs to be done and how it should be done, and the process of enabling and facilitating individual and collective efforts to achieve common goals (Schermerhorn et al., 2010). According to House and his associates (House et al., 1999), leadership is; the ability of an individual to influence, motivate and enable others to contribute to the effectiveness and success of the organization of which they are members Drath and Palus (1994) defined leadership as the process of creating meaning for people's joint activities so that they can understand them and be committed to carrying out those activities. Similarly, Jacobs and Jaques (1990) view leadership as a process of giving purpose (meaningful direction, goal) to a collective effort, and challenging the engagement of a willing effort to achieve a given purpose and goal.

A significant number of authors see leadership as a process of creating and leading change. For example, for Schein (1992), leadership is the ability to step out of culture "in order to initiate evolutionary processes of change that are more adaptable.

The most important leadership activities are creating, initiating and leading evolutionary processes of change, and the most important characteristics of a leader are creativity, innovation and a positive attitude towards change.

3. Ways of influencing leadership on the ambiguity of organizational culture

The title of the book "Organizational Culture and Leadership" (Schein, 1985), says a lot about the importance of leadership as a factor of organizational culture. Shine himself, one of the most influential authors in the field of organizational culture, is well credited with the idea that the leader is a determinant of organizational culture. He was among the first to explain this side of the relationship between leadership and culture and has persisted on it to this day. In addition to Shine, other authors take the view that a leader creates an organizational culture.

The vast majority of authors in the field of organizational culture treat it as a dependent and leadership as an independent variable.

In one study, it was shown that leadership explains a higher percentage of variability in culture (24%) than culture explains variability in leader styles (13%) [Sarros, Gray & Densten, 2002].

All authors who treat leadership as an independent variable start from the perspective of structural functionalism that treats organizational culture as something that the organization has, as one of the components or dimensions of the organization and as one of many management levers for achieving organizational goals. If we understand organizational culture in this way, it is clear that the leader of the organization is called and responsible to create cultural assumptions, values and norms and impose them on other members of his organization or his followers.

The basic question that arises then is: how does a leader create culture? What mechanisms does the leader use and how does the process of creating culture by the leader go? Two explanations of the process of shaping culture by leaders can be recognized in the literature, which can be conditionally called: cognitive and interpretive. The cognitive explanation of the influence of leadership on culture was promoted by Shine himself and it is based on the power of leaders to make decisions and shape the functioning of the organization using its resource power [Schein, 2004].

According to him, leaders create culture by decisively influencing the solutions to two basic problems that organizations face: external adaptation and internal integration. His view of the relationship between leadership and culture implies that the process of creating organizational culture is by nature cognitive or a learning process. Culture is created in the organization through the process of collective (organizational) learning so that its members solve the problems of external adaptation and internal integration. The problem of external adaptation consists in finding the role and position of the organization in the environment and establishing productive relationships with that environment. The problem of internal integration refers to finding ways to integrate the collective of the organization and to establish harmonious relations between the members of the organization.

These rules on how to act in different situations and in relation to different phenomena then imply a certain view of those situations and those phenomena. Thus, gradually, depending on the way of solving the problem, certain assumptions, beliefs, values, norms and attitudes are formed as elements of organizational culture. If the process of culture emergence is understood in this way, then the actor in the organization, who imposes his solutions to the problems that the organization faces, shapes the cultural assumptions, values and norms that these solutions imply. The leader is according to Schein [Schein, 2004].

In an ideal position to shape solutions to problems in the organization and thus influence the assumptions and values in its culture. He has the greatest power in the organization, which he uses when deciding to choose the direction of organizational action that he thinks is best or in his interest. By directing and shaping organizational action, the leader imposes solutions to the problems of external adaptation and internal integration from which then, if successful, and in the long run, arise cultural assumptions, values, norms and attitudes. It is very important to emphasize that there is a condition for success because if the solution of the problem that the leader imposes on the organization proves unsuccessful, it will not be legitimized as desirable or useful and will not be the basis for creating cultural content in that organization. After all, an organization that implements unsuccessful solutions to the problem of external adaptation and internal integration cannot survive in the long run, so it cannot have a culture. By directing and shaping organizational action, the leader imposes solutions to the problems of external adaptation and internal integration from which then, if successful, and in the long run, arise cultural assumptions, values, norms and attitudes. It is very important to emphasize that there is a condition for success because if the solution of the problem that the leader imposes on the organization proves unsuccessful, it will not be legitimized as desirable or useful and will not be the basis for creating cultural content in that organization. After all, an organization that implements unsuccessful solutions to the problem of external adaptation and internal integration cannot survive in the long run, so it cannot have a culture. By directing and shaping organizational action, the leader imposes solutions to the problems of external adaptation and internal integration from which then, if successful, and in the long run, arise cultural assumptions, values, norms and attitudes. It is very important to emphasize that there is a condition for success because if the solution of the problem that the leader imposes on the organization proves unsuccessful, it will not be legitimized as desirable or useful and will not be the basis for creating cultural content in that organization. After all, an organization that implements unsuccessful solutions to the problem of external adaptation and internal integration cannot survive in the long run, so it cannot have a culture. values, norms and attitudes. Here it is very important to emphasize that there is a condition for success because if the solution of the problem that the leader imposes on the organization proves unsuccessful, it will not be legitimized as desirable or useful and will not be the basis for creating cultural content in that organization.

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The second explanation of the influence of leaders on organizational culture is called interpretive because the basic lever of influence of leaders is the interpretation of reality. The leader, in this case, uses interpretive rather than resource power. One of the basic characteristics and functions of leadership is to determine the meaning of reality for its followers or members of the organization [Smircich, 1983]. Leadership: The Management of Meaning, Journal of Applied Behavioral Sci By creating and imposing the meaning of reality on the followers, the leader gradually shapes their interpretive schemes through which they understand the world around them (Fiske & Taylor, 1991). By shaping the interpretive schemes of the members of the organization, the leader decisively influences the formation of common, collective meanings that ensure that all members of the organization understand the same phenomena, events or relations in and outside the organization in the same way. These collective meanings come in the form of assumptions, values, beliefs, norms, attitudes shared by members of the organization which is just another name for organizational culture [Martin, 2002].

A leader can impose meanings on followers in basically in two ways: through direct communication or through the process of cognitive dissonance [Janićijević, 1996]. Direct communication between the leader and the follower by which he imposes his meanings of phenomena and events in the organization to his followers can take several forms: verbal, non-verbal and symbolic. Verbal communication can be written or oral and can be used in a wide variety of media. In it, meanings are transmitted directly, in words. For a leader to succeed in imposing meaning and creating culture, then his communication skills are critical. He must "speak the same language" as his followers, that is. he must speak intelligibly and use words and expressions that his followers understand. This means that overly technical terms must not be used and that the leader must find a way to explain technically complex things in a simple way. History is full of technically highly educated people who failed to become leaders because they were simply not understood by potential followers. A leader must be an optimist because optimism is often the only argument that speaks in favor of the direction of action he wants to impose on his followers. Leaders are advised to use as much as possible metaphors, analogies, to express themselves in pictures and examples. A leader must be an optimist because optimism is often the only argument that speaks in favor of the direction of action he wants to impose on his followers. Leaders are advised to use as much as possible metaphors, analogies, to express themselves in pictures and examples. A leader must be an optimist because optimism is often the only argument that speaks in favor of the direction of action he wants to impose on his followers. Leaders are advised to use as much as possible metaphors, analogies, to express themselves in pictures and examples.

For a leader, one of the most important qualities is that s/he has integrity, that s/he can be trusted [Bennis & Nanus, 1985]. One of the dimensions of that integrity is precisely the harmony between the verbal and nonverbal messages it sends. A leader who, for example, propagates the values of innovation, initiative and flexibility can neutralize all previous verbal messages in that direction with just one reckless gesture if, for example, he punishes, criticizes or insults a member of an organization who has failed to create an innovation. or if he promotes a loyal and obedient instead of an innovative and self-employed. It has already been said that symbols are things that have some meaning wider than what the thing itself usually has or than its basic function (Dandridge, Mitroff & Joyce, 1980). Leaders routinely use symbols, sometimes even unconsciously, to communicate the meanings they want to impose on their followers [Martin, 2002].

Symbols can be, as we have already described, semantic, behavioral and material. The leader uses semantic symbols by using certain expressions, phrases, metaphors, stories to explain phenomena in the organization in a certain way and thus create the meaning of those phenomena as he wants. Thus, when the company's leader tells his employees that "the competition is leading 2-0 but that a rematch is still being played at home", he uses the metaphor of a sports match to impose the meaning of business as competition and to promote competitiveness as an important value. He thus induces his employees to see the functioning of the organization, the relations within it and in its environment, primarily as a competition.

People simply have a need for consistency: a consistent picture of a world in which all the elements agree with each other, or that their actions and deeds are in line with their values and attitudes [Aronson, 1989].

If this, for some reason, is not the case, a state of cognitive dissonance arises. People in a state of cognitive dissonance feel uncomfortable, frustrated and try to eliminate it as soon as possible. When the source of cognitive dissonance is the discrepancy between what they think and what they do, people can solve that condition in two ways: to change their behavior or to change their opinion or their beliefs and values. Almost always people will try to change their behavior first because it is easier. They will then change their actions to bring them into line with their beliefs. But if that is not possible, for whatever reason, people will change their beliefs, attitudes or values so that they justify, explain or rationalize their new behavior (Işık & Aydın, 2017; Işık et al., 2016; Işık & Aydın 2016a,b; Akan & Işık, 2010).

Thus, cognitive dissonance becomes one of the mechanisms for leading change in organizations. A leader who wants to change the existing beliefs and values of his followers and impose new ones on them should induce certain behavior that is inconsistent with the existing beliefs and values that he wants to change. Thus, the leader brings his followers into a state of cognitive dissonance. If they fail to return to the old pattern of behavior, followers will after some time adopt new values and attitudes to rationalize the new pattern of behavior imposed by the leader. Here, it is important that people must not have the perception that they are forced by some threat to change behavior, because in that case they have a "justification" for changing behavior and thus for the discrepancy between that behavior and their values, so that discrepancy becomes tolerable and does not create cognitive dissonance.

4. Conclusion

It is practically impossible to explore absolutely all variants of leadership, as well as all variables that are related to them, due to the breadth of the phenomenon of leadership, but also the constant appearance of new variables.

The vast majority of authors in the field of management see the relationship between organizational culture and leadership as a source of organizational culture. There are two explanations for the way a leader of an organization shapes its culture: cognitive and interpretive. The cognitive explanation of the creation of culture starts from the fact that it is formed by collectively solving the problems of external adaptation and internal integration.

The leader of the organization creates its culture by imposing (successful) solutions to the problems of external adaptation and internal integration that the organization faces. The interpretive way of shaping the organizational culture by the leader, implies that the leader through the process of communication imposes the meaning of reality on the members of the organization and thus makes them cognitively dependent on it. All or most members of the organization gradually adopt the meanings of reality imposed by the leader of that organization and thus form common assumptions, beliefs and values as the content of organizational culture.

It has been proven that certain personality traits from the classification known as the Big Five, such as consent and emotional stability, significantly determine the type of organizational culture that a leader will build in an organization.

Research has shown that leaders with values of guidance only will create an innovative culture, leaders with values of security will build a bureaucratic culture while leaders whose dominant values of benevolence will create a supportive culture. Finally, it has been empirically determined that depending on whether the leader applies a transformational or transactional leadership style, he will also create a certain type of organizational culture. Transformational leadership leads to building a culture of adhocracy and clan culture.

Based on all the findings in the paper, it can be concluded that organizational culture is a dependent variable in relation to the leader. Leaders shape organizational culture, depending on their characteristics, which they pass on to the entire organization. Therefore, the choice of a leader will certainly have the ultimate impact on the success or failure in creating an organizational culture.

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Sabina Sehic - Kršlak, (ORCID ID: 0000-0002-7657-0603), Assistant Professor at the Faculty of Management and Business Economics, University of Travnik, scientific field of management and organization. She worked as an assistant at the Faculty of Business Management, University Džemal Bijedić Mostar from (2008 – 2010). As a senior assistant at the Faculty of Economics of the University Džemal Bijedić Mostar, from (2010-2016).

The assistant professor involved in teaching at the Faculty of Administration, University of Sarajevo. She has published a large number of scientific - research works in the field of management and participation in many scientific conferences.