

**THE RELATIONSHIP BETWEEN TRANSFORMATIONAL  
LEADERSHIP AND ORGANISATIONAL CULTURE**

by

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**DECLARATION**

I, MOSHIMANE PETER SELOANE, student number 5375568, hereby declare that this dissertation entitled “**The relationship between transformational leadership and organisational culture**” is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

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**MOSHIMANE PETER SELOANE**

**30 NOVEMBER 2010**

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**SUMMARY****THE RELATIONSHIP BETWEEN TRANSFORMATIONAL LEADERSHIP AND ORGANISATIONAL CULTURE**

by

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The main purpose of this study was to determine the positive relationship between transformational leadership and organisational culture using a sample of 238 employees of a military organisation. A secondary objective was to determine whether individuals from different race, position and age groups differ significantly in perception regarding transformational leadership and organisational culture. The instruments used in the study were the Leadership Profile Inventory and the Organisational Culture Inventory.

The results of the empirical study indicated that there was a significant statistical positive relationship between transformational leadership and the constructive dimension of organisational culture. The findings also indicated that demographic groups differ significantly in perception regarding transformational leadership and organisational culture. It is recommended that interventions aimed at leadership development and organisational culture change take into consideration the relationship between transformational leadership and organisational culture. This study is concluded with recommendations for industrial and organisational psychology practices and further research.

**KEY TERMS**

leader; transformational leadership; transactional leadership; organisational culture; constructive culture; demographic variables; organisational psychology.





## CHAPTER 1

### INTRODUCTION TO THE RESEARCH

This research focused on the positive relationship between transformational leadership and organisational culture. The aim of this chapter is to present a theoretical background to and motivation for the study and to formulate and discuss the problem statement, the aims of the research and the paradigm perspective that guides the research. This is followed by a discussion of the research design and the research method and an explanation of the layout of the thesis. Finally, the chapter concludes with a chapter summary.

#### 1.1 BACKGROUND TO AND MOTIVATION FOR THE STUDY

The anxious pace of transformation in today's global economy places pressure on organisations to not only uphold the pace with changes, but also to foresee them (Lock, 2001). Tushman and O'Reilly (1996) assert that organisations that are the most adaptable to the competitive issue in the dynamic environment will excel. Today's organisations can be described as unstable and unpredictable. The turbulence sometimes creates a chaotic work environment (Hitt, Keats & DeMarie, 1998). Organisations that attempt to adapt to today's competitiveness using old processes tend to find it difficult to prosper and may even cease to exist (Beukman, 2005).

Ambrose (1995) states that intuitive organisations that promote a culture of innovation and creativity tend to invigorate their employees with a sense of pride and eagerness. These organisations reap the rewards of realising the human potential of their employees and maximising productivity. The organisation's culture develops to a great extent from its leadership, while the culture of an organisation can also affect the development of its leadership (Bass & Avolio, 1994 a). Bass and Avolio (1994) further assert that transactional leaders work within

their organisational cultures by following the rules, procedures and norms; while transformational leaders change the culture of their organisations by first understanding it, and then realigning it with a new vision and a revision of its shared assumptions, values and norms. In the early development of an organisation, its culture is the 'glue' that holds the organisation together as a source of identity and distinctive competence (Bass & Avolio, 1994a). Regrettably, in an organisation's decline, its culture can become a restraint on innovation, since its roots are in the organisation's past glories.

When change effort is in progress, there may be aspects of the change that will be aligned with the culture, but also aspects that are in opposition to it (Lock, 2001). The new practices should be entrenched in the old culture, while the practices that no longer fit should be eliminated (Kotter, as cited in Lock, 2001). The role of the leader is to determine which values, practices and rituals should remain and which ones should be discarded. If deeply rooted values have to be discarded, the leader must address this publicly. The most deeply held beliefs are the hardest to lose, but if they are never mentioned, the chance of a successful change effort is remote. Therefore, the role of the leader as a change agent is to describe the beliefs and values that will remain and those that must be eliminated (Lock, 2001). The leader is therefore the key determinant of an organisation's culture, which in turn is a determining factor of employee behaviour (Deal & Kennedy, 1982).

Since 1990, the enormous changes experienced by South African society that are driven by the extreme diverse composition of its population have been discussed, philosophised about and researched at length (Beukman, 2005). The radical change from a society of apartheid in the past to a multiracial society of equal opportunity for all has brought far-reaching challenges for most, if not all, organisations to be competitive. As a result, the South African public service, directed by the principles of reconciliation, restructuring, affirmative action and development, also finds itself within the transformation.

Seen against the backdrop of the fundamental political change of the 1994 election and the integration of seven former forces in the military force, the military force is undergoing a process of transformation, which has resulted in new leadership in the organisation as well as fundamental changes of its structures, processes and culture (White Paper on Defence, 1996). The military force is committed to the fundamental changes that have far-reaching implications for managing its newly transformed structures and leading the human components of its resources.

## **1.2 PROBLEM STATEMENT**

Although many references have been made to a positive relationship between transformational leadership and organisational culture in the academic and popular literature, empirical investigations that demonstrate the relationship between these two constructs are limited (Block, 2003; Jaskyte, 2004; Lock, 2001; Tucker & Russell, 2004). The studies that have investigated the variables of organisational culture and transformational leadership mainly concentrated on financial performance outcomes (Beukman, 2005; Collins & Porras, 1994; Ogbonna & Harris, 2000).

Lock (2001) indicates that if the relationship between transformational leadership and organisational culture was demonstrated empirically, it would provide additional confidence to the practice of employing and developing transformational leaders so that an innovative and constructive organisational culture, vital for organisational survival in the 21<sup>st</sup> century, could be accomplished. The advantages of constructive organisational culture transcend financial outcomes such as return on investment and profitability. A constructive organisational culture enhances employees' wellness issues such as high morale, productivity, low absenteeism, job satisfaction, turnover and commitment, which also enhance the bottom line (Lock, 2001).

The transformation of the military force takes place against the broader backdrop of the transformation process in South Africa in general. The post-1994 period has ushered in a series of challenges for South Africans that require a fundamental transformation of the economic relations, organisational structure, cultures and values of its society (South African National Defence Force, 1998). The transformation of the military force has also resulted in the appointment of new leadership and the development of a new organisational culture. Leadership management in the organisation is moving towards the trend of transformational leadership (Kawatra & Krishnan, 2004).

Based on this setting, the following research questions were formulated to direct the study.

### **1.2.1 General research questions**

The general research question that directed the research was as follows:

What is the relationship between transformational leadership and organisational culture and do people from different race, position and age groups have different perceptions regarding these two variables?

### **1.2.2 Research questions with regard to the literature review**

In terms of the literature study, the following specific questions were addressed in this study:

- How is the concept of transformational leadership conceptualised in the literature?
- How is the concept of organisational culture conceptualised in the literature?
- Does a theoretical positive relationship exist between transformational leadership and organisational culture?

- What are the implications of the theoretical positive relationship between transformational leadership and organisational culture for organisational development and leadership practices?

### **1.2.3 Research questions with regard to the empirical study**

In terms of the empirical study, the following specific questions were addressed in this study:

- Does an empirical positive relationship exist between transformational leadership and organisational culture within a sample of participants from a military organisation work context?
- Do race, position and age groups differ significantly in perceptions regarding transformational leadership and organisational culture within a sample of participants from a military organisational work context?
- What recommendations can be formulated for the practice of industrial and organisational psychology and for further research based on the findings of this study?

## **1.3 AIMS OF THE RESEARCH**

The following general and specific aims were formulated:

### **1.3.1 General Aim**

The general aim of the study was to investigate the positive relationship between transformational leadership and organisational culture and to determine whether individuals from different race, position and age groups differ in perception regarding these two variables.

### 1.3.2 Specific Aims

The following specific aims for the literature review and the empirical study were formulated:

#### 1.3.2.1 Literature review

The literature review aims of this study were to:

- conceptualise transformational leadership from a theoretical perspective;
- conceptualise organisational culture from a theoretical perspective;
- discuss the theoretical positive relationship between transformational leadership and organisational culture; and
- conceptualise the implications of the theoretical positive relationship between transformational leadership and organisational culture.

#### 1.3.2.2 Empirical study

The empirical aims of this study were to

- investigate the positive relationship between transformational leadership and organisational culture within the sample of participants from a military organisational context;
- determine whether race, position and age groups differ significantly in perception regarding the variables of transformational leadership and organisational culture; and
- formulate recommendations for the discipline of industrial and organisational psychology, especially in terms of organisational development and leadership practices and for further research.

## 1.4 PARADIGM PERSPECTIVE

According to Mouton and Marais (1994), one of the characteristics of research in the social sciences is that different research traditions and paradigms may be found within each of the descriptive methodologies, hence social science descriptions are multi-paradigmatic.

### 1.4.1 The relevant paradigms

Thematically, the literature review focuses on theories related to transformational leadership and organisational culture, which are presented from the humanistic and open-systems paradigms. The literature review is presented from the functionalistic paradigm.

#### *1.4.1.1 Humanistic paradigm*

The humanistic paradigm can be defined as consisting of a number of discrete approaches in psychology, each of which represents a distinct domain of theory, research and practice, but nevertheless draws on a core set of philosophical assumptions (Woolfe, Dryden & Strawbridge, 2003).

The humanistic paradigm is adopted to conceptualise the concept of transformational leadership. Meyer, Moore and Viljoen (1997) sketch the following assumptions of the humanistic approach:

- The individual is a dignified human being with qualities that distinguish him or her from lifeless objects and animals.
- The individual is an integrated, unique and organised whole.
- The individual displays conscious processes.
- The person is an active being who participates actively in determining his or her own behaviour and his or her inherent inclination towards actualising his

or her creative ability, and who does not simply reach to external environment stimuli or submit to inherent drivers over which he or she has no control.

- The experiencing person is in the process of becoming.
- The person is self-reflective and transcending.
- The psychological healthy person should be the criterion in examining human functioning.

#### *1.4.1.2 Open-systems paradigm*

The construct of organisational culture is conceptualised from the open-systems paradigm, which studies an individual as part of the organisation and as someone who interacts with the external environment (Katz & Kahn, 1978). The open-systems paradigm is characterised by input and throughputs or transformation. The organisation as a system moves towards growth and expansion, and there is a boundary between the system and the external environment.

#### *1.4.1.3 Functionalistic paradigm*

The empirical study focuses on measuring the two variables, namely transformational leadership and organisational culture. This is presented from the functionalistic paradigm. According to Morgan (1980), the following are the basic assumptions of the functionalistic paradigm:

- Society has a concrete, real existence and a systematic character oriented to produce an ordered regulative state of affairs.
- Behaviour is always seen as being contextually bound in a real world of concrete and tangible social relationships.
- The functionalistic perspective is primarily regulative and pragmatic in its basic orientation.



- It is concerned with understanding society in a way that generates useful empirical knowledge.
- It encourages an approach to social theory that focuses on understanding the role of human beings in society.

## **1.4.2 Meta-theoretical statements**

The meta-theoretical statements represent a significant category of statements underlying the theories, models and paradigms of this study. According to Mouton and Marais (1994), the meta-theoretical values and beliefs have become part of the intellectual climate of a particular discipline in the social sciences. Meta-theoretical statements are presented on the following:

### *1.4.2.1 Industrial and Organisational Psychology*

This study was undertaken in the context of the field industrial and organisational psychology, which is conceptualised as a branch of psychology that applies principles and assumptions of psychology in the work context to assess, utilise, develop and influence individual employees, groups and related organisational processes in organisational settings (Saal & Knight, 1995). Industrial and organisational psychology therefore includes a study of the factors that influence work behaviour, such as socio-cultural influences, employment-related legislation and employee wellness. With reference to this study, leadership and organisational culture were investigated, as they are determinants of organisational performance.

### *1.4.2.2 Organisational Psychology*

This study's specific emphasis was placed on organisational psychology, a subfield of industrial and organisational psychology. Louw and Edwards (1993, p. 809) describe organisational psychology as "aiming at providing a social environment which is conducive to job performance and job satisfaction". Organisational

psychology is defined as the study of human behaviour, attitudes and performance within the organisational situation. It draws on theory, methods and principles from disciplines such as psychology, sociology and cultural anthropology to learn about individual perceptions, values, learning capacities and actions while working in groups and within the total organisation. In addition, it examines the external environment's impact on the organisation and its resources, missions, objectives and strategies (Cummings & Worley, 2005).

### 1.4.3 Conceptual description

- *Transformational leadership*: Ackoff (1999) defines a transformational leader as one who formulates an inspiring vision, facilitates the vision, encourages short-term sacrifices and makes pursuing the vision a fulfilling venture. The transformational leader can achieve superior results among his or her followers by making them more aware of the importance of the task outcomes, inducing them to transcend their own self-interest for the sake of the organisation or team and activating higher-order need (Bass & Avolio, 1994; Tucker & Russell, 2004).
- *Organisational culture*: Schein (2004, p. 17) defines organisational culture as follows:

“a pattern of shared basic assumptions that was learned by a group as it solved its problems to external adaptation and internal integration, that has worked well enough to be considered valid, and therefore, to be taught to new members of the organisation as the correct way to perceive, think and feel in relation to those problems”.

The most significant meta-theoretical concepts that form part of this study are personality and organisational climate, which will not be directly measured or explained.

#### **1.4.4 Theoretical models**

Mouton and Marais (1994) state that theoretical models do not simply have a classification function, as they also suggest the relationships between data. This study investigates the relationship between transformational leadership and organisational culture, using Kouzes and Posner's (1995) transformational leadership model. The following models are also used to conceptualise transformational leadership and organisational culture: the full-range leadership theory (FRLT) model; Schein's model of organisational culture and leadership; Schein's three-layer model of organisational culture; Phegan's five levels of evolution, culture and leadership model; and Kotter and Heskett's organisational culture model.

#### **1.4.5 Central hypothesis**

The central hypothesis of this study was formulated as follows:

A positive relationship exists between transformational leadership and organisational culture. Furthermore, people from different race, position and age groups differ significantly in perception regarding transformational leadership and organisational culture.

### **1.5 RESEARCH DESIGN**

According to Sellitz et al. (as cited in Mouton & Marais, 1994, p. 5–17), a research design is defined as “the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure”. Therefore, the aim of the research design is to plan and structure a given research project in such a manner that the eventual validity of the research finding is maximised (Bless & Higson-Smith, 1995).

### **1.5.1 Research variables**

In order to understand the dynamics of the study, it is important for the researcher to establish the variables of the study. Christensen (2001, p. 144) defines a variable as “any character or phenomenon that can vary across organisms, situations, or environments”. A variable is an empirical property that is capable of taking two or more values (Bless & Higson-Smith, 1995).

Christensen (2001, p. 145) identified two types of variables, namely independent and dependent. An independent variable is the variable that the researcher changes within a defined range; it is the variable in whose effect the experimenter is interested. The dependent variable, on the other hand, is the variable that measures the influence of the independent variable.

### **1.5.2 Research type**

A quantitative research design was used in this study. This research meets the requirements of descriptive research by describing the conceptual characteristics of transformational leadership and organisational culture and the relationship between these two variables.

A survey was conducted in order to achieve the research objectives of the empirical study. According to Kerlinger (1986, p. 377), “survey research studies large and small population (or universes) by selecting and studying samples chosen from the population to discover the relative incidence, distribution, and interrelations of sociological and psychological variables”. The aim of survey research is to gather quantitative information about human behaviour at a specific time and place (cross-sectional surveys) or over a longer period (longitudinal surveys). Survey research has the following advantages (Kerlinger, 1986):

- A great deal of information can be obtained from a large population.
- Survey research information is accurate.

Notwithstanding these advantages, survey research also has disadvantages, in that it normally does not penetrate very deeply below the surface. Survey research is also too demanding regarding time and costs. Finally, the intentions or response style of respondents when they answer questionnaires, such as agreeing on all items or statements, may provide incomplete answers (Kerlinger, 1986).

In this thesis, the literature review is presented in a qualitative and explanatory method, while the empirical study is presented in an analytical method through the application of a quantitative research methodology.

### **1.5.3 Unit of analysis**

According to Newman (2002), the unit of analysis refers to the type of unit a researcher uses when measuring and determining how to measure variables or themes. The unit of analysis in this study is individuals, specifically the employees of the military organisation under investigation (Babbie, 2001). Babbie (2001) makes it clear that where the individual is the unit of analysis, the researcher focuses on the characteristics and the orientation of individual behaviour.

### **1.5.4 Methods used to ensure reliability and validity**

According to Durrheim and Wassenaar (2002), the validity of measurement indicates the degree or the soundness of research conclusions, while reliability indicates the degree to which the results are repeatable. The research design for this study was centred on ensuring that both the validity and reliability were realised.

#### *1.5.4.1 Reliability*

Reliability refers to the degree to which the results of the study are repeatable (Durrheim & Wassenaar, 2002). Reliability in this study was ensured through the

use of the instruments that were deemed reliable and tested repeatedly in various studies and settings. Furthermore, reliability was ensured through limiting as many nuisance variables as possible. In addition, a representative sample was drawn to ensure reliability.

#### *1.5.4.2 Validity*

A proper research design ensures that the study is both internally and externally valid. In this study, the measurement validity was achieved by ensuring that the instruments that were used were validated and that the study was adequately designed.

With regard to the literature review, validity was ensured through using literature that appropriately relates to the problem statement and the aims of the study. Every attempt was made to make use of the recent literature on the concepts of transformational leadership and organisational culture.

In the empirical study, validity was ensured through the use of appropriate and standardised measuring instruments. The measuring instruments were critically evaluated for their criterion-related validity, content validity and construct validity. Criterion-related validity refers to ensuring the accurate prediction of scores on the relevant criterion, while content validity refers to the extent to which the measuring instruments measure the theoretical constructs they purport to measure (Mouton & Marais, 1994).

## **1.6 RESEARCH METHODOLOGY**

The study was conducted in three phases.

### **1.6.1 Phase 1: Literature review**

The literature study consists of a review of the literature on transformational leadership and organisational culture.

#### *1.6.1.1 Step 1: Transformational leadership*

A literature review of the theoretical background of transformational leadership, the characteristics of transformational leaders and transformational leadership models as well as the roles of transformational leadership in the organisation are discussed.

#### *1.6.1.2 Step 2: Organisational culture*

A literature review of the theoretical background of organisational culture is discussed, followed by a discussion of the different models of organisational culture. Factors affecting organisational culture are discussed, followed by an examination of how culture is formed and changed.

#### *1.6.1.3 Step 3: The theoretical positive relationship between transformational leadership and organisational culture*

A theoretical integration between transformational leadership and organisational culture is provided by means of a literature review to determine the possible positive relationship between transformational leadership and organisational culture essential for organisational development and leadership practices in the 21<sup>st</sup> century.

## **1.6.2 Phase 2: Empirical study**

The empirical study focused on population and sample, measuring instruments, data collection, data processing, interpretation of the empirical results and Integration of the literature review and the empirical study.

### *1.6.2.1 Step 1: Population and sample*

The total members of the Administration and General Support Programme (AGSP) of a military organisation comprise the population of the study. The sample consists of organisational members who were selected randomly to participate in the study and who completed the questionnaire.

### *1.6.2.2 Step 2: Measuring instruments*

Two measuring instruments, namely the Leadership Practice Inventory (LPI) and the Organisational Culture Inventory (OCI), were used to collect the data. The LPI measures five leadership behaviours that are associated with leadership effectiveness and performance, namely Challenging the process, Inspiring a shared vision, Enabling others to act, Modelling the way and Encouraging the heart (Kouzes & Posner, 1995). The OCI measures behavioural norms associated with three general types of organisational culture, namely constructive, passive/defensive and aggressive/defensive (Cooke & Lafferty, 1993).

### *1.6.2.3 Step 3: Data collection*

Quantitative data were collected from members of the military organisation in different units. Individuals were requested to complete one questionnaire that had two sets of questions on transformational leadership and organisational culture. A coordinating officer for each unit was nominated to distribute and collect the questionnaires from the sampled participants.



A covering letter explaining the purpose of the study, the confidentiality of the information as well as the fact that the participation was voluntary was sent to the participants. The researcher's contact details were also included in the letter for any questions or uncertainties the participants might have had.

#### *1.6.2.4 Step 4: Data processing*

The data collected were processed with the Statistical Program for Social Science (SPSS) version 16.1, which is the most current software.

The statistical procedures relevant to this study include descriptive statistics (frequency tables for biographical variables, means, standard deviations and Cronbach's alpha coefficient) and inferential statistics, which included Pearson's correlation and analysis of variance (ANOVA).

#### *1.6.2.5 Step 5: Interpretation of the empirical results*

The results are presented in tables, diagrams and graphs. The interpretation of the results is discussed in a systematic framework in order to ensure that the findings are presented in a concise manner.

#### *1.6.2.6 Step 6: Integration of the literature review and the empirical study*

The empirical research results were also integrated with the results of the literature review.

### **1.6.3 Phase 3: Conclusions, limitations and recommendations**

Conclusions are made considering the findings of the literature review as well as the empirical research results. The limitations of the research are discussed and

recommendations are formulated in terms of the literature and future research on the relationship between transformational leadership and organisational culture.

## **1.7 CHAPTER DIVISION**

The thesis consists of the following chapters:

Chapter 2: Transformational leadership

Chapter 3: Organisational culture

Chapter 4: Empirical study

Chapter 5: Research results

Chapter 6: Conclusions, limitations and recommendations

## **1.8 CHAPTER SUMMARY**

This chapter discussed the background to the study, the problem statement, the aims of and paradigm perspective to the study, the research design, the research method and the chapter division. The literature review of the concept of transformational leadership is discussed in Chapter 2.

## **CHAPTER 2**

### **TRANSFORMATIONAL LEADERSHIP**

#### **2.1 INTRODUCTION**

Chapter 1 explored the background to and the motivation for this study, with specific reference to transformational leadership and organisational culture as the major constructs.

This chapter focuses on Step 1 of the literature review phase, which is the conceptualisation of transformational leadership. It describes the concept of transformational leadership, with specific focus on the paradigmatic and conceptual foundations of transformational leadership. Thereafter, various leadership theories and approaches with specific reference to transactional and transformational leadership are discussed. Subsequently, this is followed by a discussion of various transformational leadership models. Thereafter, Kouzes and Posner's transformational leadership model, which will be used to meet the empirical aim of the study in Chapter 4, is discussed. This chapter concludes with a discussion of the roles of transformational leadership in organisations.

#### **2.2 PARADIGMATIC AND CONCEPTUAL FOUNDATIONS OF TRANSFORMATIONAL LEADERSHIP**

The concept of transformational leadership is discussed from the perspective of organisational behaviour. Johnson and Saks (2005) define organisational behaviour as the attitudes and behaviour of the individuals and groups in the organisation.

### 2.2.1 Paradigmatic foundation: Open-system theory

As complex systems, organisations exist far from equilibrium, where the ongoing interaction of system components leads to emergent and self-organising behaviour (Plowman, Solansky, Beck & Baker, 2007). Plowman et al. (2007, p. 341) further ask “what then the role of leadership is in systems where change often emerges in unexpected ways”.

The following assumptions of organisations as open systems are presented, as outlined by Katz and Kahn (1978) and Hodge, Anthony and Gales (1996):

- Organisations as a set of interrelated and interdependent parts are arranged in a manner that produces a unified and combined whole. According to Plowman et al. (2007), the study of leadership in organisations has often been approached as if leaders should know what is going to happen next; as if effective leaders can eliminate the ambiguity that characterises much of organisational life. Plowman et al. (2007) highlight that traditional views of leadership grew out of the long-held view of organisations as equilibrium-seeking systems whose futures are knowable and arrived at by leaders who plan interventions and control behaviours.
- Organisations as open systems engage in the process of production, maintenance and adaptation of their functioning. Katz and Kahn (1978) note that open systems also share the characteristics of negative entropy, feedback, homeostasis, differentiation and equifinality. The law of negative entropy states that systems survive and maintain their characteristic internal order only so long as they import from the environment more energy than they expend in the process of transformation and exportation. The feedback principle concerns information input, which is a special kind of energetic importation, a kind of signal to the system about the environmental conditions and about the functioning of the system in relation to the

functioning of its environment. Katz and Kahn (1978) further state that the feedback of such information enables the organisation to correct its own malfunctioning or enables changes in the environment, and in so doing a steady state of homoeostasis is maintained.

- Organisations as open systems move towards growth and expansion. Transformational leaders go beyond exchanging and contractual agreements for desired performance by actively engaging followers' personal value systems. Gardner and Avolio (1998) provide ideological explanations that link followers' identities to the collective identity of their organisation, thereby increasing the followers' intrinsic motivation (rather than just providing extrinsic motivation) to perform their jobs. By articulating an important vision and mission for the organisation, the transformational leader increases followers' understanding of the importance and values associated with desired outcomes, raises their performance expectation and increases their willingness to transcend their self-interests for the sake of the collective entity.
- Organisations as open systems are also guided by environmental exchange processes in which energetic resources are acquired from the environment, transformed into end-products and used to facilitate organisational viability and maintenance within the environment (Katz & Kahn, 1978). Thus, organisations subsystems, including transformational leaders, emerge to accomplish the processes associated with resource input, product transformation and product delivery to constituencies within the embedding environment. Katz and Kahn (1998) noted that organisations develop production systems that transform raw material inputs into product, supportive subsystems that acquire these inputs and coordinate the dispersion of finished products, and maintenance of subsystems that select and maintain system personnel.

- Zaccaro, Gilbert, Thor and Mumford (1991, p. 320) state that “groups and organisations adopt an orientation towards continued system growth and maintenance within a dynamic embedding environment”. Arguably, this may imply that actions and transactions of organisations have to be coordinated in a manner that maximises effective product transformation and response to changing environmental demands. In other words, organisations, through transformational leadership, have to develop mechanisms and capabilities that maximise proactive responsiveness and adaptation to changing and dynamic environmental conditions.

The preceding paragraphs explored assumptions about organisations as open systems and in so doing shed light on the complexity of organisations. However, it is argued that through the application of the appropriate leadership behaviour, the organisation can succeed in achieving its objectives.

### **2.2.2. Conceptual foundations**

The following concepts and approaches of relevance to the study are discussed: leadership, trait theory, behavioural theory, contingency theory, transactional leadership theory and transformational leadership theory.

#### *2.2.2.1 Leadership*

Leadership is one of the most extensively researched constructs in behavioural science and it is of particular importance to the study of organisational behaviour. Bass (1981) states that there are numerous definitions of leadership.

According to Yukl (1998), researchers usually define leadership according to their individual perspectives and the aspects of the phenomenon of most interest to them. Stogdill (1974, p. 259) concludes that “there are almost as many definitions of leadership as there are persons who have attempted to define the concept”.

Leadership has furthermore been defined in terms of traits, behaviour, influence, interaction patterns, role relationship and occupation of an administrative position (Yukl, 1998). Northouse (1997, p. 3), for example, combines the different approaches to leadership and offers an additional definition of leadership as a process whereby an individual influences a group of individuals to achieve a common goal". The emphasis is not on a trait that is intrinsic in the leader, but on a process related to a transaction between the leader and his or her followers.

Hersey, Blanchard and Johnson (2001) define leadership in relation to one person attempting to influence the behaviour of an individual or a group. Hersey et al. (2001) further argue that it may be for a personal goal or for the goals of others, and these individual or group goals may not be harmonious to organisational goals. Moorhead and Griffin (1989) depict leadership as both a process and a property. It is viewed as a process in that it involves the use of influence to guide and coordinate a group's activities towards goal achievement.

Yet, most definitions of leadership reflect the assumption that it involves a process whereby intentional influence is exerted by one person over other to guide, structure and facilitate activities and relationships in a group or organisation (Yukl, 1998). Yukl (1998) further asserts that these definitions differ greatly in terms of who exerts the influence, the intended purpose of the influence, the style in which the influence is exerted and the outcome of the influence attempt.

This study adopted Yukl's (1998) definition of leadership as the interpersonal influence exercised in a situation and directed through the communication process towards the attainment of a specific goal or goals. Further, the study uses Kouzes and Posner's (1995) transformational leadership model to determine the relationship between transformational leadership and organisational culture in the military organisation under study.

The enormous research and literature published on leadership definitions, style and practices are classically centred on four theories, namely the trait (1930s), behavioural (1950s), situational (1970s) and integrative-contemporary theories (Lucas, 2008). Robbins (2001) suggests key approaches to leadership theories that comprise of trait, behavioural, contingency and neo-charismatic leadership theories.

#### *2.2.2.2 Trait theory*

Yukl (1998) defines traits in terms of personal attributes, such as temperament, personality, motives and values. Stogdill (1948) asserts that earlier research ascribed leadership success to the extraordinary personal characteristics of an individual. Although the research was prevalent, conducted in the first half of the century, Lucas (2008) highlights that it failed to support the hypothesis that a person must possess a certain set of traits in order to be a successful leader.

Trait theorists of the 1949s to 1970s discovered that some traits were related to leadership efficacy (Lucas, 2008). Stogdill (1974, p. 81) argues as follows:

[T]he leader is characterised by a strong drive for responsibility and task completion, vigor and persistence in pursuit of goals, venturesomeness and originality in problem solving, drive to exercise initiative in social situations, self-confidence and sense of personal identity, willingness to accept consequences of decision and action, readiness to absorb interpersonal stress, willingness to tolerate frustration and delay, ability to influence other person's behavior, and capacity to structure social interaction systems to the purpose at hand.

According to Yukl (1998), the argument that some leader traits are entirely necessary for effective leadership has not been substantiated in several decades



of traits research. Yukl (1998, p. 236) indicates that consequently, “the possession of particular traits increases the likelihood that a leader will be effective, but they do not guarantee effectiveness”. A leader may be effective in one situation and not be in another situation. Katz and Kahn (1978) are of the view that the major oversights in early trait research were the failure to correlate individual traits with personality and behaviours and external situations and environments.

### *2.2.2.3 Behavioural theory*

According to Hersey et al. (2001), behavioural approaches to leadership were put forward from the 1940s to the 1960s. Arguably, behavioural research mostly evolved around what the leader actually does on the job. Hemphill (1959) divides behavioural research into two categories. The first sub-category deals with managers’ work and their roles and responsibilities. The second sub-category of research on managerial behaviour was a comparison of behaviour between an effective and an ineffective leader (Robbins & De Cenzo, 2001).

Two of the most popular studies conducted on behaviour leadership were research programmes at Ohio State University and the University of Michigan (Yukl, 1998). Questionnaire research on effective leadership behaviour has been dominated by the early research at Ohio State University. A questionnaire was developed that consists of 150 examples of important leadership behaviours. A preliminary questionnaire composed of these items was given to both military and civilian personnel to describe the behaviour of their supervisors (Fleishman, 1953; Halpin & Winer, 1957; Hemphill & Coons, 1957). The analysis focused on obtaining feedback from respondents on how leaders behave by using the Leadership Behavior Description Questionnaire (LBDQ). The results of the analysis indicated that subordinates perceived their supervisors’ behaviour primarily in two broadly defined categories, namely consideration and initiating structure (Yukl, 1998). Consideration involves the leader’s ability to act friendly or caring towards a subordinate. It implies that the leader is supportive, friendly, shows concern for

subordinates and looks out for their welfare. Behaviours linked to initiating structure are primarily task behaviours such as criticising poor work, emphasising the importance of meeting deadlines, assigning subordinates to tasks, maintaining definite standards of tasks and seeing that subordinates are working to their full capacity. Schein (1985) supplemented this approach by indicating that leadership functions can be grouped into task functions such as providing information, giving opinions and initiating group functions, including supporting, harmonising and setting standards.

The Ohio State University study was used in several studies. The majority of the studies analysed the relationship of consideration and initiating structure to employee performance and satisfaction. Lucas (2008, p. 13) indicates that “while the results have been weak and inconsistent, the studies did find a positive relationship between consideration and subordinate satisfaction”.

The University of Michigan study was similar to the Ohio State University study (Robbins & De Cenzo 2001; Vroom, 1976). The study attempted to identify the relationship between leader behaviour, group process and measurement of group performance by means of field studies. The purpose measure of groups were used to categorise managers as relatively effective or ineffective (Yukl, 1998). Likert (1961) discovered that supervisors with the best performance records focused their attention, mainly, on the human aspects of subordinates' problems and highlighted the welfare and motivation of subordinates.

Likert (1961) identified the following three types of behaviour that differentiate effective and ineffective managers:

(a) Task-oriented behaviour: Effective managers do not spend their time doing the same work as their subordinates. Instead, they concentrate on task-oriented functions such as planning, coordinating subordinate activities and scheduling the

work that provide high, but achievable, goals. In essence, this is similar to “initiating structure” in the Ohio State University study (Yukl, 1998).

(b) Relations-oriented behaviour: Effective managers are more considerate, supportive, trusting, confident and helpful to subordinates. Moreover, effective managers tend to use general supervision rather than close supervision. Effective managers establish goals and general guidelines for subordinates; however, they allow them some autonomy in deciding how to do the work and how to pace themselves. In essence, effective managers attempt to build the self-worth and importance of subordinates. This behaviour follows the “consideration” category in the Ohio State University study (Yukl, 1998).

(c). Participative leadership: Effective managers make extensive use of group supervision rather than supervising each individual separately. Group meetings are used to involve subordinates in decision making and communication and to resolve any conflicts or open matters. Though the effective manager uses the participative method, he or she remains responsible for all decisions and results.

Yukl (1998) states that behavioural research suggested that effective leaders show a dual concern for tasks and relationships in their daily pattern behaviour. However, in the question of how a leader directly influences a subordinate’s performance and job satisfaction, other factors such as situations and intervening variables must be considered.

The Ohio State and Michigan study focused on task accomplishment as well as personal relationship (Hersey & Blanchard, 1982). Blake and Mouton (1964) developed a two-dimensional model that describes the task and the relation orientations as one of the best ways to achieve effective leadership. The model is founded on the approach in which managers and leaders differ from 1 to 9 in their concern for production and for people. The following five styles are identified on the grid:

- Authority obedience (9 : 1)
- 'Country club' management (1 : 9)
- Impoverished management (1 : 1)
- 'Organisation man' management (5 : 5)
- Team management (9 : 9)

Both trait and behavioural approaches provided more insight into and assisted managers in understanding the intricacies of leadership. Trait approaches reflected on personal characteristics in a leader that may be of significance in achieving success in leadership positions. However, what seems lacking in trait and behavioural approaches was the role of interaction between people, tasks and the environment (Ivancevich & Mattesson, 2002).

#### *2.2.2.4 Contingency theory*

According to Robbins (2001), forecasting leadership success is more compound than isolating a few traits or preferable behaviours. Therefore, situational factors have to be considered to determine the level of success or failure of leadership behaviour. Consequently, several approaches were developed that endeavoured to isolate the situational variables. A list of several of these theories and models include path-goal theory, situational leadership theory, the least preferred co-worker (LPC) contingency model, and the multiple-linkage model.

##### (a) Path-goal theory

The path-goal leadership model was developed by House (1971) to explain the performance and satisfaction of subordinates through the behaviour of their leaders (House, 1971). According to House (1971, p. 324), the motivational function of leaders consists of "increasing personal payoffs to subordinates for work-goal attainment and making the path to these payoffs easier to travel by

clarifying it, reducing roadblocks and pitfalls, and increasing the opportunities for personal satisfaction en route". According to the path-goal theory, a leader's behaviour is acceptable to the subordinates to the extent that they perceive it as an immediate source of satisfaction or as a means of future satisfaction (House, 1971). House (1971) further refers it to path-goal theory, as it focuses on how leaders influence their subordinates' perception of work goals, self-development goals and paths to goal attainment.

Bass (1990) indicates that leaders influence their subordinates in many ways by clarifying the subordinates' roles, making rewards dependent on the followers' performance, providing support to the followers, elevating dullness, coaching, providing direction and fostering expectations. House and Mitchell (1974) highlight the following four behaviours contained in path-goal theory:

- *Supportive leadership*: The supportive leader shows concern for the needs of his or her subordinates and for their welfare, and creates a friendly work climate for the subordinates.
- *Directive leadership*: The directive leader clarifies expectations, provides specific guidance, emphasises adherence to rules and procedures and ensures schedule and work coordination.
- *Participative leadership*: The participative leader consults and considers suggestions before taking decisions.
- *Achievement-oriented leadership*: The achievement-oriented leader sets challenging goals, seeks performance improvements, emphasises performance excellence and shows confidence that the high standard will be realised.

Researches such as Podsakoff, Mackenzie, Ahearne and Bommer (1995), Wofford and Liska (1993) as well as Yukl (1998) conducted many studies to test the path-

goal theory; however, the theory has yielded mixed results. Podsakoff et al. (1995, p. 270) further concluded that “many of the factors that were believed to moderate the impact of a leader’s behaviour were, instead, found to have powerful main effects on many subordinates’ criterion variables”.

(b) Situational leadership theory

Situational theory was popularised in the 1950s. Hersey and Blanchard (1977) proposed a situational leadership theory that focused on subordinate characteristics as a key variable.

Hersey and Blanchard (1977) define maturity within the context of the following two components:

- Job maturity or the subordinate’s task-relevant skills and technical knowledge
- Psychological maturity or the subordinate’s self-confidence and self-respect

According to situational leadership theory, a ‘high-maturity’ subordinate has the ability and confidence to perform a task and will set higher goals. Similarly, a ‘low-maturity’ subordinate is lacking in both ability and self-confidence.

According to Yukl (1998, p. 270), situational theory dictates that “the level of a subordinate’s maturity determine the optimal pattern of leader behaviour”.

The theory lists four levels of maturity on a continuum ranging from immaturity to maturity (M1, M2, M3 and M4):

- *Immaturity (M1)*. The M1 level represents a very immature subordinate with a leadership style concentrated on task-oriented behaviour and be very directive in defining subordinate roles, objectives, standards and procedures.

- *Moderate maturity (M2 & M3)*. These two levels describe a moderate subordinate maturity level knotted with leadership behaviour that is very supportive and consultative and gives praise and attention. Similarly, a moderate amount of directing and organising is desirable, particularly at the level M2 quadrant.
- *High maturity (M4)*. This level represents a high-maturity subordinate, where the leaders delegate the authority on how the work should be done and allow considerable authority.

According to Ivancevich and Matteson (2002), the Ohio State University study provided insight into the development of the following four leadership styles:

- *Telling*: Where subordinates are told the what, when, where and how of the task
- *Selling*: Where the structured information is provided
- *Participating*: Where the leader and subordinates share in the decision-making process
- *Delegating*: Where the leader provides little support, guidance or direction to subordinates during task completion

Despite the theory being used as a conceptual foundation for much management training, only a small number of studies were conducted to support the theory (Blank, Weitzel & Green, 1990; Fernandez & Vecchio, 1997; Goodson, McGee & Cashman, 1989; Hambleton & Gumpert, 1982; Norris & Vecchio, 1992; Vecchio, 1987). According to Yukl (1998, p. 272), “difficulties arose in distinguishing distinct maturity level quadrants, narrow definition of maturity, and a lack of inclusion of the diverse elements that makeup maturity, cases where the results matched the model’s prescriptions was very low”.

(c) The Fiedler model

Fiedler (1964, 1967) used the LPC contingency model to portray how the situation moderates relationship between the leader's effectiveness and a measure referred to the least preferred co-worker score. The LPC score is determined by asking a leader to think about all past and present co-workers, select the one they worked least well with and rate the subordinate on a set of bipolar adjective scales. The scales include ratings on friendly–unfriendly, efficient–inefficient and cooperative–uncooperative. The total of the ratings of these scales signifies the LPC score, implying that a low LPC score represents a leader who is generally critical in rating the least preferred co-worker, whereas a leader who is generally lenient will obtain a high LPC score (Yukl, 1998).

Fiedler (1978) noted that most recent interpretations of LPC scores indicate the leader's motive hierarchy. A high LPC leader is mainly motivated to have close, interpersonal relationships with other people, including subordinates, and will act in a considerate and supportive manner if relationships have to be improved. A low LPC leader is primarily motivated by achievement of task objectives and will emphasise task-oriented behaviour whenever there are task problems.

Once the individual leadership style has been assessed by the LPC, it is essential to measure the leader to the situation (Fiedler, 1967). The following three aspects of the situation that determines how favourable the leadership environment is are considered:

- Leader–member relation refers to the extent to which the leader has the support and loyalty of subordinates.
- Position power is the degree of how much authority the leader has to evaluate subordinate performance and administer rewards and punishment.
- Task structure refers to the extent to which job descriptions are structured or unstructured.



Researchers such as Peters, Hartke and Pohlmann (1985), Strube and Garcia (1981) as well as Bass (1990) noted that the LPC model has been studied widely over the past years and the research is inclined to support the model. Notwithstanding the research findings, the LPC model has been criticised. One of the criticisms is that the model and most of the research neglect medium LPC leaders, who probably outnumber the high and the low LPC leaders. Research suggests that medium LPC leaders are more effective than either high or low LPC leaders in a majority of situations, presumably because they balance affiliation and achievement concerns more successfully (Yukl, 1998).

(d) Multiple-linkage model

The multiple-linkage model of situational leadership theory was built upon earlier models of leadership and group effectiveness (Yukl, 1971, 1998). The model consists of four types of variables, namely managerial behaviour, intervening, criterion and situational variables. The model explains in a general way the interacting effects of managerial behaviour and situational variables on the intervening variables that determine the performance of a work unit (Yukl, 1971).

The intervening variables are subordinate effort, subordinate ability and role clarity, organisation of the work, cooperation and team work, resources and support, and external coordination. These variables interrelate with each other to determine the effectiveness of the group or organisational sub-unit (Yukl, 1998). A serious deficiency in one intervening variable may lower effectiveness, even though the other intervening variables are not deficient. The theory suggests that the job of the leader is to act to suppress or correct any variable deficiency in order to improve group performance.

The multiple-linkage model is a more inclusive theory, as it includes more relevant intervening variables. It is also of a more general conceptual framework as it

versus a friendly theory. However, Yukl (1998, p. 283) states that “little evidence exists to evaluate the utility and validity of the model”.

#### *2.2.2.5 Transactional leadership theory*

Transactional leadership theory is rooted in the principle of exchange between leaders and followers (Avolio, Bass & Jung, 1999). The leader persuades the followers to excel in their responsibilities by providing them with resources and rewards in exchange for motivation, productivity and effective task accomplishment (Banerji & Krishnan, 2000; Barbuto, 2005; Burns, 1978; Nahavandi, 2006). The theory further proposes that the followers rely significantly on the leader to receive certain valued outcomes when they fulfil the leader’s expectations. Hartog, Muijen and Koopman (1997) argue that when the follower’s job or work environment fails to provide the essential thrust such as motivation, direction and satisfaction, the leader will be effective by providing the essential compensation for the deficiencies experienced by the follower.

Bass and Avolio (1996) assert that transactional leadership is associated with the following four types of behaviours:

- **Constructive transaction/contingent reward:** This behaviour entails a process in which leaders compensate followers for satisfying their agreed-upon goals. These rewards can take many approaches, for example, subordinates can be given compensated time for completing group projects, monetary compensation for excelling in goal achievement and recognition for outstanding performance. A well-managed contingency reward programme can provide beneficial gains for the leader, the followers and the organisation.
- **Management by exception (MBE):** This behavioural approach is a leadership style in which management takes a ‘stand-off’ approach by interacting less with followers, providing little or no direction and only

mediating when things go wrong. On the converse, leaders take a very active role in active MBE.

- **Passive MBE:** This involves the setting of standards and reluctant intervention by the leader if the standards are not met.
- **Laissez-fair leadership:** In this style, leaders are passive and indifferent towards followers performing their tasks and provide neither encouragement nor reinforcement. Instead, heavy reliance is placed on disciplinary actions and punishment.

Research on transactional leadership conducted by Avolio and Bass (1988), Podsakoff, Todor and Skov (1982) and Sims (1977) has demonstrated positive effects of contingent reward behaviour on follower motivation, performance, satisfaction and role clarity.

Howell (1997, p. 12) indicates that transactional leadership only captures some dimensions of the leader–follower relationship, such as tasks rewards and path to goal, and asserts that “leadership which creates and manages meaning in organisations through the use of evocative imagery, compelling visions, expressive language and dramatic skills is ignored”. In addition, transactional leadership results in expected effort and performance on the part of followers (Avolio & Bass, 1988; Bass, 1985). Nahavandi (2006) further proposes that transactional contracts do not motivate followers to aim at excellence; rather, they focus on short-term, immediate outcomes instead of the long-term commitment required by transformational leadership. Therefore, it can be argued that to obtain extraordinary effort from followers, a different leadership approach is required.

#### 2.2.2.6 *Transformational leadership theory*

The leadership theories discussed earlier conceptualised the transactions and exchange between leaders and followers. The emphasis has now shifted to the contributions of transformational leadership theory to organisational transformation.

Fleming (2009, p. 45) asks the following questions to clarify how leaders succeed in achieving large-scale change in their organisations:

- “How can leaders create and sustain long-term revolutionary changes in organisations?”
- What style of leadership is needed to motivate followers to undertake organisational transformation?”

Researchers such as Avolio et al. (1999), Banerji and Krishnan (2000), Barbuto (2005) and Nahavandi (2006) suggest that the transformational leadership concept has the potential to explain how leaders succeed in achieving large-scale change in organisations. In order to answer the foregoing questions, Northouse (2003) states that one of the current approaches to leadership that has been researched since the early 1980s is the transformational approach. Burns (1978, p. 4) asserts that “a transforming leader looks for potential motives in followers, seeks to satisfy higher needs, and engages the full person of the follower”. Furthermore, Burns (1978, p. 20) states that “transformational leadership occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality”.

### **2.3 THEORETICAL BACKGROUND TO TRANSFORMATIONAL LEADERSHIP**

Transformational leadership principles appeared first in the work of Weber (1923/1963) on charismatic leadership (as cited in Ergeneli, Gohar and Tamirbekova, 2007). Downtown (1973) introduced the term ‘transformational leadership’. It is part of the neo-charismatic paradigm that focuses on the charismatic and affective elements of leadership (Northouse, 2004). Avolio (1999) views transformational leadership as a process that changes and transforms subordinates to engage in performance beyond expectation.

Bryman (1992) states that, by the early 1980s, there was a general sense of pessimism about leadership theory and research. The vast output of leadership research seemed to have yielded little that could be clung to with any certainty; however, out of this pessimism emerged a number of alternative approaches, which shared some common features (Bryman, 1992).

The new leadership theories emerged with the surge in interest concerning the re-engineering of organisations and concentrated more on the promotion of change and development in individuals, groups and organisations. The new leadership theories were opposed to transactional theories of leadership, which were focused more on exchange process between leader and follower. Bass and Avolio (1997, p. 1) state that “in a rapidly changing world, the reliance on developing transactional leadership styles will clearly fall short of the leadership challenges confronting most organisations today”. This suggests that there have been several theories that attempted to identify leadership behaviour that initiates and facilitates the various critical transformations in organisations. One of the most popular of these theories is transformational leadership theory.

Transformational leadership theory was further developed by Burns (1978). Nahavandi (2006) notes that transformational leadership theory suggests that some leaders, through their personal traits and their relationship with their followers, go beyond a simple exchange of resources and productivity and seek to develop and empower individuals to their fullest potential. These leaders infuse ideological values and moral purpose into organisations and have a profound effect on followers (Bass, 1985; Burns, 1978; Conger & Kanungo, 1987). Respectively labelled as charismatic, transformational, inspirational and visionary, these exceptional leaders are purported to have qualitatively different and quantitatively greater effects on their followers than the effect of transactional leaders (Howell, 1997, p. 3).

Bass (1997) affirms that transformational leadership is universally effective across cultures, and that this century's dominant workforce consists of knowledgeable employees who need the envisioning and empowering that can be provided by transformational leaders. Ergeneli et al. (2007) assert that increasing globalisation, new technological imperatives, common industrial logic and global technologies and institutions serve to harmonise management practices. Therefore, global managers need universally valid leadership theories and principles that transcend cultures. Thus, it is expected that there will be various similarities in beliefs regarding effective leaders' behaviour across cultures. However, Bass and Avolio (1990) argue that some studies in many different societies show that transformational leadership is closer to perceptions of ideal leadership. On the contrary, some writers claim that there are universal tendencies of leadership that support the culture-universal position (Bass & Avolio, 1993).

### **2.3.1 Characteristics of transformational leaders**

Thomson (2007) asserts that the success of organisations is mainly dependent on a combination of many factors, such as financial, material and technological resources, logistics and human capital. These factors are integrated to achieve the desired organisational goals consistent with the corporate mission. This implies that organisations are constantly seeking for the best individuals who will lead the organisation to achieve its desired goals. Arguably, these individual leaders are expected to have special characteristics that will enable the organisation to achieve its goals.

According to Burns (1978), transformational leadership has components of morality, charisma, vision and values. The elements are used in harmony with feedback and information sharing in order to bring the follower into the leader's mission statement.

A vital concept that differentiates transformational leadership from other of leadership definitions is morality (Burns, 1978). A true transformational leader endeavours to meet both the requirements of the mission statement and the needs of followers (Burns, 1978; Yukl, 1998). This distinction is vital in understanding transformational leadership. Though other types of leadership styles were effective throughout history, they were unethical. According to Bass and Steidlmeier (1999), the transformational leader is committed to leading with an ethical philosophy, which states that an organisation's worth is measured by the extent to which it satisfies the needs and aspirations of its constituents.

Transformational leadership style also has numerous flaws. Carless (1998) and Yukl (1999) mention that transformational leadership style lacks conceptual clarity, and that there appears to be some overlapping of factors such as idealised influence, inspirational motivation, intellectual stimulation and individualised consideration. The factors correlate highly with each other, implying that these factors are not separate. Moreover, there seems to be some concerns about the clarity of measurement using the MLQ and how it is used in research relating to leadership behaviour. Similarly, transformational leadership is condemned for treating leadership as a personal trait rather than a behaviour in which people can be trained.

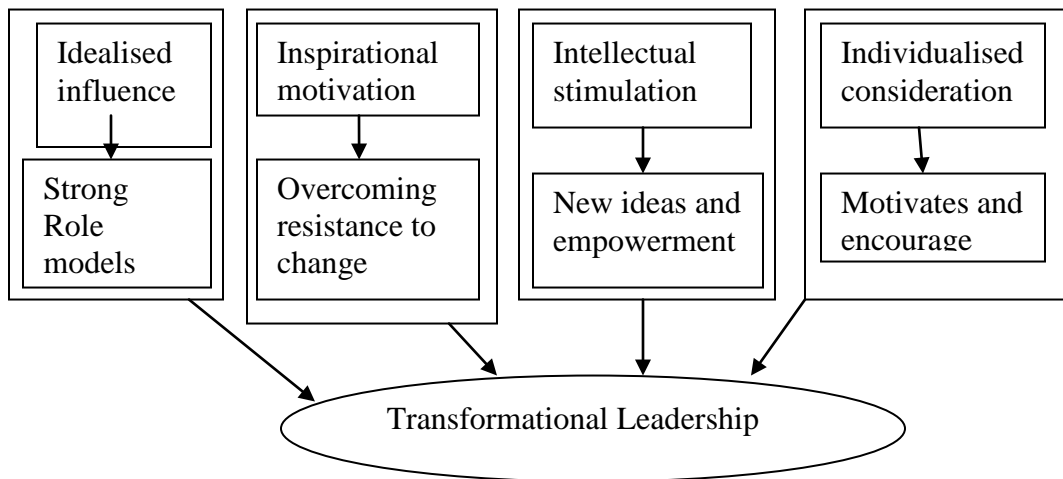
Furthermore, Bass and Steidlmeier (1999) assert that moral leadership, by definition, places great importance on the needs of the group, which goes beyond simple self-serving transactional behaviour. Therefore, Burns's (1978, p. 20) view is that "transformational leadership ultimately becomes moral in that it raises the level of human conduct and ethical aspiration of both leader and led and thus has transforming effect".

Bass (1985) suggested a theory of transformational leadership that builds on the earlier theory of Burns (1978). Bass's (1985) theory defines transformational leadership according to the effect the leader has on followers. As a result, the

followers feel trust, admiration, loyalty and respect towards the leader, and are motivated to exceed original expectations. According to Burns (1978), this transformation is accomplished by

- making the follower more aware of the importance of task outcomes;
- inducing followers to transcend their own self-interest for the sake of the organisation; and
- activating the followers' higher-order needs.

According to Nahavandi (2006), authentic transformational leaders have several common factors, as illustrated in Figure 2.1. These four common factors are idealised influence, inspirational motivation, intellectual stimulation and individualised consideration.



**Figure 2.1: Transformational leadership factors (Nahavandi, 2006)**

### 2.3.1.1 Idealised influence

Bass (1985) describes idealised influence as used to describe people who by being who they are project power in themselves and have a vast influence on their followers. The inspirational leader creates undivided loyalty and commitment



without any consideration of self-interest. These leaders have confidence in the vision, take full responsibility for their actions and display purpose and trust.

Charisma or idealised influence describes leaders who act as strong role models to followers and whom followers seek to emulate. These leaders have very high standards of conduct, moral principles and ethical values (Aronson, 2001). Furthermore, they provide their followers with a clear vision and mission for their organisation and, in turn, earn a high degree of respect and trust from their followers (Bass, 1999; Bass & Avolio, 1994; Bass & Simons, 1999; Bass & Steidlmeier, 1999). An excellent example of a person whose leadership style exemplifies the charismatic factor is the former state president of the Republic of South Africa, Mr Nelson Mandela. His vision and mission to transform South Africa through shared governance was rooted in trust and high moral standards (Nahavandi, 2006). In lieu of the idealised influence behaviour, Bass (1994) summarised the importance of the values held by transformational leaders in effectuating organisational effectiveness. However, Burns (1978) affirms that only if the moral and ethical values of the leader are uplifting can the leader be denoted as transformational.

According to Stone, Russell and Patterson (2004), the development of a shared vision is an integral component of the idealised transformational leader's role. It helps others to look at the futuristic state while inspiring acceptance through the alignment of personal values and interests with the collective interests of the group's purpose. Transformational leaders are also willing to take and share risk with followers (Avolio & Bass, 2002).

### *2.3.1.2 Inspirational motivation*

This behaviour articulates the importance of leaders communicating high expectations to followers, inspiring and motivating them by providing meaning and

challenge to the followers so that they can develop a shared vision in organisations (Bass & Avolio, 1994; Bass & Steidlmeier, 1999; Kouzes & Posner, 2002).

Moreover, the inspirational appeal of transformational leaders brings out the best efforts in followers, such as harmony, charity and good works. According to Bass and Avolio (1994) as well as Bass and Steidlmeier (1999), the leader develops team spirit in followers, who in turn display eagerness and cheerfulness in achieving organisational goals.

Gill, Levine and Pitt (1999) indicate that inspirational leaders align individual and organisational goals, thus making the achievement of organisational goals an attractive means of achieving personal goals. These leaders treat threats and problems as opportunities for learning and achievement, and they use appealing words and symbols such as “I have a dream...” (Martin Luther King), “We will fight them on the beaches ... (Winston Churchill) and “Ask not what your country can do for you ... ask what you can do for your country” (John F. Kennedy). Such inspirational oratory leads to a willingness to exert extra effort. This implies that organisational members tend to transcend beyond their individual goals to achieve organisational goals.

Avolio and Bass (1990) cite the following examples of inspirational leaders:

- Lee Iacocca at Chrysler. He took over when Chrysler was on the verge of bankruptcy and convinced a sceptical congress, an alienated workforce and disenchanted public that Chrysler could succeed. He inspired his workers to make sacrifices in terms of their remuneration by taking a salary of only one dollar for an entire year for himself.
- Dr Mahathir Mohamed, prime minister of Malaysia, with his “Vision 2020” for the country, a vision of a fully developed nation status by 2020.
- Lee Kuan Yew, former prime minister of Singapore, with his vision in the early 1980s of Singapore as the “Switzerland of the East” by 1999.

- Winston Churchill, who was not only an inspirational leader during the Second World War, but also a visionary leader by presaging a European union of nations in 1945.

#### *2.3.1.3 Intellectual stimulation*

According to Gill et al. (1999), transformational leaders stimulate the intellect and imagination of their followers or subordinates. They argue that transformational leaders question the status quo, encourage imagination and creativity and use encouraging intuition and logic. Thus, intellectual stimulation arguably forms part of empowerment to people. Avolio and Bass (1990) state that one of the most stimulating leaders was Socrates, although he was viewed as a troublemaker and as disrupting the status quo.

Bass and Steidlmeier (1999, p. 6) assert that intellectual stimulation “incorporates an open architecture dynamic into process of situation evaluation, vision formulation and patterns of implementation”. By inspiring a shared vision, leaders encourage followers to view challenges from different perspectives in order to develop new solutions (Gill et al., 1999).

Bass and Avolio (1994) state that the intellectually stimulating leader leads by reframing situations, challenging the assumptions underlying the problem or situation, approaching old situations in new ways by encouraging creativity and limiting the criticism of mistakes. This behaviour is linked to encouraging followers to try out new ideas without being subjected to criticism from the leader.

#### *2.3.1.4 Individualised consideration*

This behaviour is representative of leaders who provide a supportive environment in which they listen to the individual needs of the followers. The leader handles the followers with respect and facilitates individual growth, providing coaching,

mentoring and growth prospects (Bass & Avolio, 1994; Bass & Steidlmeier, 1999). Similarly, this leader may use a range of methodologies, such as delegation, to help followers accomplish their tasks and grow through personal challenges in the organisation.

Transformational leaders act as change agents by strategising and implementing new directions for the organisation (Bass & Avolio, 1994). The leaders evaluate the environments of their organisation by analysing its strength and weaknesses internally and by assessing the opportunities and threats arising from competitive forces (Bass & Steidlmeier, 1999).

## **2.4 TRANSFORMATIONAL LEADERSHIP MODELS**

Leadership literature is extensively rich of theories, models and research approaches (Thomson, 2007). Clawson (2006), for example, identified 26 models and theories within 6 approaches. Three transformational models, namely the FRLT, Schein's organisational culture and Kouzes and Posner's transformational leadership models are relevant to this study and are discussed below.

### **2.4.1 The full-range leadership theory model**

According to Spinelli (2005), in 1988 Bass proposed that transactional and transformational leadership competencies be integrated into a different model. Bass's (1997) expansion challenged Burns (1978), who views transformational and transactional leadership as two separate leadership models that cannot be integrated.

Van Eeden, Cilliers and Van Deventer (2008) state that the full-range model of transformational leadership is based on the concepts of transformational and transactional leadership, as developed by Burns (1978) and expanded by Bass (1997). Bass and Avolio (1994, 1997) developed the FRLT by integrating the nine

leadership factors taken from the transformational and transactional leadership styles to enhance the effectiveness of leaders.

Table 2.1 below illustrates five factors or scales related to transformational leadership, three factors related to transactional leadership and one factor related to non-leadership (or laissez-faire) that make the full-range model operational.

**TABLE 2.1: FULL-RANGE LEADERSHIP THEORY (BASS, 1997; BASS & AVOLIO, 1995)**

Leadership theory	Leadership scales of FRLT
<b>Transformational</b>	1. Idealised influence or attributed charisma 2. Idealised influence or behavioural charisma 3. Inspirational motivation 4. Intellectual stimulation 5. Individualised consideration
<b>Transactional</b>	6. Contingent reward 7. MBE (passive) 8. MBE (active)
<b>Laissez-faire</b>	9. Laissez-faire

According to Thomson (2007), studies conducted by Bass and Avolio (1997) show a strong positive correlation between transformational leadership and contingent reward scales effectiveness. Bass (1997) proposes that effective leaders use both transformational and transactional competencies based on frequencies, namely transformational, contingent reward, MBE (active), MBE (passive) and, in exceptional circumstances, laissez-faire.

Yukl (1999) criticises the transformational model because of the overlap between individualised consideration and inspirational behaviour. Khatri (2005) also

highlights the confusion created by the model when concepts such as charismatic, visionary and transformational are used indefinitely.

#### **2.4.2 Schein's model of organisational culture and leadership**

Schein (2003) proposed a model of organisational culture based on the premise that a leader is a culture manager whose leadership style is a two-fold function of the stages of organisational development and strategic issues. Schein (2003) makes a distinction between leadership styles in different stages of the organisation. In a new organisation, the leader is a culture creator; whereas in the middle stage, the leader is a culture enhancer or supporter; and in maturity, the leader's focus is more on renewing the cultural paradigms and searching for new values (Schein, 2003).

Schein (2003) emphasises that new leaders who come to the organisation have to learn to observe changes in the organisation and to find ways to address them before attempting to change the culture. In this regard, Schein (2003) views leaders as continuous learners who are required to meet expectations such as the following:

- New perception and insight
- Motivation
- Emotional strength
- Skills in analysing and changing assumptions
- Involving others
- Learning the insight of the organisation

Thomson (2007) asserts that Schein based his assertions on the theory of transformational leadership and charismatic leadership style. According to Antonakis and House (2002), the expectations about learning include elements of motivation and emotional strength that are comparable to the elements of inspirational motivation included in Bass's theory of transformational leadership.

What is not clear in Schein's model of organisational culture is how the leader as the cultural manager plans and designs strategies to achieve specific outcomes. However, what are visible in Schein's theory are the inclusion of organisational context, the global context and the inclusion of contemporary issues (Thomson, 2007).

### **2.4.3 Kouzes and Posner's transformational leadership model**

A model of transformational leadership that combines the transforming elements was developed by Kouzes and Posner (1995). The model incorporates transformation, morality, charisma and visioning. Kouzes and Posner's (1995) model describes specific, observable behaviours that were found to be performed by outstanding leaders based on research studies.

The Kouzes and Posner (1995) model contains five practices of exemplary leadership. Each practice was a result of data provided through case analysis and survey questionnaires. The practices represent the common features of person-best leadership experiences (Kouzes & Posner, 2002). These leadership behaviours are as follows:

- *Modelling the way*: This behaviour is essentially about earning the right and the respect to lead through direct individual involvement and action. People first follow the person, then the plan (Kouzes & Posner, 2002). It entails to role model the behaviour and values of the organisation, through leading by example.
- *Inspiring a shared vision*: This leadership approach implies to connect with the follower's dreams, hopes, aspirations, visions and values (Kouzes & Posner, 2002). "This requires that the leaders make full use of their intuitive knowledge to formulate and inspire vision of the future assuring that the

vision incorporates the aspirations of the constituents” (Kouzes & Posner, 2002, p. 18).

- *Challenging the process*: This behaviour refers to a leader’s ability to question the norm and initiate innovation and change within the organisation. The leader’s primary contribution is in the recognition of good ideas, the support of those ideas and willingness to challenge the system to get new products, process, services and systems adopted (Kouzes & Posner, 2002). It also involves risk taking and learning from mistakes (Sashkin, 1988).
- *Enabling others to act*: This refers to the leader’s ability to foster collaboration and build trust. These leaders see teamwork, trust and empowerment as essential elements of their efforts (Kouzes & Posner, 2002). Enabling others to act means creating opportunities for others, and hence giving the gift of authorship that is the pride of ownership and added value (Lock, 2001, p. 38).
- *Encouraging the heart*: This is established through the recognition of followers’ efforts and accomplishments. The action demonstrates and builds the morale of followers. It is how leaders evidently and behaviourally link rewards to performance. Leaders who are determined to raise quality, recover from disaster, start up a new service or make dramatic changes of any kind make sure that followers see the benefit of behaviour that is aligned with cherished values (Kouzes & Posner, 2002, p. 19–20).

## **2.5 ROLE OF THE TRANSFORMATIONAL LEADERSHIP THEORY IN ORGANISATIONS**

Like other theories that were reviewed in this chapter, it is sensible to present the arguments in support of the strength and the weaknesses of transformational



leadership. Proponents of transformational leadership theory affirmed that since its inception in the 1970s, the theory has widely been researched from many different perspectives by prominent leaders in both the public and the private sectors (Bass, 1985; Bass & Avolio, 1994; Northouse, 2003). Northouse (2003) indicates that an analysis of all articles published in *Leadership Quarterly* over the past decade indicates that 34% of the articles were about transformational or charismatic leadership. In addition, over 200 theses, dissertations and research projects were conducted on transformational leadership (Bass & Steidlmeier, 1999).

Bass and Steidlmeier (1999) state that transformational leadership has intuitive appeal. The leadership style describes the aggressive approach leaders take in promoting change for others, and this notion brings to realisation the dynamic personalities society associates with leadership (Bass & Steidlmeier, 1999).

Transformational leadership theory regards leadership as a process that occurs between followers and leaders (Bass & Avolio, 1994; Northouse, 2003). As the process incorporates the leaders' and the followers' needs, transformational leadership is deemed a shared process that emerges from symbiotic relationship between the leaders and followers.

Northouse (2003, p. 84) indicates that "transformational leadership approach provides a broader perspective that augments other leadership models". Northouse (2003) further argues that while other leadership styles emphasise the exchange of rewards for achieved goals, the transformational occurrence incorporates not only the sharing of rewards, but also the leaders' attention to the needs and growth of the followers (Bass & Avolio, 1994; Felfe & Schyns, 2004).

Gill et al. (1999) assert that transformational leadership, through a combination of intellectual stimulation and inspirational motivation, encourages individuals in self-managed and shifting project teams to take initiative and constantly invent improvements. Individual consideration will also be reflected in the individualisation

of employment contracts to meet individuals' unique needs and preferences. Gill et al. (1999, p. 55) state that "variable compensation policies and performance-related pay have signalled the end of the age of entitlement and its succession by the age of achievement".

Schein (as cited in Senge, 1990, p. 85) mentions that transformational leaders also address the wider issues of environment, business ethics and gender, reflected in a new emphasis on corporate core values. Building an organisational culture and shaping its evolution are the unique and essential functions of leadership.

An examination of the moral standard of transformational leaders by Bass and Avolio (1994) and Burns (1978) established that the transformational leader moves individuals to higher standards of moral responsibility by motivating them to transcend their own self-interest for the good of the organisation and community (Hartog et al., 1997).

Lastly, it has been debated that transformational leaders play leading roles in effectuating changes by establishing a vision and promoting new directions, giving the perception that they are acting independently of followers by placing more importance on their own needs (Bass & Avolio, 1994; Northouse, 2003; Yukl, 1999).

## **2.6 CHAPTER SUMMARY**

Leadership is an elusive construct defined differently by different authors. The debates against leadership theories are multitude. Nevertheless, leadership has emerged fundamentally as a rapport in which one person influences the behaviour or actions of another. This is a mutual process. Countless variables affect and influence the relationship which further composite the effect or the influence of the variable on the relation.

This chapter examined and described the theories of leadership, with specific emphasis on transactional and transformational leadership. The chapter concluded with a discussion of various models of transformational leadership, Kouzes and Posner's (1995) transformational leadership model and the roles of transformational leadership in organisations.

The construct of organisational culture is discussed in Chapter 3.

## CHAPTER 3

### ORGANISATIONAL CULTURE

The primary aim of this chapter is to focus on Step 2 of the literature review, namely to conceptualise organisational culture. Firstly, the paradigmatic and conceptual definitions of the concept of organisational culture are discussed. Different organisational culture models are examined, followed by a discussion of factors affecting organisational culture and of the way in which organisational culture is formed and sustained. This chapter concludes with a discussion of the functions of organisational culture and the interconnectivity between leadership and organisational culture, followed by a chapter summary.

#### 3.1 PARADIGMATIC AND CONCEPTUAL DEFINITION OF ORGANISATIONAL CULTURE

The concept of organisational culture is discussed from the perspective of organisational behaviour. An overview of the field of organisational behaviour is given, after which the conceptual definition of organisational culture follows.

##### 3.1.1 Paradigmatic foundation: Organisational behaviour

Organisational culture is studied mostly as a research variable in organisational behaviour. According to McShane and Von Glinow (2005, p. 4), organisational behaviour is the “study of individuals, team and structural characteristics that influence behaviour within organisations”. Studies conducted within this field of organisational psychology have led to a knowledge base that is the foundation of the concept of organisational culture. Ivancevich and Matteson (1999) describe

organisational culture as a perspective of understanding individuals and groups within organisations.

The past 30 years have experienced the revival of interest among researchers in the nature and impact of organisational culture (Hawkins, 1997). The first methodical attempt to understand organisations in cultural terms were conducted in the early 1920s with the well-published Hawthorne studies at the Western Electrical Company (Davidson, Coetzee & Visser, 2007; Van der Post, De Coning & Smit, 1998). Trice and Beyer (1993) assert that it was during the late 1960s that the work of both American and British researchers concerning the substance and form of organisational cultures caught the attention of prominent scholars in the field.

According to Brown (1998), the current interest in organisational culture stems from at least four different sources, namely climate research, national cultures, human resource management (HRM) as well as from a conviction that approaches that emphasise the rational and structural nature of organisations cannot offer a full explanation of organisational behaviour.

The recent interest in organisational culture developed in part from work on organisational climate conducted in the 1970s (Alvesson, 2002). The research findings of these climate surveys suggest that organisational culture seems to be a sophisticated approach to understanding the beliefs and attitudes of individual members about their respective organisations (Brown, 1998; Manetje, 2005).

A further momentum in the development of organisational culture from a South African viewpoint surged in the 1980s from studies conducted by scholars, among others Hofstede (1980), Ochi, (1981), Deal and Kennedy (1982), Kanter (1983), as well as Peters and Waterman (1982). According to these views, organisational culture is more central to organisational success than factors such as structures, strategy or politics. These studies have demonstrated the link between societal

culture and the behaviour of individuals in organisations (Brannen & Kleinberg, 2000). Consequently, the attention moved away from national culture and was focused more on organisational culture (Manetje, 2005).

Brown (1998) states that the vast literature on organisational culture has evolved simultaneously with the equally large and still growing literature on HRM. The collective development of organisational culture and HRM literature signalled the intellectual refocusing on people in organisations as the means by which sustainable competitive advantage can be achieved. This interest originates from the fact that organisational culture is perceived as offering a non-mechanistic, flexible and imaginative approach to understanding how organisations function. Thus, organisational culture is considered the great 'cure-all' for most organisational challenges (French, Bell & Zawacki, 2005; Wilson, 1992).

Postmodern views of organisations are increasingly replacing the traditional mechanistic emphasis on the organisation's adaptive structures (Hawkins, 1997). Current researchers in the field view organisational culture as a means of creating and shaping organisational life by influencing ideologies, values, beliefs, language, norms, ceremonies and other social practices that guide and shape organisational activities (Morgan, 1980).

Trice and Beyer (1993) outline six major characteristics that most scholars accept as representing the essential aspects of organisational culture:

- Organisational culture is a *collective* that represents the prevailing beliefs, values and norms on which organisation members agree.
- Organisational culture is *emotionally charged*, as it represents established ideologies and practices that make the future predictable.
- Organisational culture is based upon a *history* that represents how an organisation has coped with a unique set of social, political and economic circumstances.

- Organisational culture uses *symbolism* to communicate and express its ideology to its members.
- Organisational culture *is dynamic, continually* changing in response to problems and challenges as well as to changes among its members.
- Organisational culture is inherently *ambiguous*, full of multiple meanings and contradictions.

All of the above characteristics of organisations have been separately recognised in the literature of the earlier decades (Davidson et al., 2007). What was new about culture was their integration into one.

The focus on organisational culture has initiated the importance of building organisations around people, rather than techniques (Morgan, 1998).

Organisational culture has expanded existing models of organisations from a collection of structures and systems to a collection of shared beliefs. According to Rothwell, Prescott and Taylor (1998), as corporations face continuous technological advances, increasing globalisation, accelerated changes in market trends and a growing reliance on knowledge capital, the ability to manage the human side of organisations is becoming key to establishing a competitive advantage. Ashkanasy, Wilderom and Peterson (2000) indicate that while the field of organisational culture is still in its infancy, it has highlighted the fact that greater insight into the nature of cultural dynamics is likely to contribute significantly to organisational effectiveness and performance

### **3.1.2 Conceptual definition of organisational culture**

The concept of culture originated in the anthropological domain and has various definitions, predominantly in the context of psychology and management theory (Struwig & Smith, 2002). Bagraim (2001) states that there is no single universally accepted definition of the term 'corporate culture'. The original significant work

regarding this concept was published in 1951 (Bagraim, 2001). A variety of definitions rapidly emerged, as many authors used the concept without much elaboration. Barney (1996) adds that few concepts in organisational theory have as many different and competing definitions as organisational culture.

Denison (1996, p. 654) asserts that culture is “the deep structure of the organisations, which is rooted in the values, beliefs and assumptions held by organisational members”. When reference is made to organisational culture, it refers to the meanings inherent in the actions, procedures and protocols of organisational commerce and discussion.

James et al. (2007, p. 21) describe culture as “the normative beliefs and shared behavioural expectation (i.e. systems values) and shared behavioural expectations (i.e. system norms) in an organisation”.

Martin and Terblanche (2003) also define organisational culture as the deeply seated values and beliefs shared by the members of an organisation. Organisational culture is manifested in the characteristics of the organisation. Consequently, it refers to a set of basic assumptions that previously worked so well in the organisation and that are accepted as valid assumptions within the organisation. These assumptions are maintained continuously throughout the process of human interaction and regarded as how things are done and how problems should be understood in the organisation.

Schein (2004, p. 17) presents the following different, but extensively accepted, definition of organisational culture:

[A] pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid, and



therefore to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.

Notwithstanding the above definitions, Brown (1998, p. 9) defines organisational culture as “the pattern of beliefs, values and learned ways of coping with experience that have developed during the course of an organisation’s history, and which tend to be manifested in its material arrangements and in behaviours of its members”. This proposes that organisational culture is noteworthy in the organisation and is articulated in the organisation in order to shape how the organisational members should act and behave (Manetje, 2005).

Deal and Kennedy (1982) explain corporate culture as the dominant values espoused by the organisation. Kotter and Heskett (1992) also state that organisational culture provides the behaviour patterns or styles that the new employees are automatically encouraged to follow. Frost (1985) adds that the importance of organisational culture to the people concerns symbolism, rituals, myths, stories, legends and the interpretation of events, ideas and experiences that are influenced and shaped by the group of people with whom they interact.

Alvesson (2002) states that values and assumptions about social reality are also important to be included in the definition of organisational culture. Consequently, organisational culture is viewed as a system of common symbols and meanings. It offers the shared rules governing cognitive and effective aspects of membership in an organisation and the means with which they are shaped and expressed (Davidson et al., 2007; Kunda, 1992).

Various researchers tend to define the construct of organisational culture from a broader viewpoint, such as artefacts, symbols, rituals, celebrations, structures and behaviour (Deal & Kennedy, 1982; Pondy, Frost, Morgan & Dandridge, 1983; Trice & Beyer, 1993). This approach is based on the adaptation perspective according to

which it is believed that organisational culture can be defined by translating the meaning attached to artefacts, symbols and rituals.

Many of the recent researchers, as illustrated in this section, use definitions that are comprised of three elements. The first includes a phrase like 'commonly held' or 'shared', meaning that all members are in agreement. The second element includes one or more of the following words to define organisational culture from the idealisation perspective: "beliefs, values, attitudes, assumptions, ideologies, philosophies, expectations, norms and meaning" (Huntington, 2000). The third element implies that the combination of the first two elements is what ties or holds the group together.

Given the various definitions of organisational culture that were discussed in this section, Schein's (2004, p. 17) definition cited earlier is adopted and relevant to this study.

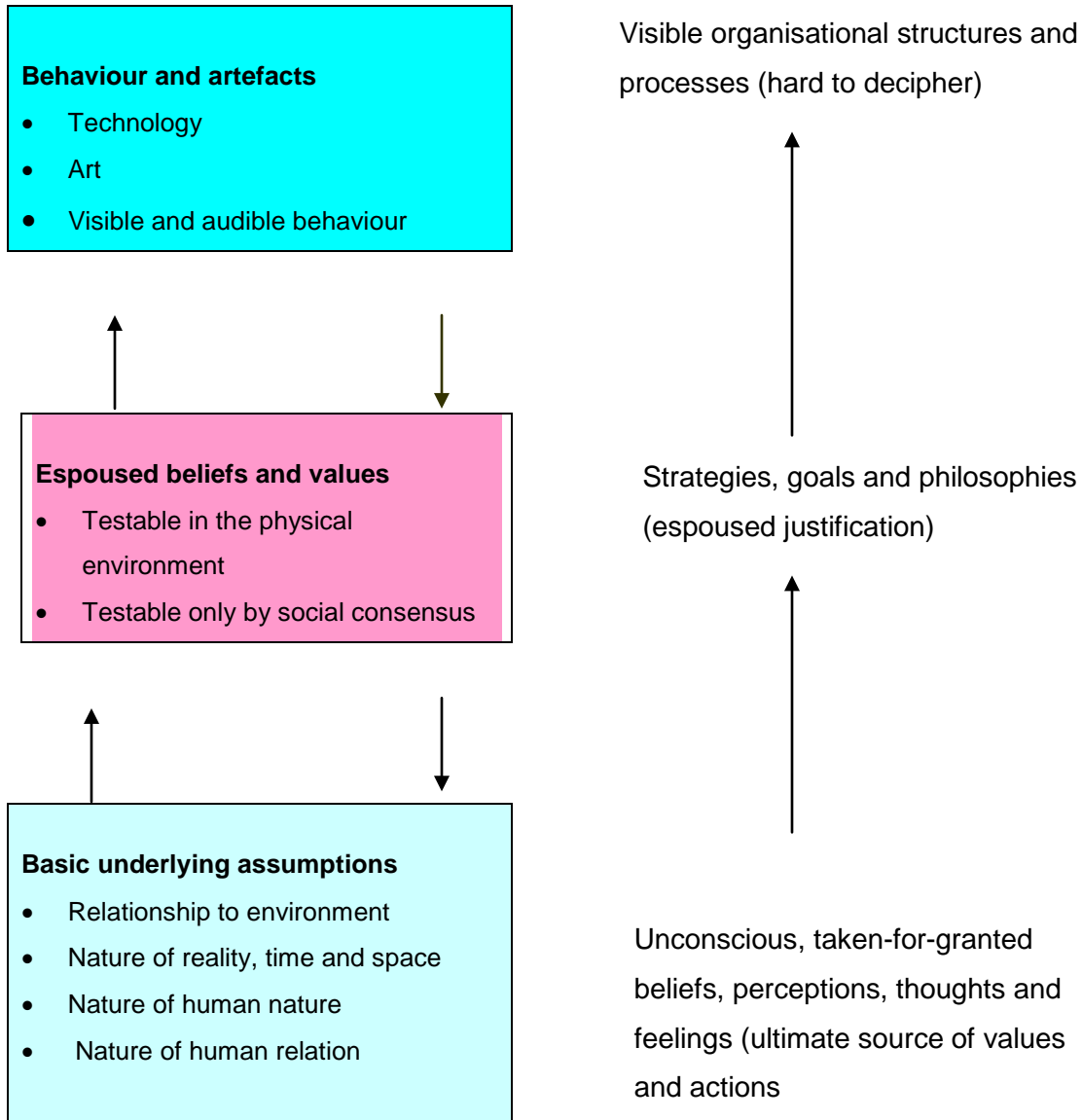
It is apparent from the preceding definitions of organisational culture that if the concept is to be analysed and managed, it is significant that it is made clear what is meant by it. Failure to clearly specify what 'organisational culture' is can result in confusion, misunderstanding and conflict regarding its basic functions and importance in the organisation.

### **3.2 ORGANISATIONAL CULTURE MODELS**

Following the discussion of the conceptualisation and definition of organisational culture, it is vital to explore several models of organisational culture to gain a deeper understanding of the concept. There are various models of organisational culture in the literature; however, three models applicable to this research are discussed.

### 3.2.1 Schein's three-layer organisational culture model

Schein's three-layer organisational culture model is discussed below.



**Figure 3.1: Schein's three-layer organisational culture model (Schein, 1985, p. 14, 2004, p. 26)**

As illustrated in Figure 3.1, Schein (1985, 2004) views organisational culture in terms of three levels. The phrase level refers to the degree to which the cultural

phenomenon is visible when observed. The levels vary from tangible overt manifestation, which can be seen and felt, to embedded, unconscious, basic assumptions. Within two layers are different espoused beliefs, values, norms and rules of behaviour.

The following is a description of the three levels of the organisational culture model:

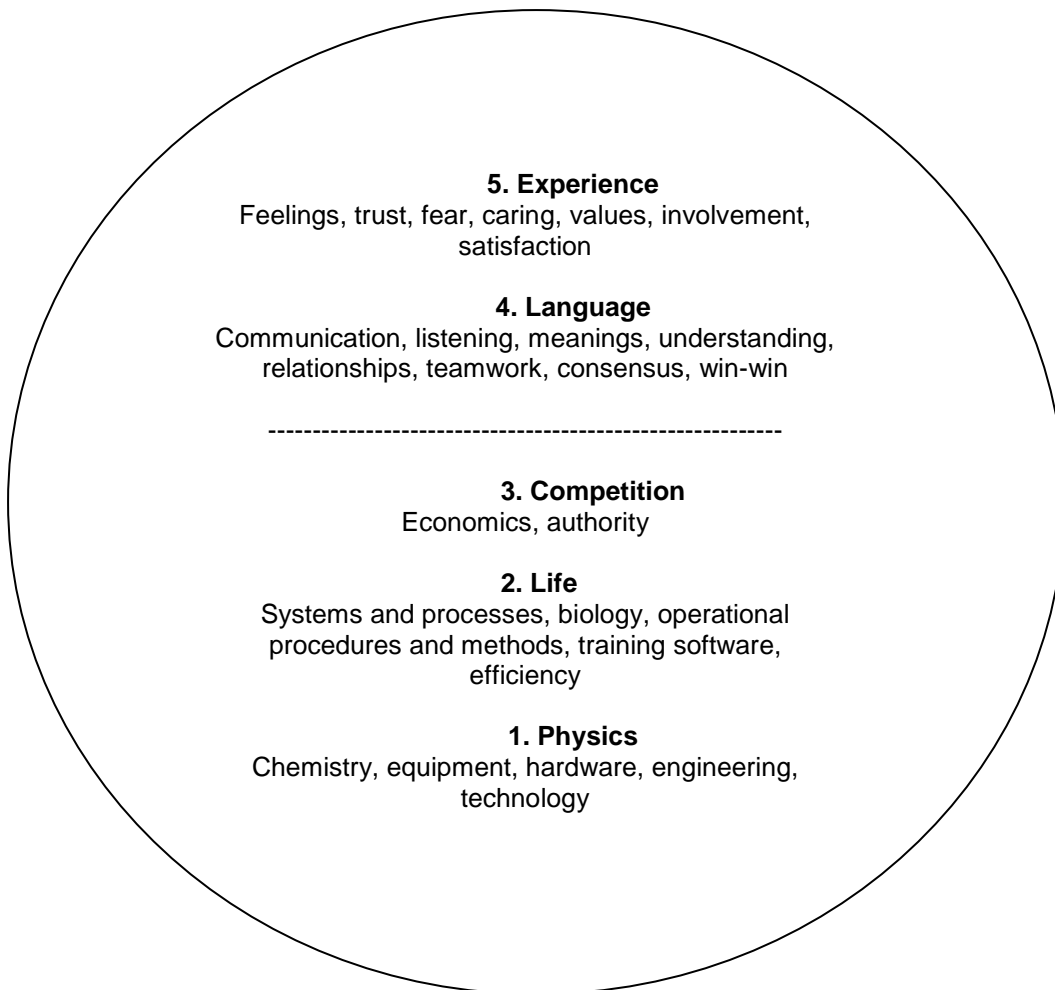
- *Behaviour and artefacts*: Individual behaviour and tangible artefacts make up the most visible level of culture, consisting of observable indicators (Schein, 2004). Behaviour and artefacts include dress codes, factory rules, layouts of work areas and existing technology. According to Schein (1985, 2004), behaviour and artefacts are what people can see, hear or feel. They are difficult to decipher and are sometimes ambiguous. Although artefacts are easy to observe, they are not easily classified (Schein, 1985, 2004). Behaviour and artefacts may provide information on what a group is doing without explaining why they are doing it.
- *Espoused beliefs and values*: Beliefs and values are conscious, affective desires or wants, and they represent things that are important to people (Ivancevich & Matteson, 1996). They are not directly observable, but represent the background that determines behaviour. These beliefs and values are usually espoused or directed by the founder of the organisation or the leader, and then assimilated into behavioural patterns of the group (Schein, 1985, 2004). The members of the organisation will then attribute their behaviours to the stated values. Similarly, individuals in the organisation may also behave differently to stated operating values (National Defense University, 2002).
- *Basic underlying assumptions*: When a solution to a problem works repetitively, it comes to be taken for granted. What was once a hypothesis, supported only

by a guess or a value, gradually comes to be treated as a reality. Basic assumptions tend to be taken for granted that one finds little difference within a cultural unit (Schein, 1985, 2004). Nelson and Quick (2005) state that basic assumptions are so strongly held that a member behaving in any fashion that would violate them would be unthinkable. Basic assumptions guide behaviour and tell people how to think and feel about and perceive work, performance goals, human relations and the performance of their colleagues (Nelson & Quick, 2005).

### **3.2.2. Phegan's five levels of evolution, culture and leadership model**

As illustrated in Figure 3.2, Phegan (1996) states that organisational culture is generally unbalanced. It is generally strong in some areas and weak in others. Therefore, leadership is the process of balancing the levels so that the quality of everyone's experience and performance in the system is improved.

The top half of culture  
(How and why we do it)



The bottom half of culture  
(what we do)

**Figure 3.2: Phegan's circle of culture model: The five levels of evolution, culture and leadership (1996, p. 53)**

The following is a discussion of Phegan's (1996) five levels of organisational culture:

- *The physics level:* This level of the organisation is usually understood and easily communicated through sight and language. The level of technology and engineering is evident.
- *Life:* The second level, life, contains the systems and processes by which the physical or hardware level features are utilised. This level is often poorly developed and implemented. Training programmes are substandard and often not installed at the right stage. Many organisations spend considerable resources on attempting to fix this level of organisational culture.
- *Competition:* This level is the most emphasised. It contains profit, productivity, rules and authority. These are the most stressed and talked about components of the organisation's daily routine. Similarly, a great deal of emphasis is placed on memoranda and reviews.
- *Language:* Communication is the thinnest area in most organisational cultures. The use of language to build teams, convey missions and sponsor relationships is usually weak. The level is regarded as the biggest opportunity to develop the organisation's culture.
- *Experience:* Experience exists in all organisations. However, the problem in most cultures is that it is of poor quality. The practice of building trust, sharing feelings, employee involvement and job satisfaction are not prioritised. This level must be addressed through Level 4 (Language). Effective, efficient and honest communication will allow the organisation's experience to flow and be utilised among the employees.

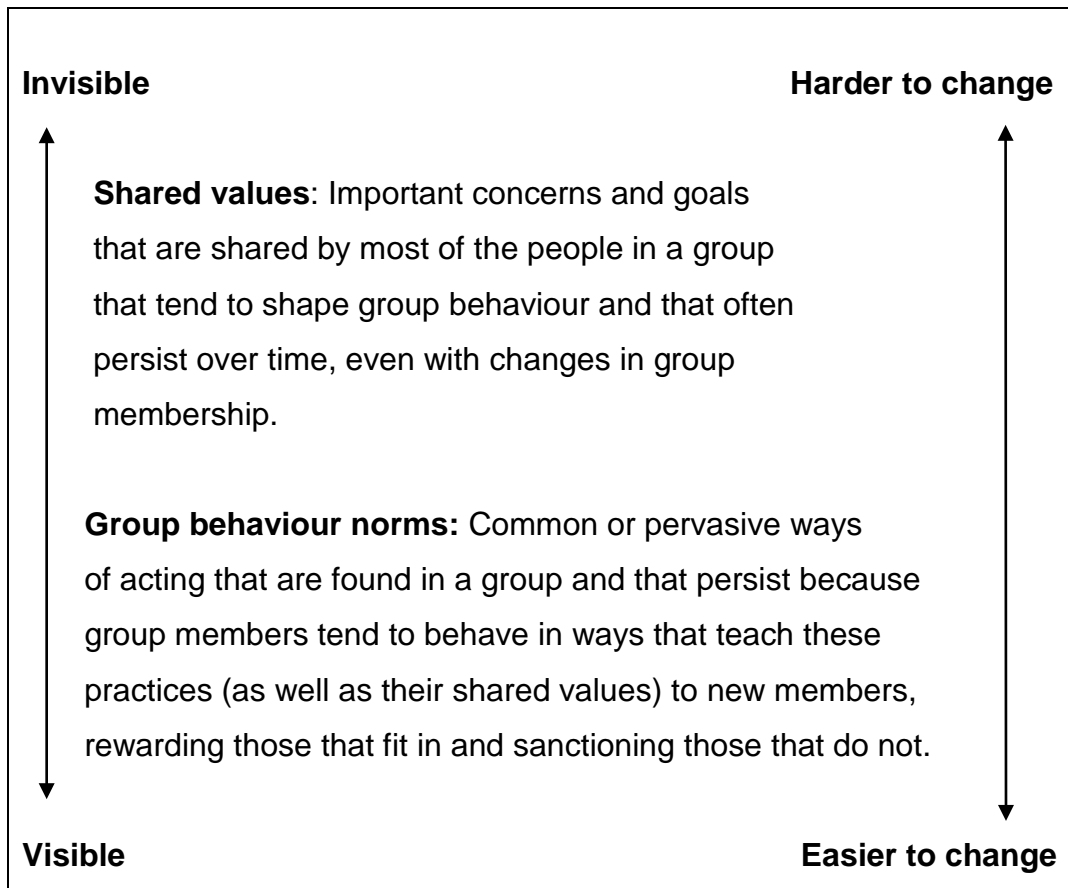
### **3.2.3 Kotter and Heskett's organisational cultural model**

Kotter and Heskett (1992) view organisational culture in terms of two levels, as illustrated in Figure 3.3. The two levels differ in terms of their visibility and the resistance to change. At the deeper or less visible level, culture refers to the values that are shared by the group or people in a group and that endure over time, even if the group membership changes. At this level, culture can be extremely difficult to change.

At the more visible level, culture represents the behaviour patterns or style of an organisation that the new members are automatically encouraged to follow. Organisational culture in this sense is still complex to change, but not as difficult as the level of basic values.

Kotter and Heskett (1992) also emphasise that culture is not identical to the firm's organisational strategy or structure, although the terms are sometimes used interchangeably, because they are critical in shaping the behaviour of the people.

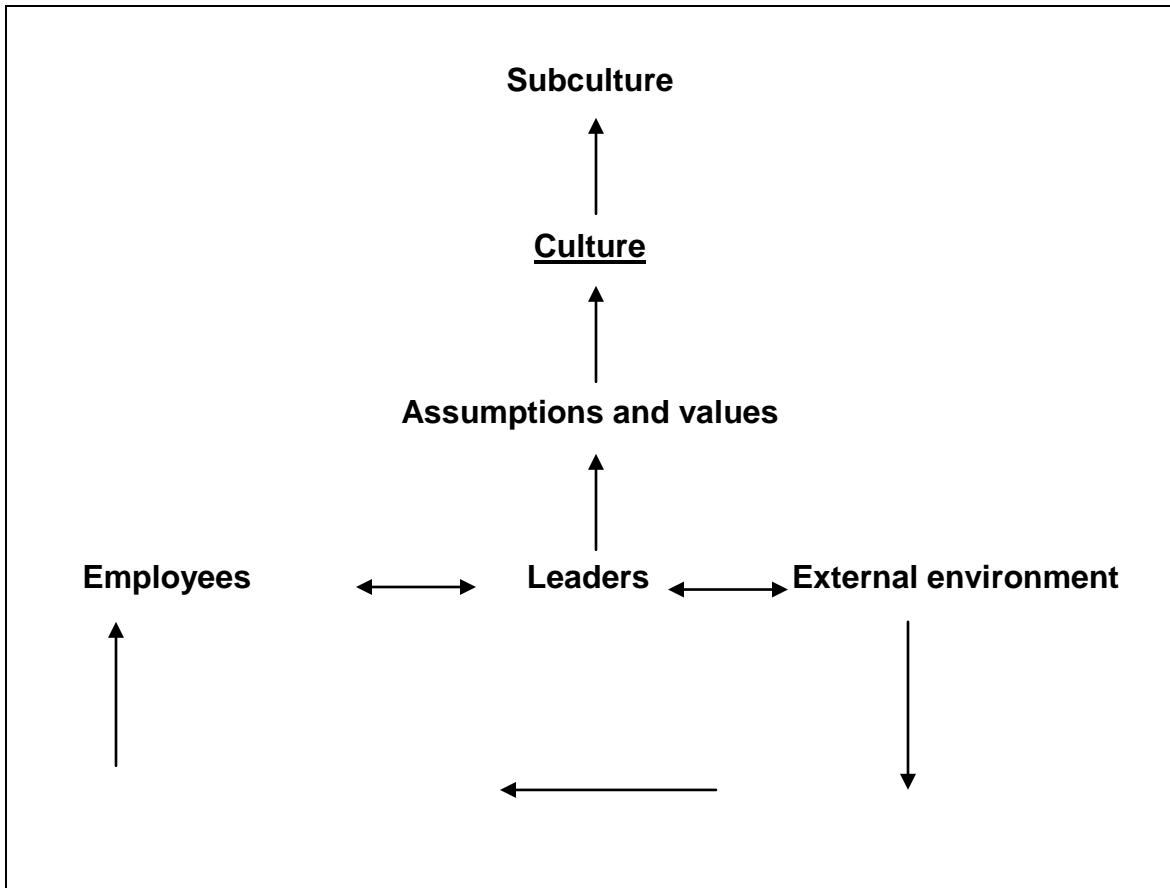




**Figure 3.3: Kotter and Heskett's organisational culture model (1992, p. 5)**

### **3.3 FACTORS AFFECTING ORGANISATIONAL CULTURE**

According to Hatch (1993), organisational culture is a dynamic construct to the effect that it is determined by three primary elements: leaders (Deal & Kennedy, 1992; Schein, 2004), assumptions or values (Collins & Porras, 1994; Deal & Kennedy, 1982; Kouzes & Posner, 1995; Schein, 2004) and the environment (Deal & Kennedy, 1982). Each of these elements interacts with the other elements to produce the type of culture and subsequent cultures that provide for organisational survival and success, as illustrated in Figure 3.4 below.



**Figure 3.4: Factors that impact culture (Lock, 2001, p. 19)**

### 3.3.1 Assumptions and values

Studies conducted by Dyer (1985), Rousseau (1990) and Sarros, Cooper and Santora (2008) have found assumptions to be at the core of a culture, while other studies conducted by Peters and Waterman (1982), Deal and Kennedy (1982) as well as Sathe (1985) suggested that values are at the core of a culture. It is generally agreed that the difference between assumptions and values is due to the level of consciousness at which each operates. Assumptions operate at a deeper, usually the unconscious level, while values operate at a conscious level.

Dyer (1985, p. 204) delineates the following categories in which assumptions can be categorised:

- *Nature of relation*: Are relationships between members individualistic, hierarchical or collaborative?
- *Human nature*: Are others generally good or generally bad?
- *The nature of truth*: Must it be verified by authority members or by personal trial and error (scientific methods)?
- *The environment*: Must it be mastered, must one be subjugated by it, or can it be interacted in a harmonious manner?
- *Universalism/Particularism*: Are all members treated the same or are some given preferential treatments?

Similarly, the categories also provide a clue as to what is meant by the term 'assumptions'. This list provides some evidence of why assumptions usually function at an unconscious level and the reason why assumptions are rarely challenged. It also becomes obvious if culture arises from this level of cognition, and assumptions are shared, organisational culture is therefore resistant to change (Schein, 2004).

Values can be considered a perspective of what is good and what is true. Values provide the fundamentals blueprint for making decisions and choices in the organisation (Gardner, 1995). Deal and Kennedy (1982) argue that leaders shape the values that are the foundation of any culture. Since no one can impose values on others, employees and other stakeholders, such as shareholders, should be

part of the process of creating shared values. This will require involvement from people from many levels and areas of the organisation.

### **3.3.2 Leaders**

Though leaders cannot control organisational culture, Morgan (1986) asserts that leaders can shape and mould the culture in several ways. Leaders act as role models, demonstrating to others the best way to behave (Deal & Kennedy, 1982). Similarly, Schein (2004) emphasises that employees are intensely aware of how leaders act during celebrations and during crises. In essence, one way to begin to decipher the culture of an organisation is to observe how it responds during a crisis (Sathe, 1985).

Peters (1987) highlights that people observe what leaders pay attention to and what they ignore as well as how leaders allocate resources, rewards and promotions. All these signify and indicate to others the correct way to behave and what needs to be done to achieve recognition and success. Leaders also act as symbols of the culture for both their employees and people outside their organisation (Deal & Kennedy, 1982).

### **3.3.3 External environment**

When defining and analysing the external environment, Peters and Waterman (1982) and Schein (2004) suggest that the first group of interested constituencies that should be considered is the customers. Customer service and product requirements change over time and this is the most propelling reason to maintain an agile and innovative culture.

Another element of the external environment that also changes frequently is the regulatory environment (Davis, 1985). There have been an increased number of regulations to constantly protect consumers and employees. This has also

compelled organisations to amend many of their human resource practices, values and cultures.

An additional element of the environment that affects organisational culture is the competitive environment in the market (Davis, 1985; Gordon, 1991). As a competitor becomes proficient in using new technology or skills, the major part of the organisation is affected.

Gordon (1991) and Schein (2004) add that other culture-impacting elements include the economy as well as societal expectations. Fundamentally, all the factors will not only have business impact on the organisation, but they can also change assumptions and values.

### **3.4 FORMING AND SUSTAINING ORGANISATIONAL CULTURE**

The following is a discussion of the formation of organisational culture:

#### **3.4.1 Forming organisational culture**

Howard (1998) states that organisational culture changes constantly as the organisation itself changes. These changing dynamics of the organisation contribute to the formation of its culture, as articulated by scholars such as Fombrun (1983), Louis (1985), Schein (1990) and Scholz (1987).

Schein (1990) states that organisational culture forms at three levels of abstraction, namely assumptions, values and artefacts. Schein (1990) further emphasises that the core of organisational culture exists in the basic assumption that individuals share things such as human nature, social relationships and relations among social institutions and their environments. These theoretical assumptions are abstract in nature, exist in the subconscious minds of the people and are often taken for granted by the organisation's leaders (Howard, 1998). Nonetheless,

Robbins and Judge (2005) highlight that the issue of reliance and authority must be taken through the paradigm of culture development, which is the central point of cultural formation, by clearly emphasising the role of leadership in the organisation. The leader selected is representative of many values and norms of the group formation (Flemming, 2009).

The second level of cultural formation is the level of values. Values represent the veracity and moral resilience that organisational members display regarding the nature of the functioning of the organisation and how rules are upheld in the organisation (Cameron & Quinn, 2006; Schein, 1990). Schein (1984) states that values are equivalent to strategic imperatives or constraints, whereas others are simply policy formulation. Yet, the distinction between values and assumptions may be more conceptual than empirical, since there is a thin line between both phenomena (Flemming, 2009).

The third level of organisational culture formation is artefacts, which, according to Howard (1998), are the most concrete components of organisational culture, which are associated with the physical evidence of culture such as the organisation's structure, the dress code, mission statement and rituals.

Scholz (1987) also argues that organisational culture formation exists along three dimensions, namely an evolutionary dimension, an internal dimension and an external dimension. Flemming (2009, p. 78) notes that "the evolutionary dimension consists of the five stages: stable, reaction, anticipating, exploring, and creative stages – which show how the organisation responds to culture challenges". In the stable stage, no changes are considered, while the reaction stage shows acceptance to minimal changes (Flemming, 2009; Scholz, 1987). Additional changes are accepted during the anticipation stage and compared to the exploring and creative stages where large amounts of changes are possible and continuous. The internal dimensions of culture only address issues relating to the conditions operating within the organisation that affect the culture, while the external

dimensions of culture focus on the external environment (O'Reilly, 2001; Scholz, 1987). This suggests that an organisation facing a complex and dynamic environment is likely to develop a culture that is flexible, innovative and risk taking (Flemming, 2009).

Martins and Martins (2003, p. 385) indicate that the founders of an organisation follow the following three steps in culture creation:

- Firstly, founders only appoint and keep employees who think and feel the way they do.
- Secondly, they indoctrinate and socialise these individuals to their way of thinking.
- Lastly, the founder's own behaviour acts as role model that encourages the employees to identify with them, thereby internalising their beliefs, values and assumptions.

In addition, Louis (1987) asserts that although organisational culture is strong in nature, there are subcultures that often develop along positions within the various levels in the organisation, thereby suggesting that conditions, problems or personnel at different levels within the organisation can influence and produce pressure for different cultures within the organisation, particularly in distributing and allocating scarce resources in the organisation (O'Reilly, 2001).

### **3.4.2 Sustaining organisational culture**

The culture of a successful organisation has a propensity to be maintained and transmitted to the new employees who join the organisation (Brown, 1998). Martins and Martins (2003) highlight that in order to keep the organisational culture alive, the organisation has to ensure that its culture is transmitted to organisational members.

Brown (1998) distinguishes the following three basic stages in which organisational culture can be sustained:

#### 3.4.2.1 *Pre-selection*

The first stage of sustaining organisational culture is the pre-selection stage. This stage is described by the potential recruits who aspire to become members of the organisation. These members may even make great efforts to learn about the organisation's history and culture and may begin to subscribe to its espoused values. Research suggest that individuals who are exposed to a realistic job preview and take up positions within the organisation are more satisfied, have a lower turnover and are more easily socialised into the prevailing organisational culture (Brown, 1998).

#### 3.4.2.2 *Socialisation*

Socialisation is the second stage of sustaining organisational culture. Brown (1998, p. 57) describes the stage of socialisation as an "enculturation process by which the participants learn the culturally accepted beliefs, values and behaviours so that they are able to act as effective members of the group". Similarly, organisational members who are not compatible with the organisational culture are also discarded from the group. Martins and Martins (2003) state that it is during this stage that new members are assisted to become accustomed with the organisation's culture. Martins and Martins (2003) as well as Robbins and Judge (2005) illustrate the socialisation process as follows:

- The first is the *pre-arrival stage*, which entails all the learning that takes place before the potential employee can join the organisation.
- The second is the *encounter stage*, when the new member comprehends the actual organisation and its reality and confronts the possibility that the expectation and the reality may differ from this or her expectations.



- The last is the *metamorphosis stage*, when the long-term changes are realised and the new member must synergise any deviation experienced during the encounter stage.

#### 3.4.2.3 *Incorporation/Rejection*

Brown (1998) describes incorporation or rejection as the final stage, which results in the individual being either incorporated into or rejected by the organisation. Indicators that the socialisation is completed include members being allowed to participate in organisational social functions and other activities. In circumstances where the individual member fails to learn the culture of the organisation, such individual is ultimately generally removed. Similarly, if the organisation's socialisation mechanisms are effective, employees may be 'over-socialised', resulting in total conformity and an incapability to think and act creatively.

### **3.5 MERGING DIFFERENT ORGANISATIONAL CULTURES**

Mergers and acquisitions (M&A) continue to be a highly popular strategy for achieving growth and diversification. According to Evans, Puick and Borsoux (2002), the fastest growing type of the M&A deal is cross-border acquisition. Executives view cross-border acquisition as an important strategy in extending their geographical reach and gaining rapid access to new markets and resources (Bhagat & Steers, 2009). In combination with other trends, such as increased corporation restructuring, reduced trade barriers, easier access to global pools of markets and specialised resources, globalisation has spurred an unprecedented surge in cross-border acquisition (Bhagat & Steers, 2009).

Though some M&A may be motivated by purely financial considerations or undertaken as a means to diversifying risks, the fundamental rationale of related business M&A is to improve the competitive position of one or both of the organisations by generating synergies, whereby in combination the two

organisations create more value than each could achieve on its own (Schweiger, 2002).

However, despite their popularity and strategic importance, the track record of M&A is not very encouraging. A meta-analysis by King, Dalton, Daily and Covin (2004) of 93 published studies indicates that the post-acquisition performance of acquiring firms fails to surpass or tends to be slightly poorer than that of non-acquiring firms.

Though King et al.'s (2004) meta-analysis did not compare the performance of international M&A with that of domestic transactions, M&A scholars and executives generally agree that cross-border M&A are difficult to implement. Due to their international nature, cross-border M&A involve unique challenges, as countries have different legal systems and regulatory requirements, accounting standards, employment systems and other arrangements (Schuler, Jackson & Luo, 2004). In addition to obstacles created by differences in the broader institutional environment, cultural differences in management styles and business norms, as well as the often unanticipated challenges inherent in communicating across long distances, dealing with problems arising from different communication styles can undermine the success of M&A that have a sound strategic and financial fit (Goulet & Schweiger, 2006).

### **3.6 CHANGING ORGANISATIONAL CULTURE**

Change is everywhere and will be one of the few invariables in the future (French & Bell, 1999). In confirmation, Goodstein and Burke (1991) state that change in organisations in the 21<sup>st</sup> century will be continuous and a way of life for the organisation.

From an organisational psychology perspective, Goodstein and Burke (2000) view change as either on a large scale, also referred to as fundamental, or on a smaller

scale, referred to as fine-tuning changes. This classification of change is also supported by French and Bell (1999), who describe the Burke and Litwin model for planned change as transformational and transactional changes.

Organisational change is sometime prompted by the external environmental pressures that the organisation has to respond to intentionally in order to be abreast with other competitors (Porras & Silvers, 2000). This planned response is characterised by a change in intervention and key organisational target variables that have an impact on individual organisational members and that finally result in changes in organisational outcomes.

According to Schein (2004), most change processes emphasise the need for behavioural change, as transformational change entails that a person or a group of people must unlearn something they learned already while also learning something new at the same time. Thomson and Luthans (1990) are of the opinion that culture can only be changed by first changing the behaviour and the attitudes of those individuals who are involved. Similarly, the new behaviour is enforced while unlearning the behaviours that need to be changed. For organisational change to be successful, there are several models that have been deemed appropriate to facilitate successful changes. However, these models are not addressed in this study.

### **3.7 FUNCTIONS OF ORGANISATIONAL CULTURE**

Schein (1988) identified the following functions that are fulfilled by organisational culture:

- Culture plays an important function in resolving organisational problems related to survival. The challenges of the external adaptations specify the coping cycle that a system must be able to maintain in relation to its

changing environment. According to Schein (1988), the problems of external adaptation are related to the following:

- *Mission and strategy*: These involve obtaining a shared understanding of the core mission and primary tasks, and manifest underlying functions.
  - *Goals*: There has to be agreement on goals as derived from the core mission.
  - *Means*: Consensus needs to be reached on the means to be used to attain goals relating to organisational structure, the division of labour, the reward system and the span of control.
  - *Measurement*: Consensus must be reached with regard to the criteria to be used for measuring how well the group is progressing to achieve its goals.
  - *Correction*: Consensus must be reached regarding the appropriate remedial strategies to be used if goals are not realised.
- Culture plays a significant function in harmonising the organisation's internal processes to ensure the capacity to continue to adapt and survive (Schein, 1988). The internal factors that the organisation needs to address include the following:
    - *Ideology and 'religion'*: Each organisation experiences unexplainable events which means should be inferred or attributed so that members can respond appropriately and avoid the anxiety of dealing with complex situations.
    - *Power and status*: This entails the hierarchical order of the organisation. It is important for the employees to understand how one gains, maintains and loses power. Harmony is critical to help members manage feelings of aggression.
    - *Rewards and punishment*: Each member of the organisation and group needs to know what is punishable and warrants reward in the organisation.

- *Group boundaries and criteria for inclusion and exclusion*: These relate to the collective agreement on who is in and out and the criteria to determine what is important in the organisation.
- *Common language and conceptual categories*: Members or a group that cannot communicate and understand each other are dysfunctional.
- *Intimacy, friendship and love*: Each organisation is to determine its rules regarding peer relationships, relationships between sexes and the manner in which openness and intimacy should be handled in the context of managing the organisation's responsibilities.
- Schein (1988) indicates that culture also serves as a significant function in reducing the anxiety that members of the organisation experience when facing uncertainties. Culture presents a system for classifying things that must be attended to and setting out criteria for reacting on them.
- Pfister (2009, p. 33) states that the right organisational culture “contributes to organisational performance because it is aligned with organisational objectives and purposes of the organisation”.
- Cameron and Quinn (2006) hypothesises that institutions with strong and congruent cultures show significant strength over those with weaker cultures and sub-cultures. However, Brown (2007) asserts that Cameron's study did not corroborate the hypothesis, as Cameron's (2006) study showed that dominant culture type and not cultural strength was the real predictor of organisational performance.
- Kotter and Heskett (1992) conducted several research studies to examine the link between organisational culture and economic performance in government organisations. Kotter and Heskett (1992) implemented a combined quantitative and qualitative case study to test a hypothesis on the relationship between organisational culture and long-term performance. In

summarising their findings, Kotter and Heskett (1992) were able to identify with similar trends presented in Cameron's (2006) previous research, namely that organisational culture leads to organisational performance.

- Ogbonna and Harris (2000) note that the claim that organisational culture is linked to performance is founded on the perceived role that culture can play in generating competitive advantage. Krefting and Frost (1985) suggest that organisational culture can create competitive advantage by defining the boundaries of the organisation in a manner that facilitates individual interaction and/or by limiting the scope of information processing to an appropriate level.
- Reed and DeFillippi (1990) also argue that sustainable competitive advantage arises from the creation of organisational competencies that are both superior and imperfectly imitable by competitors. Thus, the 'uniqueness quality' of organisational culture makes it a potentially powerful source of generating advantage over competitors.
- The studies conducted in the 1990s assessing the links between organisational culture and performance were more cautious (Ogbonna & Harris, 2000). Moreover, the studies conducted by Gordon and DiTomaso (1992) and Denison (1990) both proposed that there are links between certain organisational culture characteristics and performance. Gordon and DiTomaso (1992) state that culture will remain linked to superior performance only if culture is able to adapt to changing environmental conditions. In addition, the culture must not only be strong or widely shared, but it must also have unique qualities that cannot be imitated.

### **3.8 TRANSFORMATIONAL LEADERSHIP AND ORGANISATIONAL CULTURE IN PUBLIC SERVICE ORGANISATIONS**

The late 1980s have seen a series of studies showing the link between dominant organisational culture types and organisational performance (Scott, Davies & Marshall, 2003). Yukl (1994) is of the opinion that transformational leadership and organisational culture have gradually become more important over the last decade, resulting in more than 5 000 studies conducted on leadership.

Moreover, the phenomenon of leadership and culture continues to draw the interest of academics and practitioners in several fields, including sport management, public sector organisations and the health care industries (Flemming, 2009). Yukl (1994, p. 271) further proposes that transformational leadership “is a process of influencing major changes in the attitudes of and assumptions of organisational members and building commitment to organisation’s mission, objectives and strategies”. Furthermore, Bass and Avolio (1992) also affirm that more recent studies on the issue of transformational leadership have been focused on the leader’s effect on followers. Conversely, followers of the transformational leader experience trust, admiration, loyalty and respect towards the leader; consequently, they are motivated to do more than what they initially expected to do (Yukl, 1994).

For the purpose of this study, the following few major studies that were conducted on transformational leadership style and organisational culture are identified:

- Block (2003) conducted a study on the relationship between transformational leadership styles and organisational culture in improving performance in public sector organisations. The findings of this study reported a significant number of possible causal links, although the data are limited to an empirical analysis of the relationship between leadership styles

and organisational culture traits (Block, 2003). Thus, the data do not explain the underlying causal links.

- In a study conducted by Javidan and Waldman (2003), the study findings supported the modern view of transformational leadership hypothesised by House's (1999) seminal research. The findings pointed to the complexities in public sector organisations concerning transformational leadership. Moreover, Javidan and Waldman (2003) argue that transformational leadership is more envisioned in the public sector. Yet, this type of leadership may not necessarily produce the types of performance or motivational results that are typically associated with private sector organisations; however, it can be the result of a number of constraints.
- Blackwell (2006) conducted a study in public service organisations that provided additional insight into why managers may behave differently in similar organisations and within similar jobs. Although the contributions of this research are modest, they are extremely important. Blackwell (2006) argues that if managers desire to develop a transactional or transformational influence within the organisation, they must comprehend the appropriateness and importance of various role components linked to organisational context.
- Banerji and Krishnan (2000) articulate that the results of their study did not reveal any relationship between charisma and leaders' ethical preference. In addition, the study compels one to consider the possibility that a charismatic leader who has an abundance of appeal and is instrumental in enthusing followers because of personal charm may not be a person of ethical position. Banerji and Krishnan (2000) state, however, that a significant correlation was observed between the intention to bribe and intellectual stimulation.



### **3.9 INTEGRATION: TRANSFORMATIONAL LEADERSHIP AND ORGANISATIONAL CULTURE**

According to Schimmoeller (2006), the two important constructs of this study, namely transformational leadership and organisational culture, are not independent of one another. However, research has shown that there is a constant interchange between transformational leadership and organisational culture (Bass & Avolio, 1993; Parry, 2002; Schimmoeller, 2006). Block (2003) measured that 24 to 30% of variance in employees' perception could be ascribed to the leadership style of their immediate supervisor. Thus, it is the leaders that help shape and change the culture of an organisation and thereby influence the employees' perception of organisational culture. Moreover, leaders that have the aptitude to influence organisational culture need to take into consideration the culture in which they are functioning, otherwise they will not be effective and efficient.

Transformational leadership and organisational culture have been theoretically and empirically linked to organisational performance (Xenikou & Simosi, 2006). Research findings of a number of comparative studies conducted in the 1990s on the impact of organisational culture on performance showed that certain organisational cultural behaviours are favourable to organisational performance (Kotter & Heskett, 1992). Bass (1985) proposes that traits of the transformational style direct performance beyond expectations in organisational situations. Furthermore, research has empirically shown that there is a relationship between transformational leadership behaviours and organisational measures of effectiveness (Xenikou & Simosi, 2006).

An extensive number of researchers have argued that there is steady interaction between transformational leadership and organisational culture. However, there are limited empirical studies examining the positive relationship between transformational leadership and organisational culture and their impact on

organisational performance in a military organisation (Bass & Avolio, 1993; Schein, 1992). Therefore, this study sought to determine the theoretical and empirical positive relationship between transformational leadership and organisational culture in a military organisation.

References to the interdependence between leadership and organisational culture are in abundance in both the scholarly and popular literature. Shamir (1999, p. 9) summarises this interdependence as follows:

The main function of organisational leaders becomes that of being centers of gravity in the midst of weakening frameworks, and balancing the centrifugal forces exerted by loosely coupled structures, fragmented cultures, temporary membership, and technologies that increase the distance between leaders and members.

Scholarly interest, both theoretical and empirical, should therefore focus on the processes by which leaders perform their crucial integrative functions (Shamir, 1999).

Based on the above quotation, Blackwell (2006) asserts that organisational culture influences organisational behaviour, and helps to frame or shape the use of leader behaviour. Linking up with Blackwell (2006), Bass and Avolio (1991) state that a purely transformational culture is conceptualised as having a close relationship with organisational members. Flemming (2009) notes that in this type of relationship, commitments are long term, individuals share mutual interests and they have a sense of shared fates and interdependence across divisions and departments. Block (2003) also states that the concepts of transformational leadership and organisational culture are extremely central to understanding organisations and making them effective, and that the combined phenomenon cannot be taken for granted.

Organisational culture can become more transformational if the leadership of the organisations expresses the changes that are required (Bass, 1999). Flemming (2009) postulates that such changes can be the conceptualisation of a shared vision with emphasis on the particular leadership style that is supported. Bass (1999) further asserts that leaders who are committed to organisational renewal will seek to promote organisational cultures that are generous and conducive to creativity, problem solving, risk taking and experimentation.

Schein (1999) also views leadership and organisational culture as a reciprocal, dynamic relationship that operates to ensure continuous survival in a changing environment. Schein's model portrays the leadership as creators of culture, but also as products of cultural socialisation. Culture is viewed as a product of leadership as well as an agent of socialisation among leaders (Block, 2003).

In one of the exploratory models of the relationship between organisational culture and performance, Marcoulides and Heck (1993) show that culture as reflected in task organisation has a positive direct effect on performance.

### **3.10 CHAPTER SUMMARY**

The aim of this chapter was to conceptualise organisational culture, firstly by defining the concept and secondly by discussing several models of organisational culture. Factors affecting organisational culture were discussed, followed by discussions of how organisational culture is formed and sustained. Lastly, functions of organisational culture and the integration between leadership and organisational culture were discussed.

Chapter 4 focuses on the empirical study.

## CHAPTER 4

### EMPIRICAL STUDY

This chapter presents the methodology used in the study. The research procedure, population and sample are explained. Measures for the independent as well as the dependent variables are discussed and the steps in data gathering and processing are then presented.

#### 4.1 AIM OF THE EMPIRICAL STUDY

The aim of the empirical study is to determine the empirical positive relationship between the independent variable *transformational leadership* and the dependent variable *organisational culture*.

#### 4.2 POPULATION AND SAMPLE

Steyn, Smit, Du Toit and Strasheim (1994) define population as the total group of people or the universal collection of items to which the study relates. The research for this study was conducted in the Administration and General Support Programmes (AGSP) of a military organisation. The primary objective of the AGSP is to oversee the activities of the organisation through policy development and monitoring, the provision of strategic direction and the organisation of the institution in terms of its structure and force design to achieve set defence objectives. The AGSP provides general support capabilities and services to the organisation. Its sub-programmes include logistics services, command and management information services as well as military police services. The total population of the study comprised 4 350 members from the AGSP.

Due to the size of the organisation, it was not possible and practical to access all members of the population for this study. The sample was based on a probability simple random sampling, which is obtained if each element of the population had an equal chance to be included in the sample (Keller & Warrack, 2000).

The 238 participants of this study, who were randomly selected by means of a computerised program, were from six sub-programmes of the AGSP, namely the Human Resources, the Logistics, the Military Police, Legal Services divisions, Command Management Information Systems and Department of Defence Head Quarters Unit .

All employees in the AGSP programme were notified of the study through an information bulletin. Those who were selected to participate in the study received the questionnaire with a letter from the researcher. This letter introduced the study and explained its purpose; instructions for completing and returning the questionnaire upon completion, the method for participant selection and confidentiality information.

#### **4.3 MEASUREMENT OF BIOGRAPHICAL INFORMATION**

The researcher collected the following biographical information of the sample:

- Age
- Gender
- Marital status
- Highest educational qualification
- Years in organisation
- Rank
- Population group (race)
- Division

The biographical data collected from the sample provided information for the composition of the sample and the means to analyse the data. A complete breakdown of the biographical data is presented in Chapter 5.

#### **4.4. TRANSFORMATIONAL LEADERSHIP MEASURING INSTRUMENT**

The measuring instrument used for the independent variable *transformational leadership* was the LPI.

##### **4.4.1 The aim of the Leadership Practice Inventory**

The LPI is an assessment instrument developed by Kouzes and Posner (1995) to measure leadership effectiveness. Kouzes and Posner (1995) state that the accurate assessment of leadership behaviours is necessary to improve leadership effectiveness and also to investigate relationships between leadership and other psychosocial phenomena.

According to Kouzes and Posner (1995), the LPI was developed using case studies and in-depth interviews of personal best leadership practices of more than 350 000 managers from both the private and public sectors at various companies around the world. The study conducted by Kouzes and Posner (1995) produced the following five leadership behaviours that were associated with leadership effectiveness and performance:

- Challenging the processes
- Inspiring a shared vision
- Enabling others to act
- Modelling the way
- Encouraging the heart

#### 4.4.2 Description of the Leadership Practice Inventory scale

The LPI consists of six statements for each of the five behaviours, giving a total of 30 statements (see Annexure 1, questionnaire and instruction to complete the form). Responses are rated on the following five-point Likert scale, with the higher number indicating a higher degree of the particular leadership behaviour (Kouzes & Posner, 1993):

- 1 = the leader rarely or never does what is described in the statement
- 2 = the leader does what is described in the statement once in a while
- 3 = the leader sometimes does what is described in the statement
- 4 = the leader fairly often does what is described in the statement
- 5 = the leader very frequently or always does what is described in the statement

There are two forms of the LPI, namely the LPI-Self and the LPI-Observer. Both forms contain the same statements and responses. However, the LPI-Self allows the individual to rate his or her own leadership practices, while the LPI-Observer permits co-workers, subordinates and supervisors the opportunity to rate the leader/manager's leadership practices. Due to the intrinsic bias that may accompany a self-assessment and the reported differences on the LPI-Self, this study made use of the LPI-Observer rating form.

The LPI is based on the five practices of exemplary leadership, namely Challenging the processes, Inspiring a shared vision, Enabling others to act, Modelling the way and Encouraging the heart. The LPI further consists of five subscales that relate to five practices. Each subscale is comprised of six statements rated using a five-point Likert scale, resulting in a score range of 6 (low) to 30 (high). Thus, the total score can range from 30 (low) to 150 (high). The five behavioural practices measured by the LPI as well as the 30 corresponding statements are illustrated in Table 4.1.

**TABLE 4.1: FIVE BEHAVIOUR PRACTICES MEASURED BY THE LPI  
(KOUZES & POSNER, 1993)**

Statement	Corresponding explanation
Challenging the process is defined as “one’s ability to change the status quo, to innovate, take risks and learn from failures”. The behaviour comprises of the following statements:	
Statement 1	Seeks out challenging opportunities that test his or her skills and abilities
Statement 6	Stays up to date with the most recent developments affecting our organisation
Statement 11	Challenges the way we do things at work
Statement 16	Looks for innovative ways we can improve what we do in this organisation
Statement 21	Asks “What we can learn?” when things do not go as expected
Statement 26	Experiments and takes risks with new approaches to his or her work even when there is a chance of failure
Inspiring a shared vision is defined as “a leader’s ability to passionately articulate a vivid future that speaks to the values and dreams of his or her constituencies”.	
Statement 2	Describes the kind of future he or she would like for us to create together
Statement 7	Appeals to others to share his or her dream of the future as their own
Statement 12	Clearly communicates a positive and helpful outlook to the future of our organisation
Statement 17	Shows others how their long-term future interests can be realised by enlisting a common vision
Statement 22	Looks ahead and forecasts what he or she expects the future to be like
Statement 27	Is contagiously excited and enthusiastic about future possibilities



Enabling others to act is defined as “the leader’s ability to involve others by sharing power and responsibility, thereby providing ownership”.	
Statement 3	Involves others in planning
Statement 13	Gives people considerable discretion to make their own decision
Statement 18	Develops cooperative relationships with people he or she works with
Statement 23	Creates an atmosphere of mutual trust in the projects he or she leads
Statement 28	Gets others to feel a sense of ownership
Modelling the way is defined as “a leader’s ability to set a personal example through his or her behaviour”.	
Statement 4	Is clear about his or her own philosophy
Statement 9	Makes certain that the projects he or she manages are broken down into manageable chunks
Statement 14	Spends time and energy on making certain that people adhere to the values that have been agreed on
Statement 19	Lets others know his or her beliefs on how to best run the organisation he or she leads
Statement 24	Is consistent in practicing the values he or she espouses
Statement 29	Makes sure the work group makes clear
Encouraging the heart is defined as “a leader’s ability to encourage constituents during frustrating times as well as prosperous times by demonstrating sincere caring”.	
Statement 5	Takes the time to celebrate accomplishments when project milestones are reached
Statement 10	Makes sure that people are recognised for their contributions to the success of our projects
Statement 15	Praises people for a job well done
Statement 20	Gives the members of the team lots of appreciation and support for their contributions
Statement 25	Finds ways to celebrate accomplishments

Statement 30	Makes a point of telling the rest of the organisation about the good work done by his or her group
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#### 4.4.3 The reliability and validity of the Leadership Practice Inventory

Kouzes and Posner (1993) used 2 876 managers and their subordinates to investigate the reliability and validity of the LPI. The group was drawn from domestic and international public and private companies and from several disciplines and consisted of male and female participants.

Psychometrics for the LPI indicates adequate internal consistency, measured by Cronbach's alpha above 0.75 for all practices. Reliability is the measure of errors in the instrument that can cause scorers to differ without respect to the individual respondent. Thus, reliability is the consistency or stability of a measurement instrument (Cosby, Worden & Kee, 1989). Normally, fewer errors relate to a more reliable instrument, with reliability above 0.60 considered as good. LPI-Self had a range of 0.75 to 0.87, while LPI-Observer had a range of 0.88 to 0.92 (Kouzes & Posner, 2000).

According to Kouzes and Posner (1993), an additional analysis was performed on the LPI using 36 000 managers and their subordinates to update the psychometric data of the LPI, as indicated in Table 4.2 below.

**TABLE 4.2: MEANS, STANDARD DEVIATIONS AND RELIABILITY INDICES OF THE LPI (KOUZES & POSNER, 1993)**

Leadership behaviour	Mean	Standard deviation	LPI N = 36 226	LPI-self N = 5 298	LPI-Other N = 30 913	Test-tetest
<b>Challenging</b>	22.38	4.14	0.80	0.70	0.81	0.93

<b>the process</b>						
<b>Inspiring a shared vision</b>	20.44	4.89	0.87	0.80	0.88	0.93
<b>Enabling others to act</b>	23.90	4.35	0.85	0.75	0.86	0.94
<b>Modelling the way</b>	22.12	4.14	0.81	0.71	0.82	0.95
<b>Encouraging the heart</b>	21.96	5.17	0.91	0.85	0.92	0.93

The sample size for the LPI-Self was 5 298, while the sample size for the LPI-Other was 30 913. Kouzes and Posner (1993) concluded that differences in leadership practices are not related to individual or organisational differences such as age, race, tenure, cultural background, position in the organisation or functional area.

However, there was a difference in terms of gender on two of the subscales, namely Modelling the way and Encouraging the heart, as noted in Table 4.3. Female managers reported to use these behaviours more often than male managers reported to use them (Kouzes & Posner, 1993).

**TABLE 4.3: LPI COMPARISON BASED ON GENDER DIFFERENCE (KOUZES & POSNER, 1993)**

		<b>LPI-Self</b>		<b>LPI-Other</b>	
		Male	Female	Male	Female
Challenging	M	22.72	22.70	22.56	22.40

the process	(SD)	(3.16)	(3.27)	(4.09)	(4.22)
Inspiring a shared vision	M (SD)	20.55 (3.88)	20.47 (4.13)	19.98 (5.24)	19.97 (5.12)
Enabling others to act	M (SD)	24.78 (2.92)	24.89 (2.86)	23.65 (4.32)	23.50 (4.63)
Modelling the way	M (SD)	22.05 (3.22)	22.43 [a] (3.16)	22.27 (4.46)	22.88 [a] (3.93)
Encouraging the heart	M (SD)	21.59 (3.92)	23.08 [a] (3.81)	22.08 (5.05)	23.18 (4.92)

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a two-tail t-test was statistically significant ( $p < 0.001$ )

The validity or the ability of an instrument to measure what it purports to measure is demonstrated through factor analysis (Keller & Warrack, 2000). According to Kouzes and Posner (2000), a five-factor solution for the LPI (both the Self and the Other versions) was generated by a factor analysis, using principal component analysis with varimax rotation and Kaiser normalisation. While some statements loaded more than one factor, their highest loading was generally with the other statements conceptualised as comprising that factor (scale).

The results provided continued empirical support for these various leadership behaviours to be conceptualised within the five practices, namely Challenging the process, Inspiring a shared vision, Enabling others to act, Modelling the way and Encouraging the heart. These behaviours were extracted with values even

greater than the one that accounted for 60.5% of the variance (Kouzes & Posner, 2000).

In a measure of concurrent validity, responses from the LPI-Observer were examined in relationship to the leaders' effectiveness and their leadership practices as measured by the LPI. By only including the responses from 'others' about their managers, relatively independent assessments were used, thus minimising potential self-report bias. Furthermore, Kouzes and Posner (2002) indicate that regression analysis was performed, with *leader effectiveness* as the dependent variable and five leadership practices as the independent variables. The regression equation was significant ( $F = 318.88$ ;  $p < 0.0001$ ). The leadership practices explained over 55% (adjusted  $R^2 = 0.76$ ) of the variance in constituents' assessments of their managers' effectiveness.

#### **4.4.4 Justification for using the Leadership Practice Inventory**

Due to the reliability and validity as well as the content of the LPI, the researcher regarded the LPI as the most suitable measure of transformational leadership behaviour in the military organisation under study.

### **4.5 ORGANISATIONAL CULTURE MEASURING INSTRUMENT**

The OCI was used to measure the dependent variable *organisational culture*.

#### **4.5.1 The aim of the Organisational Culture Inventory**

The OCI was designed by Cooke and Lafferty (1987) with the aim of measuring behavioural norms within an organisational setting. (See Annexure 1 for a copy of the measurement instrument.) Cooke and Szumal (2000) state that since its introduction, the OCI has been used by thousands of organisations and completed by over 2 million respondents throughout the world.

Lucas (2008) highlights that the instrument is used for various reasons, including the following:

- To direct, evaluate and monitor organisational change
- To identify and transfer the cultures of high-performing units
- To study and enhance system reliability and safety
- To facilitate strategic alliances and mergers
- To promote collaborative relations within and across units
- To test hypotheses on the relationships among culture, outcomes, and antecedent variables

#### 4.5.2 Description of scale

The OCI is a quantitative instrument that evaluates 12 sets of norms, each of which is undergirded by the following two dimensions (Cooke & Szumal, 1993):

- (1) Concern for people versus concern for tasks
- (2) Concern for satisfaction (achievement) versus concern for security

The 12 sets of behaviour are identified as humanistic, affiliative, approval, conventional, dependent, avoidance, oppositional, power, competitive, perfectionistic, achievement and self-actualising. Furthermore, the 12 sets of behavioural norms are grouped into three types of organisational culture styles, namely constructive, passive/defensive and aggressive/defensive (Cooke & Szumal, 1993).

Cooke and Lafferty (1998, p. 12–13) identified the following three types of culture and their corresponding sets of behavioural norms:

- **Constructive culture**, whereby members are encouraged to interact with others and approach tasks in the manner that will help them meet their

higher-order satisfaction needs, and are characterised by achievements, self-actualising, humanistic-encouraging and affiliation

- **Passive/Defensive cultures**, in which members believe they must interact with people in ways that will not threaten their own security, and are characterised by the approval, conventional, dependent and avoidance styles
- **Aggressive/Defensive cultures**, whereby members are expected to approach tasks in forceful ways to protect their status and security, and are characterised by the oppositional, power, competitive and perfectionistic styles.

The 12 subscales and their corresponding culture types are illustrated in Table 4.4.

**TABLE 4.4: OCI CULTURE TYPES AND SUBSCALES NORMS (COOKE &LAFFERTY, 1987, 1989)**

Organisational culture type	Subscale norms	Survey statements that resemble actual OCI questions
Constructive	Achievements	Strive to achieve high quality Accomplish their own goals Seek challenges Generate creative options
	Self-actualising	Develop plan for professional growth Take calculated risks Innovate Delight in what they do
	Humanistic-encouraging	Are empathetic to others Collaborate in decision making Support the development of others Treat others with respect
	Affiliation	Are amiable and warm towards co-workers Are considerate of others Keep the goals of the group paramount Use excellent interpersonal skills

Passive/Defensive	Approval	Work to gain acceptance in the group Are always agreeable Set goal that make others happy Always support the highest-level 'boss'
	Conventional	Do what is expected Never challenge the policies and procedures Avert discussions about disagreement Consider only safe solutions
	Dependent	Do what they are told, even if they disagree Refrain from making suggestions to superiors Do not asks questions that appear challenging Run all decisions through their manager
	Avoidance	Always make decisions that will be received favourably Try not to take a stand on issues Avoid risks Let others act first; stay uninvolved if possible
Aggressive/ Defensive	Oppositional	Are critical of others Resist new ideas Are hard to please Stay detached from circumstances
	Power	Maintain a strong authority position Are in charge of as much as possible Are always firm Play the political game well
	Competitive	Are always 'number 1' Oppose peers rather than work with them Act as if they are superior to others Make the work as competitive as possible
	Perfectionistic	Take care of all details Ensure everything is done flawlessly Appear self-assured Devise very high standards and goals

This measurement instrument consists of 96 statements. The eight statements for each of the twelve styles describe the behaviours of members of the organisation. Participants were instructed to “think about what it takes for you



and people like yourself to 'fit in' and 'meet expectations' in their organisation" (Cooke & Lafferty, 1989, p. 3). Furthermore, the OCI include 12 satisfaction questions, which are listed in Annexure 1. The responses to all 108, including 96 OCI and 12 satisfactory questions, are coded on a Likert scale ranging from 1 as "not at all" to 5 as "to a very great extent".

#### **4.5.3. Reliability and validity of the Organisational Culture Inventory**

According to Xenikou and Furnham (1996), a comparison study of four widely used culture inventories determined the OCI to be the most internally reliable measure of organisational culture. Xenikou and Furnham (1996) further found that the coefficients of internal reliability for the primary subscales, which are the 12 sets of norms, ranged from 0.60 to 0.95, while the coefficients on the four secondary subscales of people orientation, task orientation, satisfaction needs and security needs ranged from 0.89 to 0.95.

In several studies conducted by Cooke and Szumal (1993), sound psychometrics for the OCI was reported, which included Cronbach's alphas ranging from 0.65 to 0.95. These studies were conducted in several studies and across various groups in several different types of businesses and organisations. With regard to tenure, Cooke and Szumal (1993) concluded that it has minimal to no effect on internal consistency. Construct validity analyses identified a three-factor solution: constructive, passive/defensive and aggressive/defensive, which together accounts for 0.65 to 0.72 of the variance in scale responses (Cooke & Szumal, 1993).

Cooke and Szumal (1993) state that while organisational cultures has the elements of all three of these structures, namely constructive, passive/defensive and aggressive/defensive, the factor that has the highest score is the predominant type of culture in the organisation at that moment.

#### **4.5.4 Justification for using the Organisational Culture Inventory**

Owing to the reliability and validity as well as the content of the OCI, the researcher regarded the instrument as the most suitable measure of organisational culture behaviour in the military organisation under study.

#### **4.6. DATA-GATHERING PROCESS**

For any research to be conducted in a military organisation, prior authority needs to be obtained from the relevant authorities (see Annexure 2). The researcher then appointed a nodal officer at each division of the organisation to help with the distribution and collection of the completed questionnaires. The completed questionnaires were personally collected from the contact officers in sealed envelopes that were addressed to each participant.

#### **4.7 DATA PROCESSING**

The Statistical Package for Social Sciences (SPSS, version 17) was used to analyse the quantitative data and to test the research hypothesis. It was mainly used to test the possible relationship between the independent and dependent research variables. The results are presented in frequency tables as well as in the statistical techniques.

A further description of the data processing is presented below to provide a more detailed statistical analysis.

##### **4.7.1 Descriptive statistics**

The aim of descriptive statistics is to arrange, summarise and present a set of data in such a way that the meaningful essentials of the data can be extracted and interpreted easily (Keller & Warrack, 2000).

Descriptive statistics were used in this study to report on data collected. Graphical techniques, means and standard deviations were used to summarise and present the data to yield useful information. The mean is the average of all data sets considered for analysis. The standard deviation of a set of observations is an estimate of the average distance each score is from the mean (Durrheim, 2002). A small standard deviation denotes that the scores cluster closely around the mean, while a larger standard deviation denotes that the scores deviate significantly from the mean (Durrheim, 2002).

#### **4.7.2 Correlation coefficient**

Correlation coefficient ( $r$ ) is the measure of degree or strength of the relationship between variables. In this study, the focus is on the relationship between transformational leadership and organisational culture. Correlation coefficients may range from -1 to +1. Thus,  $r = -1$  denotes a perfect negative correlation, whereas  $r = 1$  denotes a perfect positive relationship (Cosby et al., 1989).

A strong correlation coefficient would be  $r = 0.90$ , while a weak correlation would be  $r = 0.20$ . A strong correlation between two variables denotes that the variables are related, but does not necessarily mean that one variable influences the other.

#### **4.7.3 Analysis of variance**

The ANOVA test is applied for the same reason as the t-test. However, the ANOVA test is applied for testing for differences in the means of several groups (Howell, 1997).

The ANOVA allows the researcher to deal with two or more independent variables simultaneously, investigating not only the individual effects of each variable separately, but also the interacting effects of two or more variables, such

as transformational leadership and different race, position and age groups. ANOVA is also conducted to determine whether there is a significant difference between organisational culture types and different race, position and age groups.

#### **4.7.4 Statistical significance**

To test for significance, it is important to report both the effect size and the statistical (p) value. The significance is determined by multiplying the size of the effect by the size of the study. The larger the total size of the numbers of the observation (N), the larger the value of the significance test (t, F,  $\chi^2$ ) and the smaller the p value. According to Rosenthal and Rosnow (2008), a correlation is regarded as significant at  $p \leq 0.05$  levels, where it is reported that the probability of error is 5 out of 100, or 5%.

Cosby et al. (1989) indicate that when statistical significance is not properly determined, the research may result in either type I or type II errors. A type I error is made when the null hypothesis is rejected, while in essence, the null hypothesis is true. Similarly, a type II error occurs when the null hypothesis is accepted although the research hypothesis is true. The significance level of 0.05 was considered in this research.

#### **4.8 FORMULATION OF HYPOTHESIS**

A research hypothesis refers to a tentative statement of the relationship between the independent and the dependent variables (Durrheim, 2002).

For this study, a central research hypothesis was formulated to determine whether a positive relationship exists between transformational leadership and organisational culture. The following hypotheses were formulated in order to achieve the empirical objectives of the study and meet the requirements of hypotheses formulation:

- H0: There is no positive relationship between transformational leadership and organisational culture.
- H1: There is a positive relationship between transformational leadership and organisational culture.
- H02: There is no difference in perception between race, position and age groups regarding transformational leadership and organisational culture as manifested in the sample.
- H2: There is a significant difference in perception between race, position and age groups regarding transformational leadership and organisational culture as manifested in the sample.

The research hypotheses were tested by means of descriptive, correlation and inferential statistics.

#### **4.9 CHAPTER SUMMARY**

This chapter focused on explaining the population and the sample of the study. The measuring instruments were then discussed in the framework of the dependent and the independent variables. The data-gathering procedure was presented and the chapter concluded with the research hypotheses. The research results are presented in Chapter 5.

## CHAPTER 5

### THE RESULTS

This chapter presents the analysis of the empirical study. Descriptive statistics are used to describe the biographical data of the population and the psychometric properties of the measuring instruments. The results of the empirical study were also analysed using inferential statistics, specifically simple linear regression, Pearson's correlation and stepwise analysis for independent samples. The results were analysed and interpreted and are presented, after which the chapter concludes with a summary.

#### 5.1 DESCRIPTIVE STATISTICS

Descriptive statistics are used to depict the collected data by investigating the distribution of scores obtained for all the variables and determining whether there is a relationship between variable scores. Descriptive data were collected to obtain a representation of the data collected during the research (Durrheim, 2002). In this study, the descriptive statistics that were used include frequencies, percentages, mean scores and Cronbach's alpha coefficients.

##### 5.1.1 Biographical data

###### 5.1.1.1 Composition of age groups in the sample

Table 5.1 presents the age distribution of the participants.

**TABLE 5.1: AGE OF THE SAMPLE (N = 238)**

Age	Frequency	Percentage (%)	Cumulative percentage (%)
24 and younger	54	22.6	22.6
25–34	30	12.6	35.2
35–44	86	36.0	71.2
45–52	54	22.6	93.8
53 and older	14	5.9	100
Total	N = 238	100%	

The data of the age groups, as illustrated in Table 5.1, indicate that 22.6% of the sample were between the ages of 24 and younger, 12.6% were between the ages of 25 and 34, 36% were between the ages of 35 and 44, 22.6% were between the ages of 45 and 52, and 5.9% were 53 years and older. This implies that the majority of the participants who completed the questionnaire were aged between 35 and 44 years.

#### *5.1.1.2 Composition of gender groups in the sample*

Table 5.2 indicates the gender distribution of the participants.

**TABLE 5.2: GENDER OF THE SAMPLE (N = 238)**

Gender	Frequency	Percentage (%)	Cumulative percentage (%)
Male	146	61.1	61.1
Female	90	37.7	37.7%
Total	N = 238	98.8%	98.8%

The data presented in Table 5.2 illustrate that 61.1% of the sample were male whereas 37.7% were female, while 2 (1.2%) participants preferred not to complete the gender part of the demographic questionnaire. In this study, the majority of the participants were male.

#### *5.1.1.3 Composition of marital status groups in the sample*

Table 5.3 indicates the marital status of the participants.

**TABLE 5.3: MARITAL STATUS OF THE SAMPLE (N = 238)**

Status	Frequency	Percentage (%)	Cumulative percentage (%)
Unmarried/Single	97	40.7	40.7
Divorced/Separated	26	10.9	51.6
Widowed	3	1.3	52.9

Married/Living together	113	47.5	100
Total	N = 238	100	

The data presented in Table 5.3 indicate that 40.7% of the sample were unmarried, 10.9% were divorced or separated, 1.3% were widowed and 47.5% were married or living together. In terms of marital status, most participants were married or living with a partner.

#### *5.1.1.4 Composition of highest qualification groups in the sample*

Table 5.4 presents the highest qualifications of the participants.

**TABLE 5.4: HIGHEST QUALIFICATIONS OF THE SAMPLE (N = 238)**

Grade/Qualification	Frequency	Percentage (%)	Cumulative percentage (%)
Grade 11 (Std 9)	29	12.2	12.2
Grade 12 (Std 10)	144	60.5	72.7
Degree/Diploma	42	17.6	90.3
Postgraduate	13	5.5	95.8
Other	10	4.2	100
Total	N = 238	100	

The data on highest qualifications, as shown in Table 5.4, indicate that 12.2% of the sample had Grade 11, 60.5% had passed Grade 12, 17.6% had a degree or a diploma, 5.5% had a postgraduate qualification, and 4.2% had other qualifications not listed. The majority of the participants in this study had Grade 12 as the highest qualification.

#### *5.1.1.5 Composition of years of service groups in the sample*

Table 5.5 presents the years of service of the participants.



**TABLE 5.5: YEARS WITH ORGANISATION OF THE SAMPLE (N = 238)**

Years of service	Frequency	Percentage (%)	Cumulative percentage (%)
Less than 1 year	3	1.3	1.3
1–2	29	12.2	13.5
2–4	26	10.9	24.4
4–6	13	5.5	29.9
6–10	11	4.6	34.5
10–15	37	15.5	50.0
More than 15 years	119	50.0	100
Total	N = 238	100	

The data on the years with the organisation, as indicated in Table 5.5, illustrate that half of the participants (50.0%) had been with the organisation for more than 15 years. The results also indicate that 1.3% had been with the organisation for less than one year, 12.2% had been with the organisation for two to four years, 5.5% for four to six years, 4.6% for six to ten years, while 15.5% had been with the organisation for ten to fifteen years.

#### *5.1.1.6 Composition of rank level or position groups in the sample*

Table 5.6 presents the rank level or position group of the participants.

**TABLE 5.6: RANK LEVEL OF THE SAMPLE (N = 238)**

Rank level	Frequency	Percentage (%)	Cumulative percentage (%)
Brigadier general/rear admiral (JG)	4	1.7	1.7
Colonel/Captain (South African Navy)	12	5.0	6.7
Major or lieutenant commander	31	13.0	19.7
Candidate officer or midshipman to captain or lieutenant (SAN)	22	9.2	28.9

Warrant officer class 1 or 2	37	15.5	44.4
Staff sergeant / flight sergeant or chief petty officer	38	16.0	60.4
Sergeant or petty officer	22	9.2	69.6
Lance corporal or able seaman to corporal or leading seaman	24	10.1	79.7
Private, airmen or seamen	48	20.2	100
<b>Total</b>	<b>N = 238</b>	<b>100</b>	

The data on the rank level of the sample, as indicated in Table 5.6, show that 1.7% were brigadier generals/rear admirals and higher, 5.0% were colonels/captains (SAN), 13.0% were majors or lieutenant commanders, 9.2% were candidate officers or midshipmen to captains or lieutenants (SAN), 15.5% were warrant officers class 1 or 2, 16.0% were staff sergeants, flight sergeants or chief petty officers, 9.6% were sergeants or petty officers, 10.1% were lance corporals or able seamen, and 20.2% were private, airmen or seamen. The majority of the participants were private, airmen or seamen.

#### *5.1.1.7 Composition of race groups in the sample*

Table 5.7 presents the population groups of the participants.

**TABLE 5.7: RACE GROUPS OF THE SAMPLE (N = 238)**

<b>Race group</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Cumulative percentage (%)</b>
African	157	65.9	65.9
Asian	4	1.7	67.6
Coloured	23	9.7	77.3
White	54	22.7	100

<b>Total</b>	<b>N = 238</b>	<b>100</b>	
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The data on race groups, as indicated in Table 5.7, indicate that 65.9% were African, 1.7% were Asian, 9.7% were coloured and 22.7% were white. This means that the majority of the participants were African.

#### 5.1.1.8 Composition of division groups of the sample

Table 5.8 presents the participants' divisions.

**TABLE 5.8: DIVISIONS OF THE SAMPLE (N = 238)**

<b>Division</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Cumulative percentage (%)</b>
Human Resource	58	24.4	24.4
Logistics	99	41.6	66.0
Military Police Agency	48	20.2	86.2
Legal Service	6	2.5	88.7
Command Management Information Systems	5	2.1	90.8
Department of Defence Headquarters Unit	22	9.2	100
<b>Total</b>	<b>N = 238</b>	<b>100</b>	

The data on the division groups, as presented in Table 5.8, show that 24.4% of the participants were from the Human Resource division, 41.6% were from Logistics, 20.2% were from the Military Police Agency division, 2.5% were from Legal Service, 2.1% were from Command Management Information Systems and 9.2% were from the Department of Defence Headquarters Unit. The majority of the participants were from the Logistics division.

#### 5.1.2 Reporting the reliability of the questionnaires

Cronbach's alpha coefficients were used in this study to determine the reliability of the measuring instruments, namely the LPI and the OCI. Terre Blanche and

Durrheim (1999) state that a Cronbach's alpha coefficient that ranges from 0 means there is no internal consistency, while a score of 1 is the maximum internal consistency score. This suggests that the higher the alpha coefficient, the more reliable the measuring instruments. A Cronbach's alpha coefficient of 0.75 is regarded a desirable reliability coefficient (Terre Blanche & Durrheim, 1999).

#### 5.1.2.1 Reliability of the Leadership Profile Inventory

Table 5.9 provides the Cronbach's alpha values of the LPI. The Cronbach's alpha for the LPI ranges from 0.901 to 0.938, which is regarded as desirable.

**TABLE 5.9: CRONBACH'S ALPHA VALUES FOR THE LPI (N = 238)**

LPI scale	Cronbach's alpha coefficient	Number of items
Modelling the way	0.901	6
Inspiring a shared vision	0.928	6
Challenging the process	0.912	6
Enabling others to act	0.922	6
Encouraging the heart	0.938	6

#### 5.1.2.2 Reliability of the Organisational Culture Inventory

Table 5.10 presents the Cronbach's alpha values of the OCI. The Cronbach's alpha for the OCI ranges from 0.867 to 0.964, which is regarded as desirable.

**TABLE 5.10: CRONBACH'S ALPHA VALUES FOR THE OCI (N = 238)**

OCI scale	Cronbach's alpha coefficient	Number of items
Constructive	0.964	32
Passive/Defensive	0.867	32

Aggressive/Defensive	0.873	32
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### 5.1.3 Mean and standard deviation scores

#### 5.1.3.1 Mean and standard deviation scores of the Leadership Profile Inventory

The number of participants who completed the LPI was 238. The maximum possible score for the LPI is 150. The total mean for the LPI total is 20.3, with a standard deviation of 6.4. The data are normally distributed. The means and standard deviations scores for each of the five subscales are reflected in Table 5.11.

**TABLE 5.11: MEANS AND STANDARD DEVIATIONS FOR THE FIVE LPI SUBSCALES (N = 238)**

<b>Subscale deviation</b>	<b>Mean</b>	<b>Standard</b>
Challenging the process	20.4	6.4
Inspiring a shared vision	20.1	6.4
Enabling others to act	20.8	6.2
Modelling the way	20.3	6.2
Encouraging the heart	19.9	6.8

Table 5.11 illustrates that the means for the LPI subscales range from 19.9, with a standard deviation of 6.8, to 20.8, with a standard deviation of 6.2. It is evident from Table 5.11 that the subscale of Enabling others to act has the highest mean of 20.08, with a standard deviation of 6.2, while the subscale of Encouraging the heart has the lowest mean of 19.9, with a standard deviation of 6.8. There is, however, no significant difference among the means, which could be ascribed to

the fact that the participants' different attributes (race, position and age) were not taken into account (see Table 5.17).

#### 5.1.3.2 Mean and standard deviation scores of the Organisational Culture Inventory

**TABLE 5.12: MEANS AND STANDARD DEVIATIONS FOR THE THREE OCI SUBSCALES (N = 238)**

Culture type	Mean	Standard deviation
Constructive	114.38	25.77
Passive/Defensive	102.06	16.62
Aggressive/Defensive	98.29	18.47

Table 5.12 presents the mean scores and the standard deviations of the OCI. The number of the participants who completed the OCI questionnaire was 238. The maximum possible score for each of the 12 subscales is 40. The mean for the *constructive* style is 114.38, with a standard deviation of 25.77; the mean for *passive/defensive* is 102.06, with a standard deviation of 16.62; while the mean for *aggressive/defensive* is 98.29, with a standard deviation of 18.47.

It is evident from Table 5.12 that the culture type *constructive culture* has the highest mean (114.38) with a standard deviation of 25.77. The culture type *aggressive/defensive* has the lowest mean of 98.29 and a standard deviation of 18.47. The culture type *constructive* differs significantly from both *aggressive/defensive* and *passive/defensive*, implying the perception that the organisational culture *constructive* is the most dominant culture of the organisation.

## 5.2. INFERENCE STATISTICS

### 5.2.1 Correlation coefficient

Pearson's correlation coefficient was conducted to test the research hypothesis. The following research hypothesis was tested regarding the empirical study:

H1: There is a positive relationship between transformational leadership and organisational culture.

**TABLE 5.13: PEARSON'S CORRELATION**

Total LPI score	Constructive organisational culture
Pearson's correlation	0.572
Significance (two-tailed)	0.000
N	238

\*\*\*p < 0.001

Table 5.13 presents the results of Pearson's correlation coefficient. The correlation was significant on a 99% level of significance, indicating a strong positive relationship between transformational leadership and the *constructive* organisational culture dimension. A statistically significant relationship ( $p < 0.001$ ; medium to large practical effect) in a positive direction was found between the scores of the LPI and the *constructive* organisational culture dimension.

No correlation was found between the transformational leadership and organisational culture dimensions of *passive/defensive* and *aggressive/defensive*. Based on these findings, the null hypothesis that there is

no positive relationship between transformational leadership and organisational culture is partially rejected in this study.

### 5.2.2 One-way analysis of variance

An ANOVA was conducted on the empirical study to determine whether there are significant differences in perception between the biographical variables regarding the constructs of transformational leadership and organisational culture. The ANOVA was conducted using the following biographical variables:

- Race
- Position
- Age

#### 5.2.2.1 *Reporting differences in mean scores for race groups and transformational leadership*

In order to determine whether there is a significance difference of leadership styles of the participants of different races regarding the construct of transformational leadership, the five leadership practices were first investigated separately to determine whether there were any outstanding practices. Table 5.14 illustrates that there is no significant difference between the race groups regarding the variable of transformational leadership.

**TABLE 5.14: ANOVA: TRANSFORMATIONAL LEADERSHIP AND RACE**

Leadership style		F	Significance
Modelling the way	Between groups	1.203	0.310
Inspiring a shared vision	Between groups	1.312	0.271
Challenging the process	Between groups	1.168	0.323
Enabling others to act	Between groups	0.859	0.463
Encouraging the heart	Between groups	1.647	0.180



**TABLE 5.15: NON-SIGNIFICANT DIFFERENCES IN MEAN SCORES FOR RACE GROUPS AND TRANSFORMATIONAL LEADERSHIP**

Descriptive					
	Race	N	Mean	Standard deviation	Standard error
Modelling the way	African	145	20.58	6.236	0.518
	Asian	3	17.00	2.000	1.155
	Coloured	24	20.96	6.944	1.417
	White	52	19.02	5.755	0.798
	Total	224	20.21	6.190	0.414
Inspiring a shared vision	African	142	20.61	6.513	0.547
	Asian	2	17.50	2.121	1.500
	Coloured	25	20.16	6.656	1.331
	White	51	18.63	5.906	0.827
	Total	220	20.07	6.394	0.431
Challenging the process	African	144	20.78	6.508	0.542
	Asian	3	16.33	2.082	1.202
	Coloured	25	20.96	6.509	1.302
	White	52	19.29	6.014	0.834
	Total	224	20.39	6.377	0.426
Enabling others to act	African	136	20.96	6.422	0.551
	Asian	3	19.67	4.619	2.667
	Coloured	25	21.80	6.110	1.222
	White	52	19.63	5.984	0.830
	Total	216	20.72	6.263	0.426
Encouraging the heart	African	147	20.29	6.853	0.565
	Asian	3	17.67	1.155	0.667
	Coloured	24	21.21	7.425	1.516
	White	53	18.21	6.605	0.907
	Total	227	19.87	6.857	0.455

The mean score for leadership style and race ranges between 16.33, with a standard deviation of 2.08, and 20.96, with a standard deviation of 6.94. The group *coloured* has the highest mean scores in the leadership subscales Challenging the process (20.96), with a standard deviation of 6.509, and Modelling the way (20.96), with a standard deviation of 6.94. Likewise, the African group has the equal highest mean score of 20.96 and a standard deviation of 6.422 in the leadership subscale Enabling others to act. The Asian group has the lowest mean score (16.33), with a standard deviation of 2.082 in the leadership subscale Challenging the process.

*5.2.2.2. Reporting differences in mean scores for age groups and transformational leadership*

Tables 5.16 illustrates that in terms of age groups, there is a statistically significant difference in perception with regard to the transformational leadership styles Modelling the way ( $p < 0.05$ ) and Enabling others to act ( $p < 0.01$ ).

**TABLE 5.16: ANOVA: TRANSFORMATIONAL LEADERSHIP AND AGE**

Leadership style		F	Significance
Modelling the way	Between groups	2.921	<b>0.022*</b>
Inspiring a shared vision	Between groups	2.167	0.074
Challenging the process	Between groups	1.938	0.105
Enabling others to act	Between groups	3.735	<b>0.006**</b>
Encouraging the heart	Between groups	1.930	0.106

Note: \*\* $p < 0.01$ ; \* $p < 0.05$

**TABLE 5.17: SIGNIFICANT DIFFERENCES IN MEAN SCORES FOR AGE GROUPS AND TRANSFORMATIONAL LEADERSHIP**

Leadership style	Age	N	Mean	Standard deviation	Standard error
Modelling the way	24 and younger	49	22.39	5.582	0.797
	25–34	29	20.52	5.124	0.952
	35–44	84	19.10	6.600	0.720
	45–52	51	20.57	6.136	0.859
	53 and older	12	17.50	6.332	1.828
	Total	225	20.24	6.197	0.413
Enabling others to act	24 or younger	48	23.46	4.467	0.645
	25–34	27	20.56	5.591	1.076
	35–44	80	19.40	7.072	0.791
	45–52	50	20.88	6.153	0.870
	53 and older	13	18.69	5.422	1.504
	Total	218	20.73	6.246	0.423

The mean score for age groups and the transformational leadership style Modelling the way ranges from 17.50, with a standard deviation of 6.332, to 22.39, with a standard deviation of 5.582. Likewise, the mean score for Enabling others to act ranges from 18.69, with a standard deviation of 5.442, to 23.46, with a standard deviation of 4.467. The results indicated the difference between the age groups 24 years and younger and the age group 35 to 44 years. This indicates the difference in perception between these two groups.

Table 5.17 further illustrates that with regard to Modelling the way, participants of 24 years and younger scored the highest mean of 22.39, with a standard deviation of 5.582, while the participants of 53 years and older scored the lowest mean of 17.50, with a standard deviation of 6.332. Regarding the subscale Enabling others to act, the age group 24 years and younger scored high, with a mean of 23.46 and a standard deviation of 4.467, while the age group 53 years

and older scored the lowest, with a mean of 18.69 and a standard deviation of 5.442. The results indicated that there is a significant difference between the age group 24 years and younger and 35 to 44 years.

*5.2.2.3 Reporting differences in mean scores for position groups and transformational leadership*

**TABLE 5.18: ANOVA: TRANSFORMATIONAL LEADERSHIP AND POSITION**

Leadership style		F	Significance
Modelling the way	Between groups	8.889	<b>0.003**</b>
Inspiring a shared vision	Between groups	8.709	<b>0.004**</b>
Challenging the process	Between groups	11.105	<b>0.001**</b>
Enabling others to act	Between groups	10.798	<b>0.001**</b>
Encouraging the heart	Between groups	10.925	<b>0.001**</b>

Note: \*\* $p \leq 0.01$ ; \* $p \leq 0.05$

Tables 5.18 illustrates that there is a significant difference in perception between position and the transformational leadership styles Modelling the way ( $p < 0.01$ ), Inspiring a shared vision ( $p < 0.01$ ), Challenging the process ( $p < 0.01$ ), Enabling others to act ( $p < 0.01$ ) and Encouraging the heart ( $p < 0.01$ ). In all leadership styles, the non-managers rated the leadership styles significantly higher than the managers.

**TABLE 5.19: SIGNIFICANT DIFFERENCES IN MEAN SCORES FOR POSITION AND TRANSFORMATIONAL LEADERSHIP**

Descriptive					
Leadership style	Position	N	Mean	Standard deviation	Standard error
Modelling the way	Managers	102	19.03	6.341	0.628
	Non-managers	121	21.45	5.797	0.527
	Total	223	20.35	6.158	0.412
Inspiring a shared vision	Managers	101	18.79	6.613	0.658
	Non-managers	119	21.29	5.958	0.546

	Total	220	20.15	6.376	0.430
Challenging the process	Managers	104	18.99	6.508	0.638
	Non-managers	120	21.76	5.920	0.540
	Total	224	20.47	6.339	0.424
Enabling others to act	Managers	100	19.37	6.774	0.677
	Non-managers	117	22.09	5.392	0.499
	Total	217	20.83	6.204	0.421
Encouraging the heart	Managers	102	18.34	7.187	0.712
	Non-managers	124	21.29	6.214	0.558
	Total	226	19.96	6.816	0.453

The mean scores and standard deviations for the leadership styles and position range from 18.34, with a standard deviation of 7.187, to 22.09, with a standard deviation of 5.392. It is evident from Table 5.19 that the group *managers* under the subscale Encouraging the heart has the lowest mean score (18.34), with a standard deviation of 7.187, while the group *non-managers* has the highest mean score (22.09), with a standard deviation of 5.392 under the subscale Enabling others to act.

#### 5.2.2.4 Reporting differences in mean scores for race groups and organisational culture

The following ANOVA was conducted on the variable of organisational culture and the biographical variables of race, position and age.

**TABLE 5.20: ANOVA: ORGANISATIONAL CULTURE AND RACE**

ANOVA			
Organisational culture subscale		F	Significance
Constructive	Between groups	2.840	0.039*
Passive/Defensive	Between groups	1.777	0.153
Aggressive/Defensive	Between groups	1.851	0.140

Note: \*\*p < 0.01; \*p < 0.05

Table 5.20 above indicates that there is a significant difference in perception among the races with regard to the *constructive* organisational culture dimension. The results indicate a significant difference between the perception of African participants and that of white participants.

**TABLE 5.21: SIGNIFICANT DIFFERENCES IN MEAN SCORES FOR RACE AND ORGANISATIONAL CULTURE**

Organisational culture subscale					
		N	Mean	Standard deviation	Standard error
Constructive	African	119	116.43	26.52	2.432
	Asian	2	100.00	26.87	19.000
	Coloured	19	121.16	19.60	4.498
	White	47	105.66	22.81	3.328
	<b>Total</b>	<b>187</b>	<b>114.03</b>	<b>25.394</b>	<b>1.857</b>

The mean scores for the culture type *constructive* range from 100.0, with a standard deviation of 26.87, to 121.16, with a standard deviation of 19.60. The highest mean score for the *constructive* organisational culture subscale (M = 121.16; SD = 19.60) was achieved by the coloured group, while the lowest mean score (M = 100.00; SD = 26.87) was obtained by the Asian group. Although all the race groups rated the organisational culture type *constructive* the highest, the coloured group of the sampled organisation viewed the culture of the organisation as more constructive to a larger extent than the other three races.

5.2.2.5 Reporting differences in mean scores for age groups and organisational culture

**TABLE 5. 22: ANOVA: ORGANISATIONAL CULTURE AND AGE**

Organisational culture type	Groups	F	Significance
Constructive	Between groups	3.712	0.006**
Passive/Defensive	Between groups	0.589	0.671
Aggressive/Defensive	Between groups	2.139	0.078

Note: \*\*p < 00.01; \*p < 0.05

There is only a significant difference in perception between age group and the *constructive* organisational culture dimension (p < 0.01). However, there was no difference between the different age groups regarding the organisational culture types *passive/defensive* and *aggressive/defensive*.

**TABLE 5.23: SIGNIFICANT DIFFERENCES IN MEAN SCORES FOR AGE AND ORGANISATIONAL CULTURE**

Organisational culture subscale	Age group				
		N	Mean	Standard deviation	Standard error
Constructive	24 and younger	40	126.78	18.06	2.856
	25–34	24	111.67	27.50	5.614
	35–44	70	110.24	26.28	3.142
	45–52	45	111.84	26.16	3.901
	53 and older	9	102.67	19.87	6.625
	Total	188	113.96	25.34	1.848

The mean score for age and the *constructive* organisational culture subscale ranges from the highest of 126.78, with a standard deviation of 18.06, to the

lowest of 102.67 with a standard deviation of 19.87. Table 5.23 further illustrates that the age group 24 years and younger scored the highest (126.78) with regard to the organisational culture subscale *constructive*, while the age group 53 years and older scored the lowest (102.67), with a standard deviation of 119.87.

**TABLE 5.24: ANOVA: ORGANISATIONAL CULTURE AND POSITION**

Organisational culture type		F	Significance
Constructive	Between groups	3.163	0.077
Passive/Defensive	Between groups	6.016	0.015*
Aggressive/Defensive	Between groups	12.001	0.001**

Note: \*\*p < 0.01; \*p < 0.05

The ANOVA in Table 5.24 indicates that there is a significance difference in perception regarding position and the organisational culture subscales *passive/defensive* ( $p < 0.05$ ) and *aggressive/defensive* ( $p < 0.01$ ).

**TABLE 5.25: SIGNIFICANT DIFFERENCES IN MEAN SCORES FOR POSITION AND ORGANISATIONAL CULTURE**

Descriptive					
Organisational culture subscale	Position	N	Mean	Standard deviation	Standard error
Passive/Defensive	Managers	90	99.10	16.393	1.728
	Non-managers	95	105.02	16.428	1.685
	<b>Total</b>	<b>185</b>	<b>102.14</b>	<b>16.633</b>	<b>1.223</b>
Aggressive/Defensive	Managers	92	93.74	15.688	1.636
	Non-managers	86	102.31	17.332	1.869
	<b>Total</b>	<b>178</b>	<b>97.88</b>	<b>17.008</b>	<b>1.275</b>

The means scores range from 105.2 to 93.7. The highest score was achieved on *passive/defensive* ( $M = 105.02$ ;  $SD = 16.42$ ), while the lowest score was obtained on *aggressive/defensive* ( $M = 93.74$ ;  $SD = 15.68$ ). The non-managers



scored the highest in terms of both *passive/defensive* (105.02, with a standard deviation of 16.42) and *aggressive/defensive* (102.31, with a standard deviation of 17.33). Similarly, the managers scored the lowest in terms of both *passive/defensive* (99.10, with a standard deviation of 16.39) and *aggressive/defensive* (93.74, with a standard deviation of 15.68). This implies that with regard to the subscales *passive/defensive* and *aggressive/defensive*, the non-managers consistently scored these two subscales higher than did the managers.

### **5.3 INTEGRATION OF THE LITERATURE REVIEW AND THE EMPIRICAL RESEARCH**

The literature review focused on the conceptualisation of transformational leadership and organisational culture.

Several leadership theories, such as trait theory, behavioural theory, contingency theory, transactional leadership theory and transformational leadership theory were discussed in this study. It is inferred from these discussions that transformational leadership theory is universally effective across cultures.

Therefore, it suffices to state that the 21<sup>st</sup>-century dominant workforce consists of knowledgeable employees who need the envisioning and empowering those transformational leaders can provide. Consequently, increasing globalisation and new technological imperatives in organisations require global managers with universally valid leadership behaviour that transcend cultures (Ergeneli et al., 2007).

Bass (1985) views transformational leadership in terms of the effect the leader had on his or her followers. As a consequence, the followers feel trust, admiration, loyalty and respect towards the leader, and are motivated to exceed original expectations. According to Burns (1978), the transforming effect is accomplished in making the follower more aware of the importance of the task

outcome, inducing followers to transcend their own self-interest for the sake of the organisation and activating the followers' higher-order needs.

Linking up with the discussions of leadership theories is the discussions of various transformational leadership models, such as the FRLT model, Schein's model of organisational culture and leadership and Kouzes and Posner's transformational leadership model.

Kouzes and Posner's (1995) transformational leadership model, which was used in this study, contains the following best practices of exemplary leadership behaviour:

- Modelling the way, which is essentially about earning the right and the respect to lead through direct individual involvement and action
- Inspiring a shared vision, which means connect with the followers' dreams, hopes, aspirations, visions and values
- Challenging the process, which refers to a leader's ability to question the norm and initiate innovation and change, and also involves risk taking and learning from mistakes
- Enabling other to act, which refers to the leader's ability to foster collaboration and build trust
- Encouraging the heart, which is established in the recognition of followers' efforts and accomplishments

For the purpose of this study, the adopted definition of organisational culture is Schein's (2004, p. 17) definition of organisational culture:

[A] pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid, and therefore to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.

Various models of organisational culture, such as Schein's three-layer organisational culture model, Phegan's five levels of evolution, culture and leadership as well as Kotter and Heskett's organisational culture model were explored.

Organisational culture is a dynamic construct to the effect that it is determined by three primary elements: leaders (Deal & Kennedy, 1982; Schein, 2004), assumptions and/or values (Collins & Porras, 1994; Deal & Kennedy, 1982; Kouzes & Posner, 1995; Schein, 2004) and the environment (Deal & Kennedy, 1982). Each of these elements interacts with the other elements to produce the type of culture and subsequent cultures, depending on the size of the organisation, that provide for organisational survival and success.

The main research hypothesis in this study was to determine the relationship between transformational leadership and organisational culture. A concrete grasp of and admiration for this relationship is significant because of the necessity of having a constructive organisational culture to survive and excel in the 21<sup>st</sup>-century organisation, characterised by globalisation and high technological rapidity. The research hypothesis that there is no relationship between transformational leadership and organisational culture was partially rejected. Of the three organisational culture types, *constructive* organisational culture positively correlated to transformational leadership style.

The research hypothesis that different race, position and age groups differ significantly regarding transformational leadership and organisational culture was partially rejected. The research findings suggest that

- there is no significant difference between different race groups with regard to the construct of transformational leadership;
- with regard to age groups, there is a statistically significant difference in terms of the transformational leadership style Modelling the way and Enabling others to act;

- there is a significant difference between position and the transformational leadership styles Modelling the way, Inspiring a shared vision, Challenging the process, Enabling others to act and Encouraging the heart; and
- there is a significant difference between different race, position and age groups regarding organisational culture type in the sampled military organisation.

To conclude, Table 5.26 provides a summary of the decisions regarding the research hypotheses, based on the findings of the descriptive, correlation and inferential statistics. The null hypothesis regarding the relationship between transformational leadership and organisational culture was rejected.

**TABLE 5.26: OVERVIEW OF DECISIONS REGARDING THE RESEARCH HYPOTHESES**

Hypotheses	Decision
HO1: There is no relationship between transformational leadership and organisational culture	Rejected
H1: There is a significant relationship between transformational leadership and constructive organisational culture	Accepted
HO2: There are no significant differences between race, position and age groups regarding transformational leadership and organisational culture as manifested in the sample.	Partially rejected
H2; There are significant differences between race, position and age groups regarding transformational leadership and organisational culture as manifested in the sample	Partially accepted

#### **5.4 SUMMARY**

The data were analysed and interpreted using descriptive, correlation and inferential statistics that were applicable to this study to enable the researcher to integrate the findings of the literature research and the empirical study.

The final step of the empirical study, namely the formulation of conclusions, limitations and recommendations regarding the study, are presented in Chapter 6.

## CHAPTER 6

### CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

This chapter presents the conclusions of the study, discusses its limitations and makes recommendations for leadership development and practices as well as further research.

#### 6.1. CONCLUSIONS

The conclusions of this study were formulated based on the literature review and the empirical investigation.

##### 6.1.1 Conclusions regarding the literature review

The general aim of this study was to investigate the positive relationship between transformational leadership and organisational culture and to determine whether individuals from different race, position and age groups differ significantly in perception regarding these two variables. The general aim was achieved by addressing and achieving the specific aims of the research.

Conclusions were drawn about each of the specific objectives regarding the relationship between transformational leadership and organisational culture.

##### *6.1.1.1 The first objective: Conceptualising transformational leadership from a theoretical perspective.*

The first objective, namely to conceptualise transformational leadership from a theoretical perspective, was achieved in Chapter 2. With regard to transformational leadership, the following conclusions were made:

Transformational leadership is defined as the ability to achieve superior results among followers by making them more aware of the importance of task outcomes, inducing them to transcend their own self-interest for the sake of the organisation or the team and activating higher-order needs (Bass & Avolio, 1994; Tucker & Russell, 2004).

This study focused on Yukl's (1998) definition of leadership as the interpersonal influence exercised in a situation and directed through the communication process towards the attainment of a specific organisational goal or goals.

Leadership is an elusive construct defined differently by different authors.

The debate against leadership theories is elusive.

Leadership has emerged fundamentally as a rapport in which one person influences the behaviour and actions of another person.

Countless variables affect and influence the relationship which further composite the effect or the influence of the variable on the relation, the most likely which is the external environment. One of the determinants of external environments is competition for scarce skills in the labour market. Competitive forces require that successful organisations maintain a flexible, innovative culture. In addition, the determinants of external environments include legal and political environments under which military organisations function, for example constitutions and the South African Qualification Standards for Human Resource Development in South Africa.

*6.1.1.2 The second objective: Conceptualising organisational culture from a theoretical perspective.*

This second objective was achieved in Chapter 3. The following conclusions were made regarding organisational culture:

Organisational culture was defined as follows:

“pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration that was worked well enough to be considered valid, and therefore to be taught to the new members as the correct way to perceive, think, and feel in relation to those problems” (Schein, 2004, p. 17).

Organisational culture plays an important role in resolving organisational problems related to organisational survival. Culture plays a significant function in harmonising the organisation’s internal processes to ensure the capacity to continue to survive. It also serves as a significant function in reducing the anxiety that members of the organisation experience when facing uncertainties.

Finally, organisational culture presents a system for classifying issues that must be attended to and sets out criteria for reacting on them.

*6.1.1.3 The third objective: Conceptualising the implications of the theoretical positive relationship between transformational leadership and organisational culture.* This third objective, conceptualising the implications of the theoretical positive relationship between transformational leadership and organisational culture, was achieved in Chapter 2.

With regard to implications of the theoretical positive relationship between transformational leadership and organisational culture, the following conclusions were made:

- Blackwell (2006) asserts that organisational culture influences organisational behaviour, and helps frame and shape the use of leader behaviour. Linking up with Blackwell (2006), Bass and Avolio (1991) state that a purely transformational culture is conceptualised as having a close net relationship with organisational members. Flemming (2009) indicates



that in this type of relationship, commitments are long term and individuals share mutual interests and have a sense of shared fates and interdependence across divisions and departments. Block (2003) also states that the concepts of leadership and organisational culture are extremely central to understanding organisations and making them effective, and that the combined phenomenon cannot be taken for granted.

- Bass (1999) put forward the idea that organisational culture can become more transformational if the leadership of the organisations expresses the changes that are required. Flemming (2009) postulates that such changes can be the conceptualisation of a shared vision with emphasis on the particular leadership style that is supported. Bass (1999) further asserts that leaders who are committed to organisational renewal will seek to promote organisational cultures that are generous and conducive to creativity, problem solving, risk taking and experimentation.
- Schein (1999) also views leadership and organisational culture as a reciprocal, dynamic relationship that operates to ensure continuing survival in a changing environment. Schein's organisational culture model portrays leaders as creators of culture, but also products of cultural socialisation. Culture is viewed as the product of leadership as well as an agent of socialisation among leaders (Block, 2003).

### **6.1.2 Conclusions regarding the empirical study**

This study was planned to achieve the following aims:

- (1) To investigate the positive relationship between transformational leadership and organisational culture manifested in a sample of participants employed in the military organisational context.
- (2) To determine whether participants from different race, position and age groups differ in perception regarding transformational leadership and the type of organisational culture as manifested in the sample.

- (3) To formulate recommendations for the discipline of industrial and organisational psychology, especially for organisational development and leadership practices and for further research.

The first alternative hypothesis, that there is a significant positive relationship between transformational leadership and organisational culture, was accepted. The results of the empirical study indicated that there is a statistically significant correlation between transformational leadership and constructive organisational culture. Based on these findings, the null hypothesis that there is no relationship between transformational leadership and organisational culture was rejected in this study.

The second hypothesis, that different race, position and age groups differ regarding transformational leadership and organisational culture, was rejected. The results of the empirical study illustrated the following:

- Different race groups do not differ in perception regarding the constructs of transformational leadership and organisation culture.
- With regard to age group, there is a significant difference in perception regarding transformational leadership style and organisational culture type. The most significant difference in perception was leadership with regard to Modelling the way and Enabling others to act. This significant difference was distinct between the age groups 24 years and younger and 35 to 44 years.
- Participants in different positions differ significantly in perception regarding transformational leadership style and organisational culture type.
  - Non-managers and managers differ significantly in perception regarding the leadership style Modelling the way, Inspiring a shared

vision, Challenging the process, Enabling others to act and Encouraging the heart.

- There is no significant difference in perception between different positions regarding constructive organisational culture.
- However, non-managers and managers differ significantly in perception regarding the organisational culture types passive/defensive and aggressive/defensive.

### **6.1.3 Conclusions regarding the central hypothesis**

The central hypothesis of this study was that there is a positive relationship between transformational leadership and constructive organisational culture and, moreover, that people from different races do not differ in perception regarding transformational leadership and organisational culture. However, different position and age groups differ significantly in perception regarding transformational leadership and organisational culture. The empirical study offered significant evidence to support the central hypothesis regarding the positive relationship between transformational leadership and constructive organisational culture and, as a result, the null hypothesis was rejected, concluding that there is a positive relationship between transformational leadership and constructive organisational culture.

### **6.1.4 Conclusions regarding contributions to the field of industrial and organisational psychology**

The findings of the literature survey and the empirical results contribute to the field of industrial and organisational psychology, and in particular leadership development and culture change in organisations. The literature review provided new insight into the way in which leaders can influence their followers to transcend their self-interest for the benefit of the organisation.

The empirical findings contribute new knowledge of the relationship dynamics between transformational leadership and organisational culture. The latest insights derived from the findings may help to add broader perspective on how leaders can change their organisational culture. Moreover, the findings may be used to help participants develop a leadership style that is conducive to leadership development in a military organisation.

In a study conducted in a financial institution with 16 000 participants on changing organisational culture through leadership development, Sharkey (1999) concluded that at the end of the development initiative, the participants reported that their perspectives had dramatically changed. Sharkey (1999, p. 35) states that “their self-professed reflection painted a strong picture that they had indeed moved from being technically focused and tactical to being a more strategic leader within their work unit.” The findings of the study assert that leadership development has a positive impact on the development of leadership in the organisation.

The findings of this study will similarly assist the leadership of the organisation in terms of leadership development, as it will be clear which type of leaders are required for the organisation. In circumstances where the organisational analysis indicates a deviation from the required leadership style, appropriate interventions can be introduced.

The findings of the study will also help practitioners in the field of organisational behaviour to lead their teams to achieve organisational objectives optimally. The knowledge will also assist leaders to understand their subordinates and utilise them accordingly.

The results of this study will ensure confidence in the practice of employing and developing transformational leaders so that an innovative and constructive organisational culture, vital for organisational survival in the 21<sup>st</sup> century, could be

accomplished. The advantages of a constructive organisational culture transcend financial outcomes such as return on investment and profitability.

## **6.2 LIMITATIONS**

The limitations of the literature study as well as the empirical study are delineated in sections 6.2.1 and 6.2.1.

### **6.2.1 Limitations of the literature review**

Regarding the literature review, the following limitations were experienced:

- There are several studies that investigated the relationship between these two variables. However, there is no evidence of similar studies conducted in a military organisation in South Africa, and no comparisons could therefore be made in terms of the results of the study.
- A further limitation of this study was the paucity of literature on transformational leadership and its possible influence in a military organisation. This prevented robust comparisons in the literature review relating to the two variables and the population among which the research was conducted.
- Finally, Kouzes and Posner's (1995) transformational leadership model was used to conduct this study; however, there is no one ideal model that can be used to test the relationship between transformational leadership and organisational culture.

### **6.2.2 Limitations of the empirical study**

Regarding the empirical study, the following limitations were experienced:

A simple random sample was used in this study. Since it was not feasible to access all employees in the military organisation, a random selection was done of six military organisation divisions, which excluded the larger part of the organisation of 75 000 members. The sample yielded a sample size of  $N = 238$ . The sample size could have been larger to cater for more generalisations.

An additional limitation is that the study sample was drawn from one group ( $N = 238$ ) at one organisation. Therefore, the results could not be generalised to other organisations.

The LPI as well as the OCI questionnaires are based mainly on participants' perceptions of leadership behaviours and organisational culture. These perceptions could have been influenced by a myriad of confounding variables that were beyond the control and scope of this study.

Although the psychometrics for both research instruments is reasonable, it is impossible to fully capture the complexities of the variables in quantitative instruments. More data in the form of qualitative methods may have yielded a more complete assessment.

The extended period in which the data were collected from the various divisions may have influenced the results. The research did not occur at a specific time and in a specific place for all the participants, because the researcher had to deliver the questionnaires at different places to expedite the research.

The reality that the study was not longitudinal could have yielded different results, should the survey be repeated on the same sample. Longitudinal studies make provision for observing the same people at a different point regarding the same behaviour (Neale & Liebert, 1986).

## **6.4 RECOMMENDATIONS**

The general aim of the research was to determine whether there is a positive relationship between transformational leadership and organisational culture. The findings of this study indicated that there is a positive relationship between transformational leadership and constructive organisational culture.

### **6.4.1 Recommendations for leadership development and interventions**

For leadership development and intervention to be effective, it is essential that the suggestions by Kouzes and Posner (2007) be considered:

- Leaders have to model the way
- Leaders have to inspire a shared vision
- Leaders have to challenge the process
- Leaders have to enable others to act
- Leaders have to encourage the heart

Kouzes and Posner's (2007) suggestions for leadership development will ultimately enhance a constructive organisational culture whereby members are encouraged to interact with others and approach tasks in a manner that helps them meet their higher-order satisfaction needs, and are characterised by achievements, self-actualising, humanistic encouraging and affiliation. All these factors are critical for organisational performance.

### **6.4.2 Recommendations for further research**

This study was conducted in a military organisation where the population of the organisation is 60% male. The female participants formed only 37.7% of the sample. It would be useful to replicate this research in a more diversely gendered military organisation. The limited number of female participants may have influenced the results. Likewise, the majority of the sample (64.0%) was African. It could be useful to replicate this research in a more diversely populated military organisation.

There is no evidence of studies that investigated the relationship between transformational leadership and organisational culture in a military setting in the South African context. No comparisons could therefore be made in terms of the results of the study. This study has demonstrated a positive relationship between the two variables. Due to this relationship, leadership development initiatives are more clearly defined and supported. Leaders and upper echelon personnel should be educated on many tenets of transformational leadership. Though some of the educational opportunities will emerge from classroom interaction, most should be modelled by the organisation's leaders. This research has shown the predictive nature of transformational leadership behaviour on constructive organisational culture, and the ability for leaders to learn and develop through an inspired shared vision.

According to Burns (1978), leaders change, develop and mandate organisational culture. This study has illustrated how the five leadership styles are related to organisational culture. If a leader wants to create or develop the desired organisational culture, the goal should be to change the existing organisational culture. Culture change will occur through the alteration of affective variables such as values, stated mission and norms, and more tangible constructs of systems, procedures, symbols and process (Kotter & Heskett, 1992; Phegan, 1996). As the organisational culture evolves, additional revisions and directives will be much more dynamic. Further changes will surge and interconnect throughout all divisions and the military organisation in its totality.

## **6.5 CHAPTER SUMMARY**

Chapter 6 discussed the conclusions of this study with reference to both theoretical and empirical objectives. Potential limitations of the study were discussed with reference to both the literature and the empirical study of the research. Finally, the recommendations for future research to investigate the relationship between transformational leadership and constructive organisational culture were discussed.



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