

RESEARCH PRESENTATION PROPOSAL  
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2. Title: Exploring the Connection between Organizational Culture and Leadership Using an Established AgriBusiness

3. Presentation Track: Research

4. Advertising Description:

This presentation offers results of a study which was designed to explore the relationship between transformational and transactional leadership behaviors and four organizational culture constructs within an agricultural business. Descriptive statistics and correlation analysis were used to order the data and examine the relationships.

5. Biographical Sketch:

**Louann Waldner** works a consultant and trainer for the A.D.D.I.E. Group which works with education and business clients on analyzing their human performance needs and then developing and implementing appropriate interventions. **Bill Weeks** is a professor of leadership and agricultural education at Oklahoma State University and served as Dr. Waldner's doctoral advisor.

6. Paper for Proceedings: See attached.

# Exploring the Connection between Organizational Culture and Leadership Using an Established AgriBusiness

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## Introduction

Leadership is one of the most studied and analyzed aspects of working organizations (Bass, 1990, Trice & Beyer, 1993). It is featured in almost every textbook on organizational behavior (McFillen, 1977). Still, despite the numerous studies regarding leadership within organizations, scattered attention has been given to the role of leaders in the cultures of organizations (Schein, 1992; Trice and Beyer, 1993; House and Aditya, 1997). According to House and Aditya, the majority of research in leadership is concerned with leaders and followers, practically ignoring the situation (organization and culture) in which the leaders function.

The prompting by researchers to focus on organizational variables in leadership research is not a new fad. In 1977, Melcher wrote “leadership studies are unlikely to be of any additive value until they take into account organization variables” (p. 99). He added that organizational researchers should spend more time studying leadership models and leadership researchers should spend more time evaluating organizational models. In 1993, Trice and Beyer essentially indicated the same thing writing that most organizational culture analyses pay only minor attention to leadership while the analyses of leadership has never focused squarely on organizational cultures. Still, even with the prompting for research in this area, the hypotheses and propositions that describe the relationship between organizational culture and leadership are often not specific and the evidence to link the two is insufficient (Den Hartog, Van Muigen & Koopman, 1996).

The present study addressed the link between the constructs of leadership and organizational culture with an emphasis on Schein’s (1992) observation that an established culture can begin to define leadership. Specifically, the purpose of the study was to learn about and describe the behaviors of leaders in an established organization and correlate their behaviors with the respective culture of their organization.

A correlational study cannot answer the question of whether the culture defines the leadership of the organization or whether the leadership established the culture. In other words, it cannot answer the question: “Is organizational culture a determinant of transformational and transactional leadership behaviors or vice versa?” However, the study does confirm or disconfirm other research regarding the relationship and provides additional insight into the relationships between the two constructs.

## Literature Review

The concepts of transactional and transformational leadership as well as organizational culture have received much attention in the literature. Still many contend the linkage between the two constructs has not been systemically explored (Den Hartog et al., 1996; Trice & Beyer, 1993). The small body of research linking the two constructs focus on how leaders establish or change cultures (Trice & Beyer, 1991). In general, situational analysis of transformational and transactional leadership is lacking (Bryman, 1992).

### Which Comes First, Culture or Leadership?

Does culture determine leadership behaviors or do leadership behaviors determine the culture? Leaders have been credited as the creators, transformers and managers of organizational cultures (Schein, 1992). However, over the years researchers have argued that the situational setting and organizational variables are crucial determinants of actual leader behavior (Fiedler, 1996; House & Aditya, 1997; Melcher, 1977; Singer & Singer, 1990). Bass & Avolio (1993) contend that an organization's culture develops in large part from its leadership while the culture of an organization can also affect the development of its leadership.

The search and identification of those traits, behaviors or situations that increase a leader's effectiveness has been a major concern for practitioners and researchers alike for the past several decades (House, 1971; see also Bass, 1990; Yukl, 2002). Schein's (1992) research on culture indicated that a new organization's culture is impacted by the leader or leader' of the organization. On the other hand, leaders entering organizations in which the culture was already established did not typically impact the culture in the same way. In the latter cases, it appears that the established culture began to define the leadership (Schein).

### Person-Situation Debate

Do individual dispositions significantly influence behavior? Or, are situational forces alone sufficient to predict and explain behavior? Some theorists suggest that behaviors are consistent across situations (House, Shane & Herold, 1996) while others argue that behaviors are largely a result of the situation dictating the action taken (Davis-Blake & Pfeffer, 1989). Still, some behavioral scientists contend that behavior is a function of the interaction of the person and situational characteristics (Lewin, 1951; Pervin, 1989; Schneider, 1987; Terborg, 1981).

Early organizational researchers (Stodgill, 1948; Fleishman, 1953; McClelland, 1985) focused much effort on whether individual characteristics could be reliably used to measure and select individuals for leadership and various other roles in the organization. Individual dispositions (e.g. personality, values, motives, abilities) have been measured and related to organizational effectiveness (Epstein & O'Brien, 1985; Hackman & Oldham, 1976; McClelland, 1985; O'Reilly & Roberts, 1978; Staw & Ross, 1985).

Certainly, in the study of leadership, identifying traits associated with effective leadership is well documented in almost any text written about leadership (Bass, 1990; see also; Nahavandi, 2003; Northouse, 1997; Yukl, 1989).

Stodgill (1948) was one of the first researchers in the trait era who cast doubt on the validity of trait research (Bass, 1990). In his 1948 review of the literature he cast doubt on research findings that concluded personal factors to be the only determinant of leadership behaviors. His review suggested that personal factors associated with leadership are situation specific. Although Stodgill later reevaluated his position on the significance of traits (in combination with the situation), his 1948 review is partially credited with the decline of trait-focused research and initiation of research on behavior and style (Bryman, 1992).

In contrast to traits theorists, situational theorists suggest that leadership is all a matter of situational demands. Situational theorists postulate that situational factors determine who will emerge as a leader. In other words, leadership does not reside in a person but was a function of the occasion. This situational view suggests that individuals such as Mahatma Ghandi, although very devoted to a cause, just happened to be at right place at the right time (Bass, 1990). In more recent years, there is a better understanding of how situations and behavior are related, with empirical evidence adding to the early theories and beliefs (Fiedler, 1972, 1993; Hersey & Blanchard, 1988; Hill & Hughes, 1974; House & Mitchell, 1974; Vroom & Jago, 1978).

Examples of more recent theories that incorporate situations into the framework are contingency theories. Contingency theories are based on the premise that the performance of an organization or group depends not only on the leader but the situation. The view suggests that there is no one best way to lead; but rather the type and style of leadership that are effective will depend on various situational contingencies (Nahavandi, 2003). Fiedler's contingency model is the oldest, most widely recognized and most highly researched model (Nahavandi, 2003) and was the first to specify how situational variables interact with leader personality and behavior (House & Aditya, 1997). In terms of leader effectiveness, the model suggests if the leader's style matches the situation, the leader will be effective and if the leader's style does not match the situation, the leader will not be effective.

In the early 1970s, interest in leadership traits reemerged with more theoretical justification for the study of individual dispositions as predictors for individual behavior. In particular this new focus helped to clarify when and how traits are likely to explain individual behavior (House & Aditya, 1997). For instance, Mischel (1973) introduced the concept of "strong" and "weak" situations with strong situations characterized as those with strong behavioral norms and clear expectations of the type of behavior that is rewarded or punished. He observed that people's expression of dispositions are more likely suppressed in strong situations, but expressed in weak situations. The strength of the situation was not considered during early leader trait studies.

Bem and Allen (1974) suggested that certain people are more likely to express certain traits than others. In other words, predicting behaviors is dependent on the person. House & Aditya (1997) added to that thought by hypothesizing that people high in self-monitoring are less likely to express themselves or their dispositions in certain situations because they are very aware of situational cues. However, if the person is low in self-monitoring, they are more likely to display their disposition regardless of the situation or situational cues. This theory is confirmed by Atwater & Yammarino (1992) who concluded that self-awareness should be considered in attempts to predict leader behavior and performance.

The 1970s resurgence of trait theory research again brought up the person-situation debate that was hotly contested in the early years of trait research (Davis-Blake & Pfeffer, 1996; Shane, Herold, and House, 1996). However the debate has been considered useful in that it “has served as a corrective influence on two extreme views that were prominent during different time periods” and “has served to focus attention on the person as someone who actively selected and shapes situations” (Pervin, 1989, p. 352).

The interactional perspective of psychology which grew out of the person-situation debates in the late 1960's and early 1970's emphasizes that characteristics of people and of situations should be studied as joint determinants of individual attitudes and behaviors (Terborg, 1981). According to Pervin (1989), most personality psychologists today are interactionists although most still disagree about what interaction process to emphasize or whether the situation or disposition would provide the most return-on-investment for research studies.

### Theoretical Basis for Study

The above summary of the person-situation debate does not give a specific theory that conclusively explains the determinants of leadership behavior. However, it does provide the evidence and framework for looking at both the person and the situation when trying to understand behaviors.

Coined the “new leadership approach” by Bryman (1992), the concept of transformational, inspirational and charismatic leadership emphasizes values, vision, and management of meaning. The emphasis on values, vision and meaning links this approach to organizational culture (Den Hartog et al, 1996) which has been described as “a set of core values, behavioral norms, artifacts and behavioral patterns which governs the way people in an organization interact with each other and invest energy in their jobs at the organization at large” (Van Muijen, Koopman, Dondeyne, De Cock & De Witte, 1992, p. 250).

Bryman (1992) indicates a problem with the “new leadership approach” is that too little attention has been given to situational analysis. Avolio and Bass (1995) concurred indicating that even though there is considerable evidence that leaders described by their followers as more transformational are likely to be more effective, “the situation and/or

context in which the leader's behavior is embedded need to be included and systematically examined" (p. 201). According to Trice & Beyer (1991), a problem with organizational culture research is that the small amount research on the part that leadership plays in organizational culture is more often about how leaders establish or change cultures versus its role in cultural continuity or maintenance. The current study, however, explored the relationship between the situational construct, organizational culture, and transformational and transactional leadership behaviors within an established business.

## Methods

### Measures

Both culture data and leadership data were collected. Organizational cultures were measured using the Organizational Culture Assessment Inventory (OCAI) (Cameron & Quinn, 1999) which classifies the survey participants' perceptions of the culture as a clan, adhocracy, market or hierarchy. Leadership behaviors were measured using the Multifactor Leadership Questionnaire (MLQ) form 5X (Avolio & Bass, 2004). The MLQ is a measure of transformational and transactional leadership behaviors as well as passive/avoidant behaviors (Avolio & Bass, 2004).

### Population Measured

A census of employees from a regional agribusiness with multiple branch offices was conducted. Branch managers served as the "focal" leaders about whom leadership data were collected. The employees under the branch managers as well as the branch managers' colleagues and supervisors also were surveyed to gather information about the leadership style of the focal leader. In total, there were fifty-one responses used to calculate the MLQ scores for each of the eight focal leaders at the eight branch offices. The responses included eight self-ratings, eight ratings by individuals at a higher organizational level, eight ratings by individuals at the same organizational level and twenty-seven ratings by individuals at a lower organizational level. Thirty-seven out of a possible forty-two employees in the population responded to the MLQ (twenty-seven lower; two higher; eight self and same).

All employees in each branch office were surveyed to ascertain the organizational culture of their respective branch office. Thirty-five out of forty individuals in the population responded to the OCAI.

### Data Analysis

Descriptive statistics (means, standard deviations, ranges) were used to describe the leadership behaviors of the focal leaders and the culture of each branch office. Correlation analysis was performed to explore the relationships between organizational culture and leadership (transformational and transactional).

Magnitude versus statistical significance is used to describe the reported correlation coefficient (r value) (Miller, 1998). Pedhauzer (1997) indicates the importance of using tests of significance in proper perspective of the overall research endeavor. “Of what use is a statistically significant finding if it is deemed to be substantively not meaningful?” (Pedhauzer, 1997, p.26). Figure 1 (Davis, 1971) will be the basis for the correlation descriptions and discussion. The coefficient of determination ( $r^2$ ) will be used to interpret the data in an effort to find the “substantive meaning” as described by Pedhauzer (1997) or “practical significance” as described by Miller (1998).

<b>R</b>	<b>Adjective</b>
1.0	Perfect
0.70-0.99	Very High
0.50-0.69	Substantial
0.30-0.49	Moderate
0.10-0.29	Low
0.01-0.09	Negligible

*Figure 1.* Descriptive representation of the correlation coefficient.<sup>a</sup>

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<sup>a</sup> Davis, J.A. (1971) Elementary Survey Analysis. Englewood, NJ: Prentice-Hall.

## Findings

### Demographic Data

All eight focal leaders (branch managers) were male with a mean age of 49 ranging from 38-57. They averaged 26.6 (ranging from 15-34) years in the workforce with an average of 25 years of service with their current employer. Six of the eight focal leaders had spent their entire career employed with their current employer although they were not asked if that career had been spent in their current branch office. Average years served in a managerial role was 13.5 ranging from 1-28 years. Seven of the eight had earned a Bachelor’s degree and one had earned the degree of Masters.

Raters at a lower organizational level included 15 men and 12 women with job responsibilities ranging from clerical and secretarial to professional and administrative duties.

### Leadership and Culture Scores

The means, standard deviations and ranges for each factor of the Full Range Leadership Model are outlined in Table 1. The means were calculated from the thirty-seven MLQ scores obtained from the employees at the each of the branch offices (n=8).

The focal leaders' mean overall transformational score was higher than the transactional score (2.19 and 1.87, respectively). In addition, the highest mean scores for the focal leaders in this study were the transformational factors: Idealized Influence (Attributable) (M=2.33) and Individualized Consideration (M=2.31) as well as the transactional factor Contingent Reward (M=2.29).

Table 1  
Full Range Leadership Scores as Measured by the MLQ (N=8)

Scale	M	SD	Range	Min	Max
Transformational	2.19	.37	0.83	1.70	2.71
Idealized Influence (Attributable)	2.33	.48	1.03	1.69	2.72
Idealized Influence (Behavior)	2.23	.33	0.94	1.75	2.69
Inspirational Motivation	2.10	.44	1.56	1.38	2.94
Intellectual Stimulation	1.97	.28	0.90	1.59	2.49
Individualized Consideration	2.31	.47	1.38	1.54	2.92
Transactional	1.87	.31	0.98	1.31	2.29
Contingent Reward	2.29	.38	1.30	1.46	2.76
Management-by-Exception (Active)	1.44	.29	0.87	2.03	2.16

Table 2 describes the mean culture scores as well as standard deviations for the eight branch offices within the population. Based on population means, hierarchy and clan were the two predominant organizational cultures in the population. When compared with the mean scores from each branch office (Table 3), four branch offices had hierarchy as their top culture while three others had clan at the top.

Table 2  
Means and Standard Deviations for OCAI (N=8)

Scale	M	SD	Range	Minimum	Maximum
Clan	30.12	7.54	25	18.33	43.33
Adhocracy	13.60	3.50	10.33	9.17	19.50
Market	24.17	4.53	15.58	18.17	33.75
Hierarchy	32.12	6.51	19.65	23.89	43.54

*Note.* A total of 34 employees responded to the OCAI.

Table 3  
Mean Organizational Culture Score for Each Branch Office

Culture	Branch Offices							
	A	B	C	D	E	F	G	H
Clan	30.00	29.17	43.33	33.17	18.33	19.79	33.00	34.17
Adhocracy	9.17	10.83	13.33	19.50	17.92	9.58	14.53	13.89
Market	22.50	24.72	19.44	22.83	33.75	27.08	18.17	24.86
Hierarchy	38.33	35.28	23.89	24.50	30.00	43.54	34.31	27.08
	N=2	N=3	N=6	N=5	N=2	N=4	N=7	N=6

Table 4 shows the relationship between the four organizational cultures and the five factors of transformational leadership. As outlined in figure 1, the magnitude of the relationship between clan culture and the factors of transformational leadership can be described as low to substantial. The clan culture is moderately related to the overall transformational score ( $r=.439$ ) as well as the factors of Idealized Influence (Attributable) ( $r=.487$ ) and Individualized Consideration ( $.357$ ). A substantial relationship ( $r=.640$ ) between culture and Idealized Influence (behavior) was also observed accounting for

41% of the variance in the relationship ( $r^2=.410$ ). The total amount of variability shared between transformational leadership and clan culture was approximately 19%.

There was a negative correlation between the market culture and the transformational leadership factors with magnitudes ranging from moderate for Intellectual Stimulation ( $r=-.377$ ) to very high for Idealized Influence-behavior ( $r=-.815$ ). Overall, 48% of the variability was shared between the overall transformational score and the market culture.

Inconsistent with findings in other studies, a negative correlation between adhocracy culture and all five transformational leadership factors was found.

From a practical standpoint, there is little shared variability in the relationships between the hierarchal culture and transformational leadership factor scores.

Table 4  
Simple Statistics and Correlation Analysis  
Relationship of Transformational Leadership and Organizational Culture

Scale	N	M	SD	r by Scale			
				<i>Clan</i>	<i>Adhocracy</i>	<i>Market</i>	<i>Hierarchy</i>
Transformational	8	10.93	1.7555	.439	-.371	-.693	.173
Idealized Influence (Attributable)	8	2.33	.477	.481	-.487	-.714	.201
Idealized Influence (Behavior)	8	2.23	.325	.640	-.074	-.815	-.135
Inspirational Motivation	8	2.10	.443	.249	-.390	-.424	.216
Intellectual Stimulation	8	1.97	.278	.191	-.036	-.377	.061
Individualized Consideration	8	2.31	.465	.357	-.446	-.671	.292
Clan	8	30.12	7.543				
Adhocracy	8	13.60	3.499				
Market	8	24.17	4.527				
Hierarchy	8	32.12	6.514				

N=8 branch offices (in total 37 employees)

Data in Table 5 reveal a low to negligible magnitude relationship between the transactional factors and the clan, adhocracy, market and hierarchy cultures. Very little variability in these relationships was shared with no real practical significance existing.

Table 5  
Simple Statistics and Correlation Analysis  
Relationship of Transactional Leadership and Organizational Culture

Scale	N	M	SD	r by Scale			
				<i>Clan</i>	<i>Adhocracy</i>	<i>Market</i>	<i>Hierarchy</i>
Transactional	8	3.731	.579	-.047	.158	-.148	.072
Contingent Reward	8	2.295	.389	.101	.117	-.199	-.042
Management-by-Exception (Active)	8	1.440	.298	-.224	.155	-.028	.195

### Discussion of Findings

The leaders studied in this project were mid-level managers. These leaders exhibited a range of full range leadership behaviors with various frequencies for the various behaviors. Overall, the leaders in this study exhibited a slightly higher overall transformational leadership score when compared with the overall transactional leadership score. However, it is important to note that among the individual factors, Contingent Reward (a transactional factor) is among the highest. Since transformational leadership has been shown to add to the effects of transactional leadership (not replace it) (Bass, 1985), training to increase the understanding of transformational leadership factors as well as Contingent Reward and Management-by-Exception, could prove useful in improving effectiveness, satisfaction and performance. In a study of top performers versus ordinary managers in a U.S. corporation specializing in express delivery, Hater and Bass (1988) found that the individuals independently identified as “top performers” were rated higher on transformational leadership (by subordinates) than were the randomly chosen group of ordinary managers.

The predominant culture for each branch office is illustrated in the competing values framework (the theoretical model from which the organizational culture data was based) diagram shown in Figure 2. Hierarchy and clan were the two predominant organizational cultures in the population as determined by overall mean scores. As shown in Figure 9, seven of the branch offices studied are categorized as internally focused (Branches 1, 2, 3, 4, 6, 7 & 8) while one is externally focused (Branch 5). Furthermore, five of the branch offices categorized their work environment as emphasizing stability and control (Branches 1, 2, 5, 6 & 7) over flexibility and discretion (Branches 3, 4 & 8).

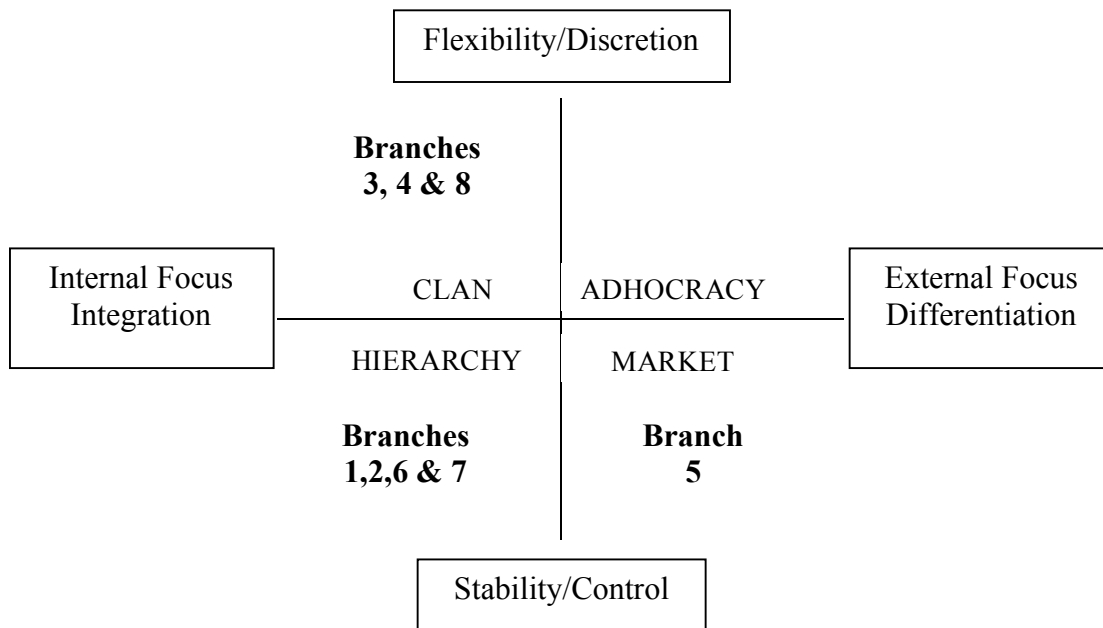


Figure 2. Categorization of the branch cultures within the competing values framework.

The leaders in this study had an average tenure in the current organization of 26 years with a range of 10-34 years. Average years in management were 13.5 with a range of 1-28. According to Quinn and Cameron (1999), the trend is for companies, over time, to gravitate toward the hierarchy and market cultures. Their studies have found that once an organization moves to the bottom half of the quadrant where the focus is stability and control, it is hard to move them to an adhocracy or clan culture (top quadrants emphasizing flexibility/discretion) without a great amount of effort and leadership. Although none of the branch offices in this study emphasized an adhocracy culture, the clan culture was the top culture identified by three of the organizations (Branches 3, 4, & 8; see Figure 9). Schein (1985) suggested that often culture manages management more than management manages culture. The current study is unable to shed light on if culture influenced the leader or if the leader influenced the culture. However, in light of the previous discussion it is worth noting the leaders of the branches that identified the clan culture as their dominate culture (Branches 3, 4 & 8) had 10, 22 and 28 years of management experience.

Quinn and Cameron's (1999) research would suggest that a more mature organization would gravitate to the lower quadrants. The results of this study show three branch offices (with managers with 10, 22 and 28 years of experience) to be in the top quadrant. A qualitative study is merited to discover if the leaders of these branch offices had spent their management years creating their clan culture or if they simply inherited and maintained that culture. As discussed by Trice and Beyer (1991), the social

mechanisms through which leadership operates to create cultural innovation or change are not the same as those used to maintain that culture.

### Relationship between Transformational Leadership and Clan Culture

There was a positive relationship between the clan culture and all of the transformational leadership factors including the overall transformational score. Den Hartog et al., (1996) also found a positive relationship between a supportive culture and transformational leadership in their study of 330 employees in five organizations.

Bass (1985) speculated that transformational leadership will most likely surface in organic organization versus mechanistic organizations. As described by Burns and Stalker (1961), mechanistic organizations have a formalized structure where members are expected to conform rather than innovate while organic structure members are expected to be innovative, creative and the climate is characterized as warm and trusting with a structure that is often unclear. A clan culture closely resembles an organic organization. It is often characterized as a friendly place to work where people share a lot of themselves. Leaders are often mentors, attention to human development is emphasized and success is often defined by the relationships developed internally and with customers (Cameron & Quinn, 1999). As shown in Figure 9, an organization with this culture focuses on internal maintenance and flexibility.

The results of this study agree with suppositions made by Bass (1990) that the clan culture provides more potential for transformational leadership. Teasing out the individual transformational factors only furthers the understanding of the relationship. The specific transformational leadership factors of Inspirational Motivation and Intellectual Stimulation are related, but with a low magnitude accounting for only 6% and 3.6%, respectively, of the variation in the relationship whereas Idealized Influence (Attributable), Idealized Influence (Behavior) and Individualized Consideration accounted for 48%, 64% and 35.7% of the variation in the relationship, respectively. Given the characteristics of a clan culture, this differentiation between the factors Intellectual Stimulation versus Idealized Influence and Individualized Consideration is not surprising. Intellectual Stimulation represents the thoughtful aspects of the leader rather than the emphatic and developmental. Idealized Influence represents followers trust in the leader. Followers identify with the leader and the leader uses this to help develop the followers. Finally, leaders with higher Individual Consideration pay attention to the follower's needs and show empathy for their desires and development (Avolio & Bass, 2004).

### Relationship between Transformational Leadership and Adhocracy Culture

The adhocracy culture in this study was negatively correlated with all the transformational factors. The correlation between the adhocracy culture and overall transformational score and the factors of Idealized Influence (Attributable), Inspirational Motivation and Individualized Consideration were all moderate in magnitude but in a negative direction.

Contrary to the findings in this study, other researchers have found a positive relationship between the adhocracy culture and transformational leadership factors. Den Hartog et al., (1996) found a positive correlation between transformational leadership and culture with an innovative orientation while Pennington, Townsend & Cummins (2003) found a positive significant relationship between adhocracy and the two of the five leadership practices defined by Kouzes and Posner (1997). One possible explanation for this result could be related to the cultural stage of the organization in this study. Trice and Beyer (1991, 1993) propose that organizations are either in cultural maintenance or cultural innovation. The organizations in this study could be characterized as very stable organizations that do not undergo very much change. This is evidenced by the low turnover in the leaders' studied. The fact that the adhocracy culture was the least dominate culture in all eight organizations, gives rise to the supposition that the organizations in this study fall into a more cultural maintenance stage versus a cultural innovation stage.

In regards to leadership, Trice and Beyer (1991, 1993) propose that different types of leadership are needed at different stages of the process of formation, change and maintenance of culture. The major difference between leadership that produces cultural innovations from that which maintains existing cultures appears to be the nature of the vision and mission that the leader communicates to potential followers (Trice & Beyer, 1991). Even though the leaders in this study are more transformational than transactional, the transformational characteristics related to communicating a vision and mission (Intellectual Stimulation and Inspirational Motivation) are still relatively low (in the range of sometimes to fairly often). Thus, even though the leaders are practicing some transformational leadership behaviors, they are still in an organization where entrepreneurship and risk-taking are not valued (low adhocracy culture).

#### Relationship between Transformational Leadership and Market Culture

There was a negative relationship between all five transformational leadership factors and the market culture. This is in agreement with Pennington et al., (2003) who found a negative relationship with all five of Kouzes and Posner's leadership practices. The magnitude of the relationships vary from moderate to very high with 48% of the variability shared between the overall transformational score and the market culture. The shared variability between the market culture and the individual factors is as follow: 51% for Idealized Influence (Attributable), 66% for Idealized Influence (Behavior), 45% for Individualized Consideration, 18% for Inspiration Motivation and 14% for Intellectual Stimulation.

The market culture focuses on external factors and the need for stability and control. Organizations with this culture are described as results-oriented with competitive and goal-oriented people who focus on winning and define success as the amount of market share achieved (Cameron & Quinn, 1999). In contrast, a transformational leader attempts to focus on development and not just performance including being attentive to individual and organizational needs (Bass and Avolio, 1993).

### Relationship between Transformational Leadership and Hierarchy Culture

The relationships between the hierarchy culture and the components of transformational leadership have negligible to low correlations accounting for 1.8% to 8.5% of the variation in the relationship. The low to negligible correlations are consistent with the findings of Den Hartog et al., (1996) who found that a culture with a rules orientation correlated higher with transactional than transformational leadership. An organization with a hierarchal culture is concerned about stability, formal rules and policies and predictability whereas transformational behaviors are characterized as more adaptative (Bass, Avolio, Jung & Berson, 2003).

### Relationship between Transactional Leadership and Clan Culture

The relationship between clan culture and transactional leadership was negligible. This result is consistent with Bass's (1985) speculation that transactional leadership is more likely to appear in mechanistic organizations than in organic organizations. An organization with a clan culture more closely follows the characteristics of an organic organization where the goals and structure are flexible and members are highly educated and innovative (Singer & Singer, 1990).

### Relationship between Transactional Leadership and Adhocracy Culture

There was a very low correlation between the adhocracy culture and transactional leadership. Only 2.5% of the variability is accounted for in the relationship. For all practical purposes, there is no relationship in which to discuss. However, since adhocracy is described by flexibility, discretion and external maintenance and transactional leadership is favored in stable and orderly environments, it is easy to see why the relationship is basically non-existent.

### Relationship between Transactional Leadership and Market Culture

There was a negative relationship between market culture and transactional leadership components. This result is contrary to the literature where Den Hartog et al., (1996) found that both transactional and transformational leadership were significantly related to a goal oriented culture with transactional leadership having a higher correlation coefficient.

### Relationship between Transactional Leadership and Hierarchy Culture

Contrary to Den Hartog et al., (1996), the hierarchy culture did not correlate higher with transactional than with transformational leadership. In fact, transactional leadership accounted for 0.5% of the variability while transformational leadership accounted for 3%. Although both relationships were low to negligible with no practical significance, it was surprising that the transactional leadership was not more correlated with the hierarchal culture.

## Summary of Discussion

Figure 3 is a summary of the relationships between organization culture and full-range leadership behaviors including whether the result was expected or not expected based on the findings in the literature.

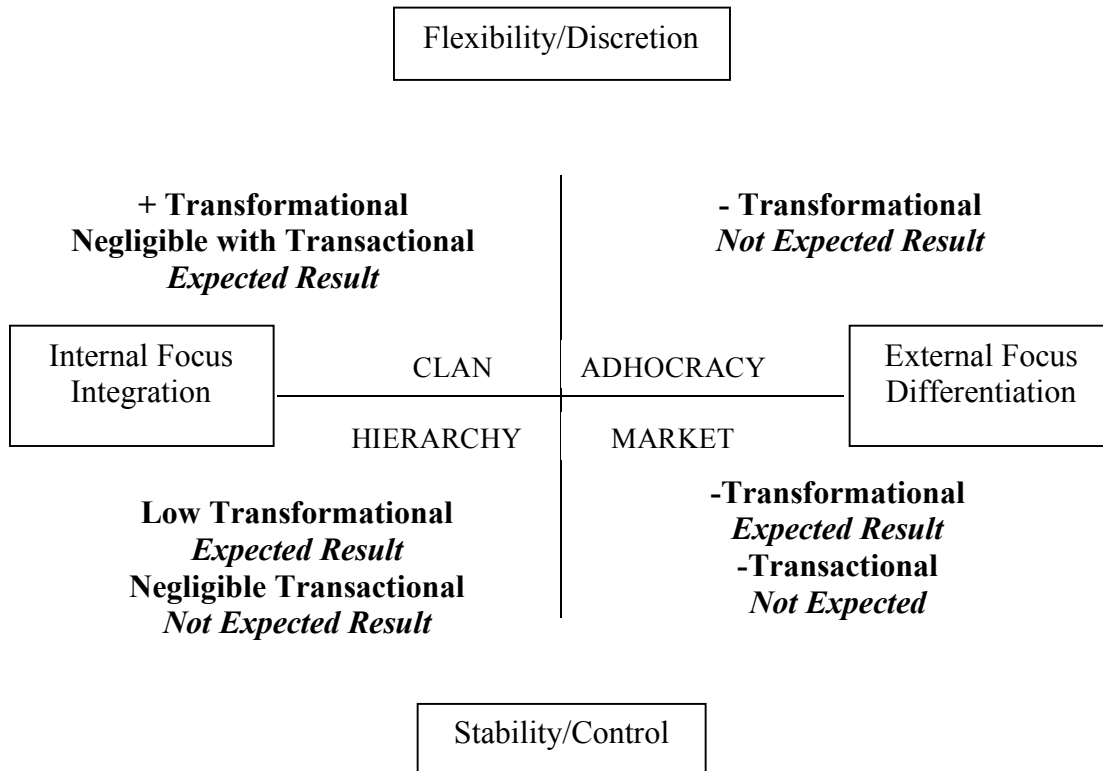


Figure 3. Summary of the relationships between organization culture and full-range leadership behaviors using the competing values framework.

In agreement with other studies, there was a positive relationship between the clan culture and all of the transformational leadership factors including the overall transformational score. Contrary to other research studies, the adhocracy culture in this study was negatively correlated with all the transformational factors. There was a negative relationship between all five transformational leadership factors and the market culture. The correlations between the hierarchy culture and the components of transformational leadership were negligible to low. Contrary to the literature, there was a negative relationship between market culture and transactional leadership components and a very low relationship between transactional leadership and the hierarchy culture. Finally, there was an unexpected positive relationship between passive/ avoidant leadership and both the adhocracy and market cultures in this study.

## Conclusions and Recommendations

The results of this study agree with suppositions made by Bass (1990) that the clan culture provides more potential for transformational leadership. Idealized Influence (Behavior), Idealized Influence (Attributable) and Individual Consideration are the specific components most highly correlated with the clan culture. It is recommended that practitioners focus attention on those specific components of a leader's behavior if they are interested in helping leaders create a clan culture.

This study found a negative relationship between adhocracy and transformational leadership. More research is needed to explore why the results of this study are contrary to other research findings that have found a positive relationship between the adhocracy culture and transformational leadership. A specific hypothesis by this researcher of why there might be conflicting results is related to the cultural stage of the current organization. Trice and Beyer (1991, 1993) propose that organizations are either in cultural maintenance or cultural innovation. The organization in this study is very stable with very little changes occurring and could be classified as an organization in cultural maintenance. Perhaps the members of an organization in cultural maintenance do not value the risk taking and entrepreneurial behaviors associated with the adhocracy culture, and; therefore, do not equate behaviors needed to create an adhocracy culture as transformational. A recommendation for future research is to consider the cultural stage of an organization as a mediating factor.

The results of this study show three branch offices (with managers with 10, 22 and 28 years of experience) in the top quadrant of the competing values framework (specifically, clan culture). A recommendation for further research with the current organization is a qualitative study to discover if the leaders of these branch offices spent their management years creating a clan culture or if they simply inherited and maintained that culture. As discussed by Trice and Beyer (1991), the social mechanisms through which a leadership operates to create cultural innovation or change are not the same as those use to maintain that culture.

In order to understand the on-going interactions between leaders and culture, this author recommends a line of study that focuses on how individuals shape their environments. Understanding the type and degree of the relationship between certain leadership behaviors and organizational culture is a start. However, to understand whether transformational leader behavior creates a certain culture or whether the culture brings out leaders that are more transformational, a qualitative study, preferably longitudinal, is recommended. The specific conclusions, hypotheses and recommendations listed will help guide future research.

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