

Assessing the role of Organizational Culture and Transformational Leadership style as predictors of Organizational Performance and Innovativeness

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Abstract: The core of the culture is formed by the values which are not visible but are shared by people even when membership in group changes. Shared values and norms focus employees attention on organizational priorities and guide their behavior and decision making. It is in the leadership procedure that the impact of culture turns out to be most noticeable.

The objective of this study is to analyze the connection between transformational leadership style and organizational culture and their joint impact on the organizational performance and innovation. This paper set out to see if independently or mutually leadership and culture affects organizational performance and innovativeness to gain competitive advantage. In an evaluation of studies of organizational culture, transformational leadership style, innovation and organizational performance, it emerged that, while some evidence exists of links between organizational culture and performance and between leadership style and performance, along with innovativeness. The combined study of all these concepts has been lacking. The reason for the review is to draw on a research study that included literature survey to analyze organizational culture typologies on firm's performance and innovativeness and also noticing the changes between transformational leadership style and performance and innovation.

Consequently, based on theories which suggest that transformational leadership style, organizational culture are linked to firm's performance and innovativeness thus it was proposed that organizational culture has positive association with innovation and performance. Similarly observing the relationship between transformational leadership style and innovation and performance. Whereas it is frequently assumed that organizational culture is directly linked to the performance of an organization and that changes to cultural traits will impact immediately on effectiveness and efficiency. Therefore how not just organizational culture but also transformational leadership style contributes to firm's innovativeness and increasing performance has been researched.

Keywords: Organizational Culture, Leadership style, Performance, Innovation.

1. INTRODUCTION

In the year 1998, a Fortune study, which was led among the CEOs of the most appreciated organizations mirrored that a corporate culture was accepted to be the most imperative switch in improving the key abilities of the representatives of an organizational. Current organizational emergencies have featured the requirement for initiative, which turns out to be more basic for making organizational progress (Earle, 1996). An examination of the writing in the field of association culture and initiative shows that these two domains have been autonomously associated with hierarchical execution. For

instance, specialists have examined the associations between initiative styles and execution (Bycio et al., 1995; Howell and Avolio, 1993), and moreover between hierarchical culture and execution (Denison, 1990; Deal and Kennedy, 1982; Ouchi, 1981; Pascale and Athos, 1981; Peters and Waterman, 1982; Kotter and Heskett, 1992).

The organization that make progress toward enhancing their performance and culture have remembered them as the critical drivers of improved firm's execution (Morone, 1989; Porter, 1985; Stace and Ashton, 1990). Various analysts have underlined the hugeness of the company culture in a considerable lot of the results that are identified with the firm performance, for example, profitability, work fulfillment, and worker turnover. Creativeness has moreover been accepted to have various beneficial outcomes on the firm's general execution, the nation's economy, the cutting edge force, and likewise the lifestyle of the nation (Gopalakrishnan and Damanpour, 1997). Development is viewed as an aggressive instrument for the organizations' long-term achievement. It is viewed as an essential methods for adjusting to the requirements of a dynamic business condition, increasing upper hand, and encouraging the usage for change activities (Schein, 1992; Blackwell, 2006; Nonaka and Yamanouchi, 1989; Deshpande et al., 1993). In this way, organizations dedicate huge measures of time towards understanding the strategies for advancing and sustaining organizational societies and the components for being prepared for creating, purchasing, or adjusting innovations in organization. A few analysts have considered developments with regards to company's culture as an endeavor to affect the creative capacities of the organizations (Bass, 1969; Damanpour, 1992, 1996; Gopalakrishnan and Damanpour, 1997; Rogers and Shoemaker, 1971; Rogers, 1995). This paper considers the leadership role and organizational culture as an endeavor to comprehend their effect on the company's performance and imaginativeness

Despite the fact that a noteworthy number of specialists have recommended that there is a steady interchange between organizational culture and leadership (Bass and Avolio, 1993; Schein, 1992; Trice and Beyer, 1993; Waldman and Yammarino, 1999), there have been restricted investigations embraced to analyze the connection between leadership style and organizational culture and their joint impact on the organizational performance. This paper set out to see if independently or mutually leadership and culture affects organizational performance and innovativeness.

2. THEORETICAL UNDERPINNINGS

This research has used three primary parts of writing for building the model and recommendations. The main branch identifies with the organizational culture; the second branch identifies with transformational leadership style and the third branch identifies with the organizational culture and transformational leadership style on the firm's performance and innovativeness.

2.1 Organizational culture

Culture is a basic factor for the organization's proceeded with tasks, as it drives the firm's activities (Chang and Lin, 2007). In this segment, we will look at and research studies and revelations during the zones of implications of the authoritative culture and the typologies of the hierarchical culture.

Lundy and Cowling (1996) stated that organizational culture speaks to the kind of exercises normally happening in the organization. Encourage point of view from concentrates in organizational conduct, anthropology, and sociology portrays organization's culture as "shared qualities and convictions which give the two bits of knowledge to organizational working and in addition standards for practices" (Deshpande and Webster, 1989). organizational culture is vital as it is an imperative driver of basic results of an organizational's working, for example, innovation, profitability, and financial performance. The forces of culture are that the organizational's individuals can discover answers for issues about inward combination, adjustment to nature, and coordination through shared social qualities (Blackwell, 2006; Furnham and Gunter, 1993).

2.1.1 Typologies in organizational culture

A few research have splited organizational culture into several classifications (Blackwell, 2006; Martins and Terblanche, 2003; Schein, 1992). However, the order that was observed to be the most helpful for understanding the relationship of organization culture with innovation is one having four classes of clan, chain of importance (hierarchy), adhocracy, and the market (Cameron and Freeman, 1991; Deshpande et al., 1993; Quinn, 1988). These research have thought about the overwhelming properties, the leadership styles, bonding, and the key accentuation of an organizational with the end goal to decide the sort of culture in the organization. For example, the overwhelming qualities of clan culture are collaboration

and participation. The indispensable complement of an adhocracy culture is advancement while it is steadfastness in a culture of dynamic framework. Deshpande et al. (1993) found that the company's culture which has the most exceptional effect on organizational execution is a market culture and the smallest one is the organizational culture. It should be understood that there are a couple of various portrayals of an association's way of life including Quinn and Spreitzer's (1991) four societal culture named as: group, improvement, dynamic, and objective; Chang and Lin's (2007) four forms: helpfulness, inventiveness, consistency, and viability while Wallach (1993) orchestrated association culture as bureaucratic, innovative, and steady. Culture in this perspective could have a restrictive and have an order influence on the systems of associations. In this investigation, we have examined the effect of company culture on the creativeness and firm's execution.

2.2 Transformational leadership

Transformational leadership style alludes to "a generally steady example of conduct shown by a pioneer/supervisor while managing and influencing subordinates." Among different theories of leadership styles identifying with successful organizational performance, maybe the most unmistakable one is the transformational-value-based theory of leadership.

In this examination, the attention is on transformational leadership style. This leadership style exists when the pioneers extend and raise the interests of the employees, making a cognizance of the gathering mission and giving employees impetuses to search for the benefit of the gathering as opposed to searching for the individual great. This might be accomplished through one or a mix of the accompanying strategies : leaders might be charismatic, giving vision and feeling of mission, imparting pride and picking up regard and trust; pioneers may meet the passionate needs of every employee, focusing on the distinctions among them; pioneers may mentally invigorate employees, indicating better approaches for looking to issues, teaching them to see troubles in the issues to solve, and underlining discerning arrangements (Bass, 1990).

As indicated by Rafferty and Griffin (2004), there are five measurements of transformational leader style. The first is a vision. It is characterized as "the declaration of an admired image of things to come". The second measurement is inspirational communication. This is seen as "the declaration of positive and empowering messages about the association, and articulations which develop inspiration and confidence among the employees". The third is intellectual incitement. It signifies "upgrading the employees advantage and create consciousness of the issues, and enhancing their capacity to consider issues in new ways". The fourth measurement is supportive leadership. This signifies "communicating the worry for the supporters and considering their individual needs". The last measurement is close to individual acknowledgment. This can be seen as "the arrangement of remunerations, for example, acclaim and affirmation of the diligent work put in for the accomplishment of the specified objectives."

2.3 Organizational innovation and innovativeness

The early investigations have seen ingenuity in three unmistakable settings: industry innovativeness, firm's creativity, and a person's inventiveness. In this investigation, the attention is on inventiveness at the organizational level and an endeavor to comprehend its qualities. A significant number of the scientists utilize the terms innovation and innovativeness reciprocally relying upon whether the examination is researching the final product of the innovative procedure or the procedure of innovation itself (Salavou, 2004).

The Innovations have been assigned assorted typologies in the composition and they have been helpful amid the procedure of advancement and its determinants and drivers. Gopalakrishnan and Damanpour (1997) separated the three most unending typologies for development specifically managerial versus specialized, product versus procedure, lastly radical versus incremental. Managerial advancements are particularly related to the organization orchestrated strategies, and work structures or activities while the specific improvements are related to organizations, and creation process development (Damanpour and Evan, 1984; Kimberly and Evanisko, 1981; Damanpour, 1991; Read, 2000). The Product advancements are related to new things or organizations enhancement for tending to the necessities of the outside customer or market, while process improvements are new parts brought into an affiliation's creation or administration errands. The extreme advancements are described as the practices that are sporadic from the considerations and the practices grasped by the association as of now and the incremental advancements that address the advancements which create from the dynamic changes in the current practices and items (Dewar and Dutton, 1986; Wilson et al., 1999; Ettl et al., 1984).

3. DEVELOPING A CONCEPTUAL FRAMEWORK

The principal preface of the investigation is that organizational culture and leadership style that elevates innovations is probably going to be creative, which, thus, is probably going to result in the accomplishment of unrivaled organizational goal achievements. **The model is illustrated in Figure 1.**

3.1 Organizational culture and innovation

If hierarchical culture propels inventive solutions, the issues could be described and even comprehended in imaginative ways (Lock and Kirkpatrick, 1995). Such firm's values and beliefs impact how much a combination of creative results are enabled, and executed (Martins and Terblanche, 2003). The Innovations may then be devoured by the firm in a more productive way. (Tushman and O'Reilly, 1997, Syrett and Lammiman, 1997). The development retention limit of an organization and its administration forms have been considered with regards to firm execution and organizational culture and has been observed to be a vital factor affecting the accomplishment of the firm (Tushman and O'Reilly, 1997).

The company's culture affects the creative conduct in two different ways (Martins and Terblanche, 2003). The initial affect occurs because of the socialization procedure of the people by which they take in the best approach to act and to carry on. The second source by which the culture influences the conduct is by the essential qualities, beliefs, and the presumptions that mirror the association's policy, structure, administration idea, and the strategies. These measurements of the organizational culture even give an essential wellspring of motivation for the new thoughts inside the association itself. Martins (1987, 1997) has contemplated extra socio-physical measurements which prompt a creative organizational culture including administration, mission and vision, external environment, intends to accomplish goals, the picture of the organization, the administration forms, the employees needs and goals, the relational connections. Terblanche and Martins (2003) have built up a model which is demonstrating that the hierarchical culture have an effect on how much the inventiveness and advancement occurs in the association. In this model, the measurements that either bolster or restrain innovativeness and development in the hierarchical culture are system, structure, bolster components, conduct that energizes advancement, and correspondence. Following this line of rationale, we suggest that:

Proposition 1a: organizational culture positively affects innovation.

3.2 Organizational culture and firm performance

A portion of the examinations in the literature have focused on the relationship that exists between the organizational culture and the association's execution (Lau and Ngo, 1996; Ngo and Loi, 2008; Chan et al., 2004). The greater part of the past examinations which are inspecting the connections between the hierarchical culture and the firm execution have discovered that there exists bolster for the impacts of the authoritative culture on the firm execution (Kotter and Heskett, 1992; Daft, 2007; Ngo and Loi, 2008; Denison and Mishra, 1995;). Ngo and Loi (2008) had recommended that the culture that is versatile has an altogether constructive outcome on the market-related execution. According to Chan et al. (2004), they likewise discovered proof expressing organizational culture was identified with the company's execution. Subsequently we suggest that:

Proposition 1b: Organizational culture positively affects a Firm's performance

3.3 Transformational Leadership style and innovation

Mokhber et al. (2015) researched the impacts of transformational leadership and its parts on organizational innovation utilizing information from 219 supervisors from 63 Iranian firms. The consequences of the examination uncovered that, when all is said in done, a transformational leadership style shows components that encourage organizational innovation. Correspondingly, Alsalami et al. (2014), utilizing an overview of 248 members from people in general and private areas in Dubai, United Arab Emirates, found that a transformational leadership style corresponded positively with intra-organizational innovation. Thus we have suggested that:

Proposition 2a: Transformational leadership style positively affects innovation

3.4 Transformational Leadership style and Firm's performance

Bass' (1985) in their examination recommended that transformational leadership prompts performance beyond desires. All the more essentially, the transformational authority would make team desires for a higher execution level. Ogbonna and Harris (2000) found that steady and participative leadership and supportive leadership were positively connected to

performance by means of the creative and the competitive culture, though instrumental (task oriented) authority had an aberrant negative impact on performance. In addition, Lim (1995) has recommended that leadership impacts authoritative execution. Pourbarkhordari, Zhou, and Pourkarimi (2016) broke down the quick and variant effects of transformational organization style on job execution using the data assembled from 202 delegates in China and found that transformational administration influenced work execution emphatically. Khan et al. (2014) separated the impact of both transformational and value-based administration styles on an affiliation's monetary related execution using a case of 150 bank delegates in Islamabad, Pakistan. The results of the examination showed that a transformational specialist style has a more basic effect on the affiliation's money related execution in regard to a value-based authority style. Along these lines we have recommended that:

Proposition 2b: Transformational leadership style positively affects Firm's Performance

Proposed Theoretical Model Developed

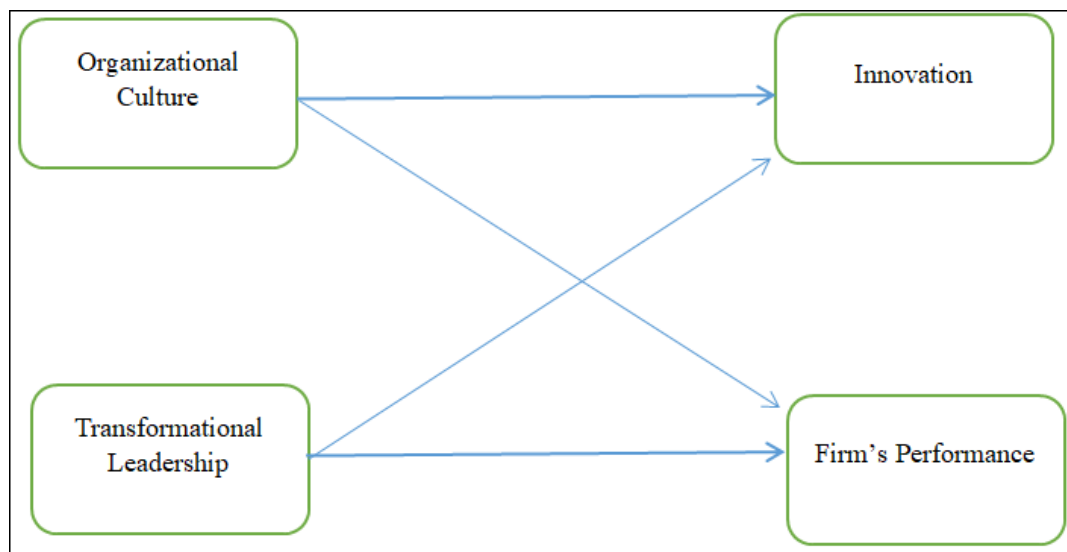


Figure 1: Organizational culture and transformational leadership has a positive impact on innovation and firm's performance

Discussion and Contribution:

Organizational culture has been one of the imperative means for firms to remain focused and guarantee proceeded with great performance and innovations. The Organizations invest a lot of energy and exertion to cultivate an authoritative culture that adds to a managed and great execution. This reasonable research contemplated the connections between organizational culture, transformational leadership style with its advancements, and its execution. The general preface of the model was for empowering and expanding innovations in the association which has been emphatically affected by the organizational culture, which thus would be identified with great firm execution. Likewise, Pongpearchan (2016) expressed that transformational leadership positively affects the execution of staffs, as it improves the cohesiveness, duty, inspiration, and trust.

This research can be taken further and can be tried exactly in various enterprises. Future research should be possible by testing this relationship in various businesses like banking, retail, pharmaceutical, and so on.

4. CONCLUSION

Not many earlier studies have concentrated on the part of the joint impact of both organizational culture and transformational leadership style impacting innovations and firm's performance. This paper aimed at developing a model which explains the importance of organizational culture and transformational leadership style for achieving a sustainable competitive advantage. Our investigation infers that it is valuable for the associations to sustain the creative organization culture by creating components and structures that cultivate new thoughts and well better approaches for creating and working as this is probably going to enhance company's execution. It has been noticed that developments are energized by an inventive hierarchical values and beliefs.

Our decisions underscore that the presentation, appropriation, and dispersion of advancements can be encouraged in associations with components to empower and cultivate an inventive culture. An association which perceives and supports the uniqueness of its representatives and engages them to pursue their vision will have a creative culture. The presence of such atmospheres and culture will propel and bolster development in business. Transformational pioneers give vision, mission mindfulness, ingrain pride, regard, and trust. They construct inspiration and confidence, and animate the representatives, expanding their awareness and capacity to take a gander at issues in various ways and along these lines prompts an imaginative answer for business issues. Such sort of pioneers increment the representatives' "comprehension of the qualities that are related with the coveted results and help to raise the workers execution desires.

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