An Exposition of the Nexus Between Organisational Culture and Leadership in State Enterprises and Quasi Government Institutions

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Abstract: Organisational culture and leadership are like two sides of the same coin where one cannot be understood without the other. These two elements when properly synchronised can drive and enhance the performance of organisations such as state enterprises and quasi government institutions especially those of developing nations which are generally characterised by lack of a performance and results oriented culture. Organisational culture shapes and regulates the behaviour of the organisation including its members while the leader creates, manages, evolves subcultures, inspires and fosters learning among the people in order to increase their productive capacities.

Keywords: organisational culture, leadership, values and organisational performance

INTRODUCTION

This paper examines the nexus between organisational culture and leadership in state enterprises and quasi government institutions. This is so because the link between organisational culture and leadership in the private sector has been a subject of much discussion but the same subject has not been covered as much in relation to public sector organisations which are under increasing pressure to reduce their dependence on the central government and improve their overall performance in the face of declining financial resources.

PURPOSE OF THE PAPER

The purpose of this article is to explain the link between organisational culture and leadership in state enterprises and quasi government institutions with a view to assisting such institutions to achieve improved performance.

ORGANISATIONAL CULTURE

The world economy and technology is causing turbulence in the business environment. To overcome this turbulence organisations have to develop adaptational capacities and transform into more responsive and competitive entities [1-3]. For organisations to succeed in such an environment there is serious need for all employees in an organisation to possess some essential leadership skills for them to function effectively at their level since no single leader has solutions to all problems [1,4]. It is therefore imperative for leaders at every level of the organisation to realise that they have a role to play in creating, managing and evolving subcultures of the different parts of the organisation for it to achieve its strategic goals [3]. Organisational culture is a fundamental component of successful strategy implementation [5,6, 7]. The concept of organisational culture refers to the climate and practices which organisations develop within themselves and is felt by its customers [2]. There are several definitions of organisational culture. However, in this paper, only three will be looked at. Organisational culture is defined in [5] as:

> The character of a company's internal work climate and personality as shaped by its core values, beliefs, business principles, traditions, ingrained behaviours and style of operating, p369.

And [8] defines organisational culture as:

> A system of shared values and beliefs that shape a company's people, organisational structures, and control systems to produce behavioural norms, p309.

And [9] defines culture as:

> A pattern of shared basic assumptions that the group learned 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 these problems, p12.

Although the concept of culture is fraught with competing interpretations and eluding a consensual

definition, many scholars appear to cohere around the notion that organisational culture is substantially influenced by an organisation's shared values, traditions, business principles, control systems and beliefs. It is crystal clear from the above definitions that organisational culture can be taught and learnt and managed in order to impact on performance and for this reason, it is a strategic tool for improving the performance of state and quasi-government institutions in developing countries. It is therefore inherently critical for an organisation to have shared values that sustain its primary source of competitive advantage. It is important to note that through the creation of a framework of shared values, culture encourages the individual member of staff to identify with the organisation and its strategic objectives. All the definitions presented above suggest that culture sets implicit boundaries, that is unwritten standards of acceptable behaviour, say in dress, ethical matters and the manner in which an organisation conducts its business. Writing on culture and the public sector, [10] presents a three layered model made up of 'symbols', which are the visible signs of what is valuable and important to an organisation such as logos and mission statements; 'practices', are the less visible but observable. These are the ways of doing things in an organisation and 'values' which are deeply held but often taken for granted aspects of culture. Values are developed over considerable periods of time.

The way in which an organisation functions depends much on the alignment of existing subcultures [2]. Consequently, it becomes imperative for leaders to possess the capacity to understand and manage subculture dynamics. The interplay of culture creation, re-enactment and reinforcement creates interdependency between culture and leadership. Leadership and culture may be likened to the two sides of the same coin where one cannot exist without the other [3]. The view that statements of values, codes of conduct and principles of public management are mere rhetoric or aspirational statements unless leaders actualise them reinforces the notion that culture and leadership are like the two sides of a coin [11]. The personal culture of a leader may permeate the whole organisation with time [12]. For instance, a leader who lacks punctuality at work will over time see that negative culture growing among his or her subordinates. Similarly, a leader who works hard and observes punctuality will inculcate the same to his or her subordinates. In organisations where strong cultures exist, values permeate the whole organisation [13].

Values could be the most central construct on which all other cultural elements rest. Values are the glue that holds a group together, hence a team that lacks understanding of similar values will never achieve its vision because values always relate to actions no matter how great its vision and mission is [12]. The term value has roots in the word "valour" which means strength [14]. Thus, values are a source of strength because they give people the power to act. In an endeavour to promote people-centred public service delivery in South African, the central government introduced the Batho-Pele principles in 2004 [15, 16, 1]. The term Batho-Pele comes from a Sotho word which means "putting people first" [15]. The Batho - Pele principles are: consultation, setting service standards, increasing access, ensuring courtesy, providing information, openness and transparency, redress and value for money. In coming up with the Batho-Pele principles the South African government sought to develop a culture which recognises that any public service delivery efforts should be aimed at delighting the citizen through the creation of public value.

Organisational culture is thought to influence key aspects of business performance such as innovation, customer focus, adaptability to change and organisational learning. Organisational culture is considered a defining factor in the area of employee engagement, loyalty and retention. It has been observed that when organisations "get the culture right," success seems to flow naturally [17]. Conversely, when organisations do not get the culture right, failure seems inevitable, [17].

The performance of an organisation is linked to the strength of its culture [12]. It thus, becomes imperative for public sector managers and leaders to develop the right culture in order to enhance performance of organisations. Strategic shifts can only occur if there is a supportive culture but also strategies may create a need for cultural shifts within an organisation and for this reason organisational culture should be evaluated in light of the vision, mission and strategy of an organisation and modified so that it can be used as a strategic tool in helping an organisation to achieve its preferred future [12]. A vision has been defined as a compelling, realistic, credible and attractive future for an organisation [12]. The ability of sharing a vision effectively requires one to possess the skills of uncovering shared pictures of the future that promote genuine commitment and enrolment rather than compliance [18]. A strategic leader is however, warned against dictating the vision of an organisation to his or her followers as doing so is counterproductive.

ORGANISATIONAL LEADERSHIP
In any organisation effective leaders take charge, make things happen, dream dreams and translate them into reality[12]. Leaders attract the

voluntary commitment of followers, energise them and transform organisations into new entities with capacity for survival, growth and excellence. An effective leader should be able to identify people with original ideas and untapped talent in an organisation whether they are in leadership positions or not and enlist many co-leaders at every level in order to move the organisation forward [4]. An effective leader should have the capacity to promote public sector innovations be they politically led responses to crises, organisational turnarounds engineered by newly appointed agency heads or bottom-up innovations initiated by front line public servants and middle managers [4]. This is despite conventional wisdom pertaining to the public sector which views public sector innovation as a virtual oxymoron partly because the public choice theory argues that public sector agencies are normally monopolies with no competitive pressures on them to innovate and also partly due to the fact that public sector agencies are usually huge bureaucracies structured to perform their core tasks with stability and consistency, causing them to resist any change or disruption of the set tasks [4].

Effective leaders are capable of creating and supporting an "achievement culture" through putting in place performance management systems [19]. It is said in [20] that "what gets measured gets done", emphasising that performance management is a must for the attainment of the intended objectives. Achievement culture refers to a combination of performance orientation and professional excellence. All that said, [21] stress the centrality and importance of the moral dimension of leadership, arguing that leaders should ultimately be judged on the basis of a framework of values and not just in terms of their effectiveness.

Leadership in public organisations is distinct from that in private organisations for three reasons namely; its dual nature, the multiplicity of goals it faces and the greater constraints it operates under [22]. Public organisations have elected and appointed officials who both lead them hence, leadership duality. In addition, public organisation leaders are faced with many goals which in most cases are not only vague but conflicting as well. Lastly, leadership in public organisations is constrained because of the requirements of democratic accountability, the rule of law and due process.

Evidence on leadership and public service improvement exists. For instance, the overall strength and visibility of leadership in public organisations is positively related to the performance of public organisations [22]. There is a positive relationship between the presence of a high quality leader at the helm of a public organisation and service delivery [22].

A study on the link between charismatic and transformational leadership and subordinates' work motivation and work unit performance carried out in various governments departments in Canada reveals that charismatic leadership is only modestly related to subordinates' work motivation and unrelated to work unit performance [22]. The study shows that the willingness to engage in risk taking behaviour, that is , being innovative is unrelated to work unit performance. Effective leadership should therefore, balance transactional, charismatic and transformational leadership in order to achieve the desired level of employee motivation, innovation and work performance. Innovation is crucial in sustaining service and process improvements.

A study on the link between decision and communication leadership reveals that decision leadership is positively associated with performance and that there is no relationship between communication leadership and performance [22]. Decision leadership is concerned with leadership decisions on how to allocate resources, whereas communication leadership is concerned with leaders' activities in communicating information and clarifying issues [22]. The writer's view is that, while both communication and decision leadership are important in public organisations, emphasis should be on decision leadership since it is positively associated with increased performance. Communication leadership is required in communicating information such as giving clear instructions and clarifying issues.

Lastly, a study on the link between the interaction of ruling politicians and top managers in turning around a poorly performing local government in England and local government performance reveals that consensus amongst political executives and top managers about a performance-oriented strategy for the poorly performing local government are related to faster and more thorough performance turnaround [22]. Given that there was a swift turnaround in a poorly performing local government in England due to consensus amongst political executives and top managers about a performance-oriented strategy, it becomes imperative for an organisation to have leaders who are capable of building consensus. Evidence from the Irish experience suggests that public service managers should pay attention to management of culture change as it affects the performance of organisations [23].

The success of leadership development efforts in any organisation is linked to three variables namely: individual learner characteristics, the quality and nature of leadership development programmes and the genuine support for behavioural change from the leader's

superiors and organisation [24]. It should be noted that culture plays a key role in all the three variables. On the individual learner characteristics variable, it is vital to note that culture helps to determine the type of managers who are drawn into the organisation and whom the organisation is willing to hire. On the quality and nature of leadership development programmes variable, it should be noted that leadership development programmes should be based on identified management and leadership skills deficit [25]. On the actual support received from the leader's superior and organisation variable, culture determines to a very large extent the support for behavioural change from leaders.

IMPLICATIONS

An organisation with a high concern for people recognises that human resources are the most valuable asset and as such put in place adequate resources to maintain them within the organisation. It is therefore critical to develop the right culture in which employees are highly valued and given serious recognition within an organisation as these are the people who make things happen at various levels of occupation. In connection with strategy execution, [5] has this to say:

Companies don't implement and execute strategies; people do, p318.

It is therefore critical to ensure that people issues are given the prominence and importance they deserve in order to maximise employee productivity within an organisation. It is important to ensure that people with the right levels of education, skills, personalities and intelligence are employed by an organisation to enhance successful strategy implementation. Getting the right people into an organisation requires that recruitment and selection methods should be very rigorous to screen out unsuitable candidates [26]. Putting in place a rigorous screening system ensures a fit between the recruit and the prevailing organisational culture.

Considerable emphasis should be given to induction and training as these are the primary vehicles for cultural socialisation [26]. Socialisation may be defined as a learning activity which focuses on what and how newcomers learn as they make the transition from organisational outsider to insider [27]. In light of the above, socialisation is considered effective when it enables newcomers to come to understand and accept the organisation's key values, goals and practices and hence the culture of an organisation.

Another aspect of culture pertains to employee learning. Individual learning has the potential to improve individual, group and organisational performance. Interestingly, [28] observes that the versatility of human adaptation to varied environments lies in the capacity to learn. Similarly, by extension it could be said that the versatility of organisational adaptation to varied environments lies in its capacity to learn, hence the growth of the concept of the learning organisation.

Another important issue to consider with respect to concern for people is employee involvement. It is critical to appreciate that the essence of involving employees in the activities of an organisation is to elicit employee identification and commitment. Employee involvement may be defined as a participative process which uses the entire capacity of employees and is designed to encourage increased commitment to the organisation's success [29]. The underlying logic of employee involvement is that by involving workers in those decisions that affect them and by increasing their autonomy and control over their work lives, employees will be more committed to the organisation, more productive and more satisfied with their jobs. In a nutshell, employee involvement in an organisation minimises strategic change inertia by influencing the employee to identify with the organisation and promoting employee commitment to the organisation.

It is important to note that organisational culture could be innovative, conservative or somewhere in between [30]. A conservative culture favours the status quo and tolerates minimum risk. An innovative culture is, on the other hand progressive, challenges the status quo and goes for the high risk business activities. It is crucial to note that excellence is about positive and deliberate change and yet change and or transformation is culturally embedded. An organisation that has increased chances of success is one that encourages experimentation, learns new practices and technologies, monitors the environment continuously, assesses performance and is committed to continuously improving performance. Such organisations have come to be known as "learning organisations" and are known for their quest for excellence through innovation. A learning organisation is one which continually expands its ability to shape its future. The concept of the learning organisation is aptly explained by [18] as follows:

The roots of the quality movement lie in assumptions about people, organisations and management that have a unifying theme: to make continual learning a way of organisational life, especially improving the performance of the organisation as a total system. This can only be achieved by breaking with the traditional authoritarian, command and control hierarchy where the top thinks and

the local acts, to merge thinking and acting at all levels, p31.

Customer care refers to all the activities of an organisation that are meant to create and sustain customer satisfaction among the consumers of an organisation's goods and services. The success of any customer care programme depends among other things on the extent to which the organisation's culture is able to accept and implement change. The Japanese old adage "the customer is god" is the sentiment which underpins the best companies' customer care strategies [31]. In Japan, an organisation that values continuous improvement is called a kaizen organisation and such an organisation considers customer care as a universal responsibility for every member of staff.

In any organisation, top management is responsible for sustaining an effective culture. This is achieved through strong commitment both in terms of words and deeds from leaders throughout the organisation. The leadership of the organisation must cultivate, encourage and fertilise effective culture. Story telling is one effective way of maintaining an effective culture. It fosters the importance of risk taking, experimentation, freedom to fail and innovation in an organisation. Rallies or pep talks by top executives also serve to reinforce an organisation's culture. Use of 'culture committee' is a unique vehicle for perpetuating an organisation's highly successful culture.

CONCLUSION

In this paper the nexus between organisational culture and leadership was discussed. Central to the culture of an organisation are its values which if properly shared among members of an organisation can help develop a positive and strong culture. Organisational culture can be taught and learnt through socialisation programmes such as induction and training and it can be managed in order to impact on performance. State enterprises and quasi-government institutions tend to be hierarchical, displaying the following dominant attributes; order, rules and regulations, uniformity and efficiency with stability, predictability and smooth operations as their strategic emphasis. Therefore there is need for cultural shift for state enterprises and quasi-government institutions to survive and prosper in the global economy as structural change alone cannot deliver improvements in the performance of public services. Cultural change is a key element of any public service reform.

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